

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
SOUTHEAST BELL LAKE UNIT AREA
LEA COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the _____ day of _____, 1963, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

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

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 7-11-39 N.M. Statutes 1953 Annotated) 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

BEFORE EXAMINER NUTTER	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	_____
CASE NO.	2835

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an act of the Legislature (Article 3, Chapter 65, Vol. 9, Part 2, 1953 Statutes), to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Southeast Bell Lake Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

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

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

1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to State of New Mexico and privately owned lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof

or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

2. UNIT AREA. The following-described land is hereby designated and recognized as constituting the unit area:

Township 24 South, Range 34 East, N.M.P.M.:

Section 34: All—
Section 35: All—
Section 36: All✓

Township 25 South, Range 34 East, N.M.P.M.:

Section 1: All—
Section 2: All—
Section 3: All—
Section 10: N $\frac{1}{2}$ —
Section 11: All—
Section 12: All—
Section 13: All—
Section 14: All—
Section 23: N $\frac{1}{2}$ —
Section 24: N $\frac{1}{2}$ —

Township 25 South, Range 35 East, N.M.P.M.:

Section 6: All—
Section 7: All—
Section 18: All—
Section 19: N $\frac{1}{2}$ —

Containing 9,597.10 acres, more or less.

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit B attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits

A and B shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor," or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner", and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two (2) copies thereof shall be filed with the Commissioner and one (1) copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission."

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

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

(b) Said notice shall be delivered to the Supervisor, the Commissioner and the Commission and copies thereof mailed to the last

known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

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

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director, the Commissioner and the Commission, become effective as of the date prescribed in the notice thereof.

(e) All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within five years after the first day of the month following the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said five-year period diligent drilling operations are in progress

on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of unit operator as set forth in the section hereof entitled "Unavoidable Delay"; provided that all legal subdivisions of lands not in a participating area and not entitled to become participating under the applicable provisions of this agreement within 10 years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time shall be made by unit operator and subject to approval of the Director and the Commissioner. The unit operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and the Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2 (e), a single extension of not to exceed two years may be accomplished by consent of the owners of 90 percent of the current unitized working interests and 60 percent of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total-non-participating-acreage basis, respectively, with approval of the Dir-

ector and the Commissioner, provided such extension application is submitted to the Commissioner and the Director not later than 60 days prior to the expiration of said 10-year period.

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

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

4. UNIT OPERATOR. Jake L. Hamon of Dallas, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in him and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by him.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment

of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Director, the Commissioner and Commission and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and by the Commission as to State and privately owned lands unless a new unit operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

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

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

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to re-

removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the Director and the Commissioner.

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

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by working interest owners, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator: Provided, That, if a majority but less than 75 percent of the working interests qualified to vote are owned by

one party to this agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. Such selection shall not become effective until:

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

(b) the selection shall have been filed with the Supervisor and approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and Commissioner at their 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 (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the Commissioner, prior to approval of this unit agreement by the Director.

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 his 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 six months after the effective date hereof, the Unit Operator shall begin to drill an

adequate test well at a location approved by the Supervisor if on Federal land or by the Commissioner if on State land or by the Conservation Commission if on privately owned land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Devonian formation has 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 if on Federal land or the Commissioner if on State land, 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 15,000 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if it be on Federal land or of the Commissioner if on State or the Commission if on privately owned land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during

the period pending such resignation becoming effective in order to comply with the requirements of this section. The Director and Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

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

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor and the Commissioner a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the

Commissioner may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

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

(b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor and the Commissioner. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the six month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall, within the month of such completion, if practicable, or as soon thereafter as required by the Supervisor or the

Commissioner submit for approval by the Director and the Commissioner a schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Director and the Commissioner to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public-land survey as of the effective date of the initial participating area. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director and the Commissioner. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, or to exclude land then regarded as reasonably proved not to be pro-

ductive in paying quantities and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director and the Commissioner. No land shall be excluded from a participating area on account of depletion of the unitized substances.

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

In the absence of agreement at any time between the Unit Operator and the Director and the Commissioner as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor for Federal lands and the Commissioner for state lands and the amount thereof deposited, as directed by the Supervisor and the Commissioner respectively, to be held as unearned money until a participating area is finally approved and then applied as earned

or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

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

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, and Commissioner, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated

to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor as to Federal land and the Commission as to State or privately owned land, at such party's sole risk, costs, and expense, drill a well to test any formation for which a participating area has not been established or to test

any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such a well in like manner as other wells are drilled by the Unit Operator under this agreement.

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

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

14. ROYALTY SETTLEMENT. The United States and any State and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well

by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor and the Commissioner, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with due allowance for loss or depletion from any cause, may be withdrawn 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 operations or as may otherwise be consented to by the Supervisor and the Commissioner as conforming to good petroleum engineering practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered

in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided herein at the rates specified in the respective Federal leases, or at such lower rate or rates as may be authorized by law or regulation; 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 each participating area were a single consolidated lease.

Royalty due on account of State lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

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

Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered

thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and thereafter until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

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

17. DRAINAGE. The 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 prior consent of the Director and the Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty, as determined by the Supervisor as to Federal lands and by the Commissioner as to State lands.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or operation for oil or gas of lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary as to Federal leases and the Commissioner as to State leases shall and each by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish,

alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for 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 by and between the parties hereto, or their respective predecessors in interest, or any of them.

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

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary and the Commissioner, or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.

(d) Each lease, sublease or contract relating to the ex-

ploration, drilling, development or operation for oil or gas of lands other than those of the United States and the State of New Mexico committed to this agreement, which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement; provided, however, each such lease, sublease, or contract shall only be extended in the event unitized substances are capable of being produced from some part of the lands embraced in such lease committed to this agreement, or some part of said lands are committed to a participating area prior to the expiration of the primary term of such lease, sublease or contract. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or applicable law shall continue in full force and effect thereafter.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such

lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1960.

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

(g) Any lease embracing lands of the State of New Mexico which is made subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(h) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17 (j) of the Mineral Leasing Act, as amended by the Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: Provided, however, That any such lease as to the non-unitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is pro-

duced in paying quantities."

(i) Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto, shall be segregated as to the portion committed and the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however, notwithstanding any of the provisions of this agreement to the contrary any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil or gas is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the Lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same, as to all lands embraced therein, shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or con-

veyance 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, or other successor in interest. No assignment or transfer of any working interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Director and the Commissioner or their duly authorized representatives as of the date of approval by the Director and shall terminate five (5) years from said effective date unless:

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

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

(c) a valuable discovery of unitized substances has been made or accepted on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be pro-

duced in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or

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

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

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION.

The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, 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. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate of prospecting and development and the quantity and rate of production

under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law; Provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico, as to the rate of prospecting and developing 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.

Powers in this section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

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 on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, in-

cluding the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this agreement 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. APPEARANCES. Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department of the Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the Commission or Commissioner or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the Commissioner, or Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

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

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

26. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

27. NONDISCRIMINATION. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925 (26 F. R. 1977), which are hereby incorporated by reference in this agreement.

28. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to

join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor and such funds of the State of New Mexico shall be deposited as directed by the Commissioner to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

29. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, the Commissioner, and the Unit Operator prior to the approval of this agreement by the Director and Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agree-

ment, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Joinder by any owner of a non-working interest, at any time, must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as committed hereto. Joinder to the unit agreement by a working-interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, if more than one committed working-interest owner is involved, in order for the interest to be regarded as committed to this unit agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor and the Commissioner of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director, provided, however, that as to State lands such subsequent joinder must be approved by the Commissioner.

30. COUNTERPARTS. This agreement may be executed in any number of counterparts no one of which needs to be executed by all

parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

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

JAKE L. HAMON

Address: _____

UNIT OPERATOR & WORKING INTEREST OWNER

NANCY B. HAMON, his wife.

WORKING INTEREST OWNERS:

ATTEST:

Secretary

Date: _____

AMERICAN TRADING & PRODUCTION CORPORATION

By _____

Address: _____

ATTEST:

Secretary

Date: _____

BRITISH-AMERICAN OIL PRODUCING COMPANY

By _____

Address: _____

ATTEST:

Secretary

Date: _____

GULF OIL CORPORATION

By _____

Address: _____

ATTEST:

Secretary
Date: _____

ATTEST:

Secretary
Date: _____

ATTEST:

Secretary
Date: _____

ATTEST:

Secretary
Date: _____

ATTEST:

Secretary
Date: _____

Date: _____

Date: _____

Date: _____

RICHFIELD OIL CORPORATION

By _____

Address: _____

SHELL OIL COMPANY

By _____

Address: _____

SUPERIOR OIL COMPANY

By _____

Address: _____

TEXACO, INC.

By _____

Address: _____

UNION OIL COMPANY OF CALIFORNIA

By _____

Address: _____

JOE GIEB, JR.

O. R. WHITESIDES

J. F. YOUNGER

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me
this _____ day of _____, 1963, by JAKE L. HAMON and NANCY B. HAMON,
his wife.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of AMERICAN TRADING & PRODUCTION CORPORATION, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of BRITISH-AMERICAN OIL PRODUCING COMPANY, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of GULF OIL CORPORATION, a _____
corporation, on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, _____ of RICHFIELD OIL CORPORATION, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, _____ of SHELL OIL COMPANY, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, _____ of SUPERIOR OIL COMPANY, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, _____ of TEXACO, INC., a _____ corporation, on behalf of said corporation.

My Commission Expires: _____
Notary Public

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, _____ of UNION OIL COMPANY OF CALIFORNIA, a _____ corporation, on behalf of said corporation.

Notary Public

My Commission Expires:
_____.

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by JOE GIEB, JR., _____.

Notary Public

My Commission Expires:
_____.

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by O. R. WHITESIDES _____.

Notary Public

My Commission Expires:
_____.

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by J. F. YOUNGER _____.

Notary Public

My Commission Expires:
_____.

111 E4
100-1725

SOUTHEAST BELL LAKE UNIT
T-24-S, R-34-E
T-25-S, R-34-E
T-25-S, R-35-E
LEA COUNTY, NEW MEXICO
GEOLOGICAL REPORT

SOUTHEAST BELL LAKE UNIT
T-24-S, R-34-E
T-25-S, R-34-E
T-25-S, R-35-E
LEA COUNTY, NEW MEXICO
GEOLOGICAL REPORT

PURPOSE

In order to drill a 15,000' exploratory well in search of oil and/or gas, the interested parties propose the formation of this unit. The anticipated well depth will assure geological evaluation of the Devonian reservoir, as well as all potential oil and gas reservoirs within the thick sedimentary section above it. Location of the proposed well is 660' FSL and 1980' FWL of Section 2, T-25-S, R-34-E, Lea County, New Mexico.

REGIONAL GEOLOGY

The Southeast Bell Lake Unit is located twelve miles west-northwest of Jal, New Mexico, and lies in the northeastern sector of the Delaware Basin. During all of Guadalupian-Permian time this province was in a "fore-reef" or basinal environment, lying west and south of the Guadalupian reef complex as it now exists near the Central Basin Platform and the Carlsbad Shelf. Sediments of lower Guadalupian, Pre-Guadalupian Permian and Pennsylvanian are of a deep basin environment and are typical of the rapidly subsiding Delaware Basin depositional sequence. The earlier Paleozoic rocks of this vicinity are typical of the older Tabosa Basin sequence, as generally encountered over most areas of southeastern New Mexico and western Texas.

LOCAL GEOLOGY

The proposed exploratory test will be located seven and one-half miles southeast of production in the Bell Lake Field, but only three and one-half miles southeast of the Bell Lake Unit boundary. Production was first established in the Bell Lake Unit with the completion of the Continental No. 1-A Bell Lake Unit as a Devonian gas well in 1957. To date three producing horizons exist in the Bell Lake Unit, being the Bone Spring (one zone, oil), Pennsylvanian Morrow (gas condensate) and Devonian (gas-distillate). Drilling activity in the Bell Lake Unit stopped in February, 1962, but is expected to commence in the future on an exploratory basis. At the present time there are five producing wells in the Bell Lake Unit, the Devonian gas wells appearing to have the best reserves.

The proposed exploratory test is also located eight miles southeast of production in the Antelope Ridge Unit. However, the southern boundary of the Antelope Ridge Unit is but four miles north of the proposed unit. Production was first obtained in the Antelope Ridge Unit in the completion of the Shell No. 1 Harris-Federal in early 1963 as a Devonian gas-distillate well. With the one well completed

in this unit, activity continues at the present time with the drilling of the second well to the Ellenburger at a location about one and one-quarter miles southeast of the discovery well. Available information indicates the Antelope Ridge Unit Devonian reservoir contains excellent reserves.

STRUCTURE

Subsurface mapping on the top of the Delaware sand, utilizing all available well control at this level, reveals prominent structural nosing with implied closure, across the prospective area. This feature is particularly defined by the datum point on the Hill and Meeker No. 1-8 Muse-Federal (Section 8, T-25-S, R-34-E), and the Phillips No. 1 McCormick (Section 18, T-25-S, R-35-E). The latter dry hole is located in the southeast corner of the proposed unit and was abandoned in the middle Delaware Group at a total depth of 7020 feet. The first mentioned well is approximately one mile west of the closest edge of the proposed unit boundary and was abandoned in the Delaware sand at a total depth of 5457 feet. These two dry holes, and the proposed unit, exist in an area where the Delaware sand has a normal east dip of approximately one hundred feet per mile. These two control wells, however, exhibit but one hundred (100) feet of dip within the four and one-quarter miles that separate them, or less than twenty-five feet per mile. The implied closure is based on this relationship.

The prominent nosing southward across the proposed unit is based upon the relationship established by the Delaware sand datum points in the Taylor No. 1 Page (Section 26, T-24-S, R-34-E, and the Gulf No. 1 Gulf-Yates-Federal (Section 3, T-26-S, R-34-E). Whether structure at the Delaware sand level is always reflective of deep-seated, pre-Permian structure is problematical. However, ample evidence exists to support this contention in the proposed unit area. The Bell Lake Field indicates over one hundred feet of closure at the Delaware sand level, while the Antelope Ridge Unit, with only two wells for structural control, exhibits strong south nosing over the deep-seated structure. For this portion of the Delaware Basin then, we feel that the evidence justifies a positive approach in evaluating the shallow geologic data available toward a deep interpretation.

Due to the lack of deep well control, the structure at depth has been outlined by the downward extrapolation of existing shallow data, coupled with the structural trends already established by the deep well control available in the Bell Lake and Antelope Ridge Units. The Continental No. 4 Bell Lake Unit well (Section 6, T-24-S, R-34-E) is separated from the Continental No. 5 Bell Lake Unit (Section 1, T-24-S, R-33-E) dry hole by a pre-Permian down to the west fault that exhibits at least 1230 feet of throw. Faults of this magnitude do not terminate abruptly, but continue on a regional trend until stronger regional influences cause their termination or absorption. It is felt that a cause and effect relationship exists between the known deep fault and the shallower Delaware structural low west of the proposed unit and the Bell Lake Unit. We have accordingly placed the trend of the fault on

our Devonian structural interpretation in essentially the same relative position to the Delaware sand low trend, near the proposed unit, as it is relative to the same low trend west of Bell Lake. As a consequence, the location of the proposed structural high to the known low area follows by interpretative analogy, and the proposed location has been placed accordingly. It is reasonable to assume that the anticipated anomaly will be structurally higher, or as high, as the Shell No. 1 Federal-Harris in the Antelope Ridge Unit. It is also reasonable to expect at least 250 feet of structural closure to be present on the Devonian level.

STRATIGRAPHY

The thick sedimentary section present in the proposed unit area is extremely attractive in that numerous horizons may logically be considered as prospective producing reservoirs. A generalized stratigraphic columnar section of the Permian through Devonian is as follows:

<u>Approximate Depths</u>	<u>Lithology</u>	<u>Formation</u>	<u>Geological Series & System</u>
1,000' - 5,100'	Red beds, anhydrite and salt	Dewey Lake, Salado and Castile	Ochoa-Permian
5,100' - 8,600'	Sandstone facies with thin impure carbonates and shale	Delaware Mt.	Guadalupian-Permian
8,600' - 11,200'	Predominately carbonates with moderately thick sections of sand, silt and shale clastics	Bone Spring	Leonard-Permian
11,200' - 11,800'	Limestones, calcareous shales and carbonaceous limestones	Hueco	Wolfcamp-Permian
11,800' - 12,100'	Dark calcareous shales, thin to massive fossiliferous limestones, shaley limestones		Cisco and Canyon-Pennsylvanian
12,100' - 12,400'	Limestone, thin-bedden dark shales		Strawn-Pennsylvanian

<u>Approximate Depths</u>	<u>Lithology</u>	<u>Formation</u>	<u>Geological Series & System</u>
12,400' - 13,000'	Upper part pre- dominately thin to moderately thick carbonates, lower part clastics con- sisting of black shales, thin to moderately thick sandstone beds		Atoke (Bend)- Pennsylvanian
13,000' - 13,800'	Clastics consist- ing of dark shales and thin to mod- erately thick coarse grained to conglom- eratic sandstones		Morrow- Pennsylvanian
13,800' - 14,000'	Brown to black shale and thin, impure carbonates		Chester-Meramec- Mississippian
14,000' - 14,500'	Siliceous car- bonates	"Mississippian Lime"	Osage-Kinderhook- Mississippian
14,500' - 14,700'	Dark shales	Woodford	Mississippian or Devonian
14,700' - 15,000' +	Limestones and porous dolomites		Devonian


SUMMARY

This unit and test are located in a portion of the Delaware Basin in southeastern New Mexico that is relatively unexplored in the deeper beds, but which has a high success ratio for the number of deep wells drilled. The Bell Lake Unit to the northwest established the first Devonian production in the Delaware Basin of New Mexico. The Antelope Ridge Unit, contiguous to the Bell Lake Unit, has established Devonian gas-distillate production on a commercial basis, though it is currently shut in. All the evidence available indicates these two fields, if properly exploited, will give up large gas and gas-liquid hydrocarbon reserves.

Subsurface mapping of this area discloses a well controlled nosing on the Delaware sand level, with implied closure. Deep geological control is sparse in the area in general, and non-existent in the vicinity of the proposed unit area. However, the downward extrapolation of shallower data, coupled with the structural trend established by

Bell Lake, gives cause for a basic geological interpretation in the unit area to be analogous to Bell Lake in nearly all respects. Together, the Bell Lake and Antelope Ridge Units produce Bone Spring oil, Pennsylvanian gas-condensate and Devonian gas-distillate. A structurally high well in the proposed unit would test all of the productive horizons in these units, as well as all of the potential reservoirs that will be encountered in the thick sedimentary section over the unit.

The general character and size of the indicated positive feature, and the numerous producing reservoirs and potential producing horizons establish this unit area as an attractive oil and gas prospect.

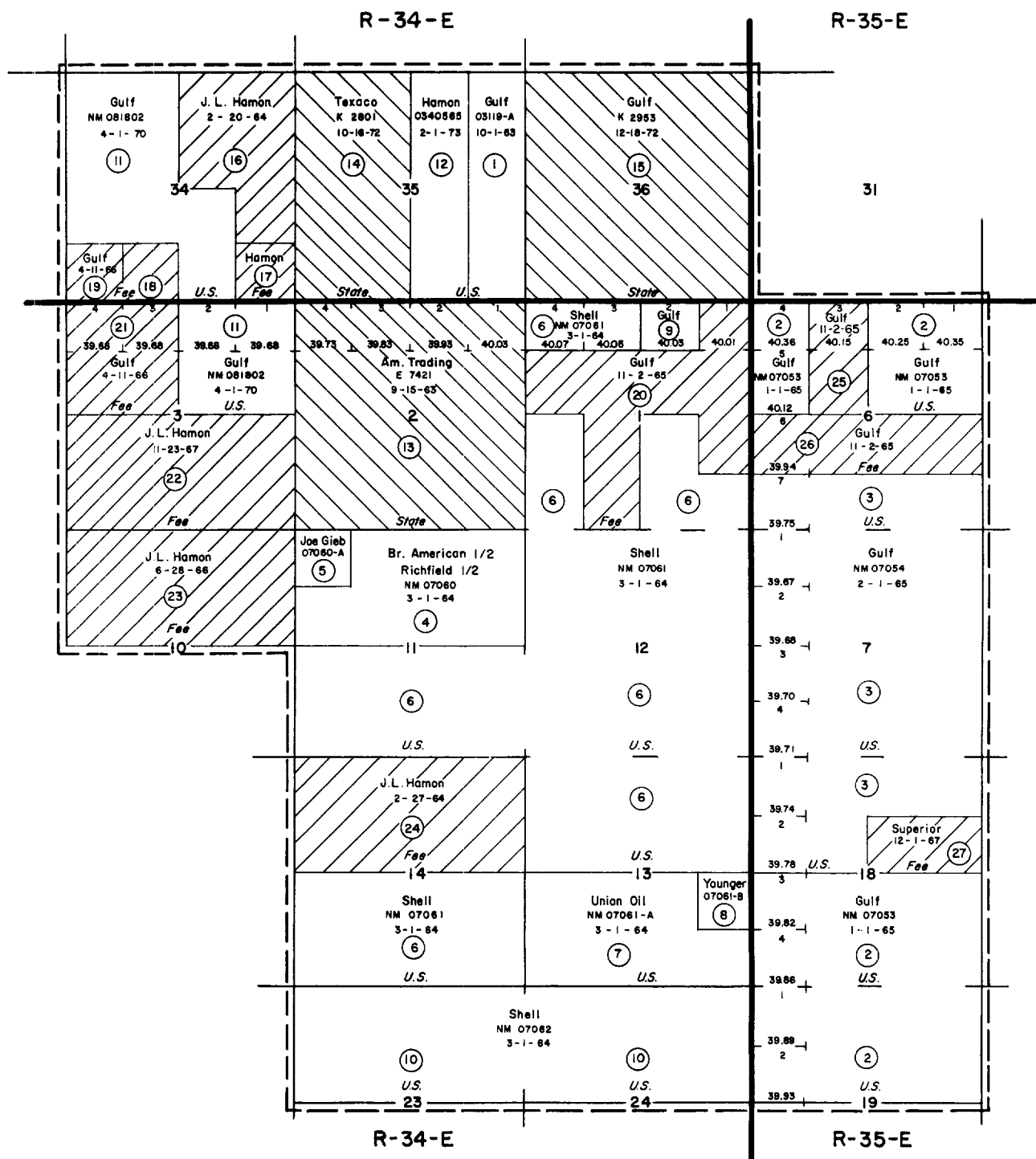


James R. O'Brien

Geologist - Jake L. Hamon

JRO:od

Note: In connection with the foregoing report, there has been prepared and there is submitted herewith a structural plat with contours on the top of the Delaware Limestone and also, a structural plat contoured on top of the Devonian formation which are marked Exhibits "B" and "C" respectively.



LEGEND

	FEDERAL LAND	5,918.12 ACRES
	STATE OF NEW MEXICO LAND	1,999.52 ACRES
	PATENTED (FEE) LAND	2,079.46 ACRES
	TRACT NUMBERS	
	UNIT OUTLINE	
	TOTAL	9,997.10 ACRES

SOUTHEAST BELL LAKE UNIT LEA COUNTY, NEW MEXICO

EXHIBIT "A"

Jake L. Hamon
Midland, Texas
OPERATOR

Case 2835

EXHIBIT "g"
SCHEDULE SHOWING THE PERCENTAGE AND KIND
OF OWNERSHIP OF ALL LANDS IN THE
SOUTHEAST BELL LAKE UNIT, LEA COUNTY, NEW MEXICO

Tract Number	Description of Land	No. of Acres	and Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Payments.	Working Interest Owners and Percentage.
FEDERAL LANDS:							
1	<u>T-24-S, R-34-E:</u> Sec. 35: E $\frac{1}{2}$ E $\frac{1}{2}$	160.00	NM-03119-A 9-30-63	U.S. 12 $\frac{1}{2}$ %	Gulf Oil Corporation	D.D. Miller: \$750.00 per acre out of 3%	Gulf Oil Corporation - All
2	<u>T-25-S, R-35-E:</u> Sec. 6: Lots 1,2, 4,5, S $\frac{1}{2}$ NE $\frac{1}{4}$ Sec.18: Lots 3,4, E $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ Sec.19: Lots 1,2, E $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$	880.58	NM-07053 12-31-64	U.S. 12 $\frac{1}{2}$ %	Gulf Oil Corporation	Neicia Mounsey: \$750.00 per acre out of 4% Jack Griffin:--- 1%	Gulf Oil Corporation - All
3	<u>T-25-S, R-35-E:</u> Sec. 6: Lot 7, SE $\frac{1}{2}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 7: Lots 1,2,3,4, E $\frac{1}{2}$ W $\frac{1}{2}$: E $\frac{1}{2}$ (A11) Sec.18: Lots 1,2, E $\frac{1}{2}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$ <u>T-25-S, R-34-E:</u> Sec. 11: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{2}$ NW $\frac{1}{4}$	1038.03	NM-07054 1-31-65	U.S. 12 $\frac{1}{2}$ %	Gulf Oil Corporation	Neicia Mounsey: \$750.00 per acre out of 4% Jack Griffin:---1%	Gulf Oil Corporation - All
4	<u>T-25-S, R-34-E:</u> Sec. 11: NE $\frac{1}{4}$, E $\frac{1}{2}$ NW $\frac{1}{4}$, SW $\frac{1}{2}$ NW $\frac{1}{4}$	280.00	NM-07060 2-29-64	U.S. 12 $\frac{1}{2}$ %	British-American Oil Producing Company - 1/2 Richfield Oil Corpora- tion -- 1/2	M. H. McGrail: \$1,000.00 per acre out of 3%	British-American Oil Pro- ducing Company -- 1/2 Richfield Oil Corpora- tion -- 1/2
5	<u>T-25-S, R-34-E:</u> Sec. 11: NW $\frac{1}{2}$ NW $\frac{1}{4}$	40.00	NM-07060-A 2-29-64	U.S. 12 $\frac{1}{2}$ %	Joe Gieb, Jr., -- 1/2 O. R. Whitesides -- 1/2	M. H. McGrail: \$1,000.00 per acre out of 3%	Joe Gieb, Jr. -- 1/2 O.R. Whitesides -- 1/2
6	<u>T-25-S, R-34-E:</u> Sec. 1: Lots 3,4, W $\frac{1}{2}$ SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{2}$ SE $\frac{1}{4}$ Sec. 11: S $\frac{1}{2}$ Sec. 12: A11 Sec. 13: N $\frac{1}{2}$ Sec. 14: S $\frac{1}{2}$	1880.12	NM-07061 2-29-64	U.S. 12 $\frac{1}{2}$ %	Shell Oil Company	R. L. Burrow - 1 $\frac{1}{2}$ % L. B. Hodges - 1 $\frac{1}{2}$ %	Shell Oil Company - all
7	<u>T-25-S, R-34-E:</u> Sec. 13: SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$, SE $\frac{1}{2}$ SE $\frac{1}{4}$	280.00	NM-07061-A 2-29-64	U.S. 12 $\frac{1}{2}$ %	Union Oil Company of California	R.L. Burrow - 1 $\frac{1}{2}$ % Leland M. Quantius -- 2% L. B. Hodges -- 1 $\frac{1}{2}$ %	Union Oil Company of California -- All

FEDERAL LANDS (Cont'd):

Tract Number	Description of Land	No. of Acres	and Expiration Date of Lease	Basic Royalty & Percentage	Lessee of Record	Overriding Royalty or Production Payments.	Working Interest Owners and Percentage.
8	<u>T-25-S, R-34-E:</u> <u>Sec. 13: NE$\frac{1}{2}$SE$\frac{1}{4}$</u>	40.00	NM-07061-B 2-29-64	U.S. 12 $\frac{1}{2}$ %	J. F. Younger	R. L. Burrow - 1 $\frac{1}{2}$ % Leland M. Quantius - 2% L. B. Hodges - 1 $\frac{1}{2}$ %	J. F. Younger - All
9	<u>T-25-S, R-34-E:</u> <u>Sec. 1: Lot 2</u>	40.03	NM-07061-C 2-29 64	U.S. 12 $\frac{1}{2}$ %	Gulf Oil Corporation	R. L. Burrow - 1 $\frac{1}{2}$ % L. B. Hodges - 1 $\frac{1}{2}$ %	Gulf Oil Corporation - All
10	<u>T-25-S, R-34-E:</u> <u>Sec. 23: N$\frac{1}{2}$</u> <u>Sec. 24: N$\frac{1}{2}$</u>	640.00	NM-07062 2-29-64	U.S. 12 $\frac{1}{2}$ %	Shell Oil Company	R. L. Burrow - 1 $\frac{1}{2}$ % L. B. Hodges - 1 $\frac{1}{2}$ %	Shell Oil Company - All
11	<u>T-24-S, R-34-E:</u> <u>Sec. 34: NW$\frac{1}{4}$, N$\frac{1}{2}$SW$\frac{1}{4}$</u> <u>W$\frac{1}{2}$SE$\frac{1}{4}$</u> <u>T-25-S, R-34-E:</u> <u>Sec. 3: Lots 1, 2,</u> <u>S$\frac{1}{2}$NE$\frac{1}{4}$</u>	479.36	NM-081802 3-31-70	U.S. 12 $\frac{1}{2}$ %	Gulf Oil Corporation	Neil N. Conklin - 5%	Gulf Oil Corporation - All
12	<u>T-24-S, R-34-E:</u> <u>Sec. 35: W$\frac{1}{2}$E$\frac{1}{2}$</u>	160.00	NM-0340565 1-31-73	U.S. 12 $\frac{1}{2}$ %	Jake L. Hamon	Tom Boyd - 5%	Jake L. Hamon -- All

TOTAL: 12 FEDERAL TRACTS COMPRISING 5,918.12 ACRES OR 61.66% of UNIT AREA.

STATE LANDS:

13	<u>T-25-S, R-34-E:</u> <u>Sec. 2: Lots 1,2,3,4,</u> <u>S$\frac{1}{2}$N$\frac{1}{2}$, S$\frac{1}{2}$ (All)</u>	639.52	E-7421 9-15-63	State 12 $\frac{1}{2}$ %	American Trading & Production Corporation	None	American Trading & Production Corporation -- All
14	<u>T-24-S, R-34-E:</u> <u>Sec. 35: W$\frac{1}{2}$</u>	320.00	K-2801 10-16-72	State 12 $\frac{1}{2}$ %	Texaco, Inc.	None	Texaco, Inc. -- All
15	<u>T-24-S, R-34-E:</u> <u>Sec. 36: All</u>	640.00	K-2953 12-18-72	State 12 $\frac{1}{2}$ %	Gulf Oil Corporation	None	Gulf Oil Corporation --All

TOTAL: 3 TRACTS, STATE OF NEW MEXICO LANDS, COMPRISING 1,599.52 ACRES OR 16.67% OF UNIT AREA.

Tract Number	Description of Land	No. of Acres	and Expiration Date of Lease	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty or Production Payments.	Working Interest Owners and Percentage
FEE LANDS:							
16	<u>T-24-S, R-34-E:</u> Sec. 34: NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$	200.00	LEASE 1 2-20-64	Weldon E. Page -----7/640 Curtis and Ona Mobley -- 7/640 Roy M. Page----- 7/640 Virgil Page ----- 7/640	Jake L. Hamon	Weldon E. Page: \$100.00 per acre out of 1/16 x 7/80 x 7/8 Curtis and Ona Mobley: \$100.00 per acre out of 1/16 x 7/80 x 7/8 Roy M. Page: \$100.00 per acre out of 1/16 x 7/80 x 7/8; Virgil Page: \$100.00 per acre out of 1/16 x 7/80 x 7/8.	Jake L. Hamon - All
			LEASE 2 1-10-64	F. E. Chartier and J.T. Recer----- 1/160 L. A. Beaird, Jr.----- 2/160 J. L. Burke, Jr. ----- 2/160 John C. Sparling ----- 1/160 G. M. Shipler ----- 1/160 Geo. Blocker ----- 1/160 William Blocker ----- 1/160 Jimmie Allen ----- 1/160			
			LEASE 3 4-28-64	W. E. Baird, Jr. ----- 3/160 80/640 = 1/8 BASE ROYALTY.		W. E. Baird, Jr.: \$150.00 per acre out of 1/16 x 5/20 x 7/8	
17	<u>T-24-S, R-34-E:</u> Sec. 34: SE $\frac{1}{4}$ SE $\frac{1}{4}$	40.00	8-17-66	John T. Mallett and Finley E. Mallett----- 1/8 BASE ROYALTY	Jake L. Hamon	None /	Jake L. Hamon - All
18	<u>T-24-S, R-34-E:</u> Sec. 34: SE $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	Not Leased	W. G. Brooks	Not Leased		Not Leased.
19	<u>T-24-S, R-34-E:</u> Sec. 34: SW $\frac{1}{4}$ SW $\frac{1}{4}$	40.00	LEASE 1 4-11-66	Weldon E. Page----- 1/64 Curtis and Edna Mobley - 1/64 Virgil Page----- 1/64 Roy M. Page ----- 1/64 4/64 = 1/16 ROYALTY	Gulf Oil Corpora- tion	None	Gulf Oil Corpora- tion -- 1/2
			NOT LEASED	G.G. Lancaster -----1/2 MINERALS	Not Leased		Not Leased -- 1/2

FEE LANDS (Cont'd)

Tract Number	Description of Land	No. of Acres	and Expiration Date of Lease	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty or Production Payments.	Working Interest Owners and Percentage.
20	<u>T-25-S, R-34-E:</u> Sec. 1: Lot 1, S $\frac{1}{2}$ N $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$	320.01	11-2-65				
	Georgia Moseley -----		9/1500		Gulf Oil Corpora-	None	Gulf Oil Cor-
	Tom Marion and wife,				tion		poration - All
	Ruth Marion-----		9/1500				
	Ralph Baird-----		9/1500				
	W.E. Baird, Jr. -----		207/12000				
	Fredrick R. Baird-----		252/12000				
	Rubert Madera -----		9/240				
	Pearl Madera -----		3/240				
	Fred Madera -----		3/240				
	Ruford Madera-----		3/240				
	Mildred Broman-----		3/240				
	Malcolm Madera -----		3/240				
	1875/12000 -- TOTAL ROYALTY						
21	<u>T-25-S, R-34-E:</u> Sec. 3: Lots 3, 159.36 4, S $\frac{1}{2}$ NW $\frac{1}{4}$	4-11-66					
	Weldon E. Page -----		1/32		Gulf Oil Corpora-	None	Gulf Oil Cor-
	Curtis Mobley and wife,				tion		poration - All
	Edna Mobley -----		1/32				
	Virgil Page -----		1/32				
	Roy M. Page -----		1/32				
	4/32 = 1/8 ROYALTY						
22	<u>T-25-S, R-34-E:</u> Sec. 3: S $\frac{1}{2}$	320.00	11-23-67				
	Geo. W. Warren-----		1/32		Jake L. Hamon	George A. Moberley -	Jake L. Hamon -
	Johnny Warren -----		1/32			3.125%	All
	W. E. Baird, Jr. -----		1/32				
	Rubert Madera -----		3/256				
	Pearl Madera -----		1/256				
	Fred Madera -----		1/256				
	Ruford Madera -----		1/256				
	Mildred Broman -----		1/256				
	Malcolm Madera -----		1/256				
	4/32 = 1/8 ROYALTY						

FEE LANDS (Cont'd)							
Tract Number	Description of Land	No. of Acres	and Expiration Date of Lease	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty or Production Payments.	Working Interest Owners and Percentage.
23	<u>T-25-S, R-34-E:</u> <u>Sec. 10: N½</u>	320.00	LEASE 1 6-30-66	W. D. Bryan -----	1/768	Jake L. Hamon	None
				Gid J. Bryan -----	1/768		
				Ruth Daggett -----	1/768		
				Alonzo M. Bryan -----	1/768		
				Georgia Lee -----	1/768		
				Ruth Wagner -----	1/512		
				Hugh B. Smith -----	1/512		
					1/96		
LEASE 2	6-28-66		Oliver W. Fannin -----	1/48			
LEASE 3	6-30-66		Dorothy Bryan Galbreath-	1/96			
LEASE 4	6-28-66		Katherine Hahn -----	1/48			
LEASE 5	6-16-71		Margaret V. Moore -----	1/32			
		Anderson M. Brininstool--	1/256				
		Brooks P. Brininstool----	1/256				
		Carrie Lou Hemler and					
		Howard Hemler -----	1/256				
		Sallie W. Allen and					
LEASE 6	6-16-71		A. W. Allen -----	1/256			
LEASE 7	6-19-71		Walter D. Brininstool and				
		Inas Brininstool-----	1/256				
LEASE 8	6-16-71		Bobbie Cohea and				
		Jo Dell Cohea -----	1/256				
LEASE 9	7-19-71		Effie V. Brininstool ----	1/256			
		Katherine B. Calley ----	1/256				

FEE LANDS (Cont'd)

Tract Number	Description of Land	No. of Acres	and Expiration Date of Lease	Basic Royalty and Percentage	Lessee of Record	Overriding Royalty or Production Payments.	Working Interest Owners and Percentage
24	<u>T-25-S, R-34-E;</u> Sec. 14: N $\frac{1}{2}$	320.00	LEASE 1 2-27-64	Esther Chism ----- 5/192 Lucille Chism Bates ---- 1/256 Wilma Chism Lain ----- 1/256 Norma C. McCarthy ----- 1/256 Mary L. Nommensen ----- 1/256 Chas. T. Bates ----- 7/720 Kenneth C. Bates ----- 2/720 Warren J. Bates ----- 2/720 Chas. T. Bates, Jr. ---- 2/720 James Roy Bates ----- 2/720	Jake L. Hamon	None	Jake L. Hamon 1/2
NOT LEASED							
	Howard W. Fleet ----- 1/18 Margaret F. Freeman ---- 1/18 Frank T. Fleet ----- 1/18 Catharine L. Dumraese--- 1/6 Midhurst Oil Corporation 49/300 Flavy E. Davis ----- 1/300						Not Leased 1/2
25	<u>T-25-S, R-35-E;</u> Sec. 6: Lot 3; SE $\frac{1}{4}$ NW $\frac{1}{4}$	80.15	LEASE 1 11-2-65	W. E. Baird, Jr.----- 5/1024 Russell Kirby, W. H. Kirby, Madge Ferrell, L. W. Kirby, Mrs. R. K. Hawes: Heirs of E. N. Kirby, Deceased---35/512 Rubert Madera ----- 3/256 Pearl Madera ----- 1/256 Fred Madera ----- 1/256 Ruford Madera ----- 1/256 Mildred Broman ----- 1/256 Malcolm Madera ----- 1/256 107/1024	Gulf Oil Corpora- tion 1/2	None	Gulf Oil Corpora- tion -- 1/2
NOT LEASED							
	Southland Royalty Co.-----1/2 MINERALS						NOT LEASED 1/2

TOTAL: 27 TRACTS COMPRISING 9.597 10 ACRES IN ENTIRE UNIT AREA

Tract No.	Description of Land	No. of Acres	Lease No. & Expiration Date	Basic Royalty & Owner	Lessee of Record	riding Royalty	Ownership of Working Interest
<u>T-14-S, R-35-E, NMPM,</u> <u>Lea County, N. M.:</u>							

STATE LANDS:							
1	Sec. 4:	SW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$	240	12-1/2% - State	L. C. Harris	None	L. C. Harris
2	Sec. 5:	SE $\frac{1}{4}$	480	12-1/2% - State	Union Oil Co. of California	None	Union Oil Co. of California
3	Sec. 8:	E $\frac{1}{2}$ SW $\frac{1}{4}$	80	12-1/2% - State	Sunray DX Oil Co.	None	Sunray DX Oil Co.
4	Sec. 8:	NW $\frac{1}{4}$	160	12-1/2% - State	Union Oil Co. of California	6.25%- Harris	Union Oil Co. of California
5	Sec. 9:	NW $\frac{1}{4}$, SE $\frac{1}{4}$	320	12-1/2% - State	British-American Oil Producing Co.	None	British-American Oil Prod. Co.
6	Sec. 9:	SW $\frac{1}{4}$	160	12-1/2% - State	British-American Oil Producing Co.	None	British-American Oil Prod. Co.
7	Sec. 9:	NE $\frac{1}{4}$	480	12-1/2% - State	Louisiana Land & Exploration Co.	None	Louisiana Land & Exploration Co.-50%
8	Sec. 16:	N $\frac{1}{2}$	320	12-1/2% - State	British-American Oil Producing Co.	None	British-American Oil Prod. Co.
TOTAL: 8 TRACTS, STATE OF NEW MEXICO LANDS, COMPRISING 2,240 ACRES.							

GRAND TOTAL: 9 TRACTS COMPRISING 2,320 ACRES.



IN REPLY REFER TO:

UNITED STATES
DEPARTMENT OF THE INTERIOR
GEOLOGICAL SURVEY
WASHINGTON 25, D. C.

MAY 16 1963

Hervey, Dow & Hinkle
P. O. Box 10
Roswell, New Mexico

Attention: Mr. Clarence E. Hinkle

Gentlemen:

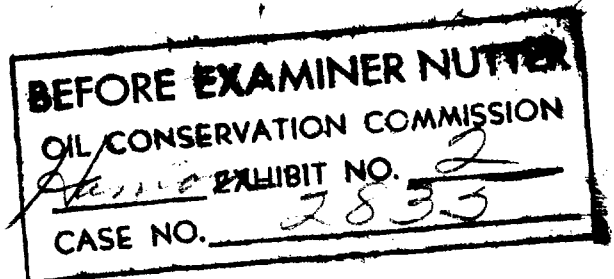
Your application of April 29 filed with the Regional Oil and Gas Supervisor, Roswell, New Mexico, in behalf of Jake L. Hamon, requests the designation of 9,597.10 acres, more or less, Lea County, New Mexico, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended.

Pursuant to Unit Plan Regulations of December 22, 1950, 30 CFR 226.3 (1961 reprint) the land requested, as outlined on your land map marked "Exhibit A, Proposed Southeast Bell Lake Unit", is hereby designated as a logical unit area.

Any unit agreement submitted for the area designated should require the drilling of a well to test formations of Devonian age, or to a depth of 15,000 feet. The 1961 reprint of the standard form of unit agreement should be used with the addition of the customary language required by the State of New Mexico and the following modifications:

1. The "Fair Employment" section of the 1961 reprint should be replaced with the following new section.

"Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925 (26 F. R. 1977), which are hereby incorporated by reference in this agreement."



2. Change item 6(b) (beginning on line 5, page 7 of the 1961 reprint) to read as follows:


"(b) the selection shall have been filed with 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."

In the absence of any 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, the right is reserved to deny approval of any executed agreement submitted which, in our opinion, does not have full commitment of sufficient lands to afford effective control of unit operations.

When the executed agreement is transmitted to the Supervisor for approval, include the latest status of all acreage. The format of the sample exhibits to the 1961 reprint of the standard form should be followed closely in preparation of exhibits A and B.

As much as this unit area contains State of New Mexico lands, we are sending a copy of this letter to the Commissioner of Public Lands at Santa Fe, and you are requested to contact said Commissioner in connection with this letter before soliciting joinders.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Arthur O. Baker". The signature is fluid and cursive, with a large initial "A" and "O".

Acting Director

SOUTHEAST BELL LAKE UNIT
T-24-S, R-34-E
T-25-S, R-34-E
T-25-S, R-35-E
LEA COUNTY, NEW MEXICO
GEOLOGICAL REPORT

BEFORE EXAMINER NUTTER
OIL CONSERVATION COMMISSION
Hanna EXHIBIT NO. 3
CASE NO. 2835

SOUTHEAST BELL LAKE UNIT
T-24-S, R-34-E
T-25-S, R-34-E
T-25-S, R-35-E
LEA COUNTY, NEW MEXICO
GEOLOGICAL REPORT

PURPOSE

In order to drill a 15,000' exploratory well in search of oil and/or gas, the interested parties propose the formation of this unit. The anticipated well depth will assure geological evaluation of the Devonian reservoir, as well as all potential oil and gas reservoirs within the thick sedimentary section above it. Location of the proposed well is 660' FSL and 1980' FWL of Section 2, T-25-S, R-34-E, Lea County, New Mexico.

REGIONAL GEOLOGY

The Southeast Bell Lake Unit is located twelve miles west-northwest of Jal, New Mexico, and lies in the northeastern sector of the Delaware Basin. During all of Guadalupian-Permian time this province was in a "fore-reef" or basinal environment, lying west and south of the Guadalupian reef complex as it now exists near the Central Basin Platform and the Carlsbad Shelf. Sediments of lower Guadalupian, Pre-Guadalupian Permian and Pennsylvanian are of a deep basin environment and are typical of the rapidly subsiding Delaware Basin depositional sequence. The earlier Paleozoic rocks of this vicinity are typical of the older Tabosa Basin sequence, as generally encountered over most areas of southeastern New Mexico and western Texas.

LOCAL GEOLOGY

The proposed exploratory test will be located seven and one-half miles southeast of production in the Bell Lake Field, but only three and one-half miles southeast of the Bell Lake Unit boundary. Production was first established in the Bell Lake Unit with the completion of the Continental No. 1-A Bell Lake Unit as a Devonian gas well in 1957. To date three producing horizons exist in the Bell Lake Unit, being the Bone Spring (one zone, oil), Pennsylvanian Morrow (gas condensate) and Devonian (gas-distillate). Drilling activity in the Bell Lake Unit stopped in February, 1962, but is expected to commence in the future on an exploratory basis. At the present time there are five producing wells in the Bell Lake Unit, the Devonian gas wells appearing to have the best reserves.

The proposed exploratory test is also located eight miles southeast of production in the Antelope Ridge Unit. However, the southern boundary of the Antelope Ridge Unit is but four miles north of the proposed unit. Production was first obtained in the Antelope Ridge Unit in the completion of the Shell No. 1 Harris-Federal in early 1963 as a Devonian gas-distillate well. With the one well completed

in this unit, activity continues at the present time with the drilling of the second well to the Ellenburger at a location about one and one-quarter miles southeast of the discovery well. Available information indicates the Antelope Ridge Unit Devonian reservoir contains excellent reserves.

STRUCTURE

Subsurface mapping on the top of the Delaware sand, utilizing all available well control at this level, reveals prominent structural nosing with implied closure, across the prospective area. This feature is particularly defined by the datum point on the Hill and Meeker No. 1-8 Muse-Federal (Section 8, T-25-S, R-34-E), and the Phillips No. 1 McCormick (Section 18, T-25-S, R-35-E). The latter dry hole is located in the southeast corner of the proposed unit and was abandoned in the middle Delaware Group at a total depth of 7020 feet. The first mentioned well is approximately one mile west of the closest edge of the proposed unit boundary and was abandoned in the Delaware sand at a total depth of 5457 feet. These two dry holes, and the proposed unit, exist in an area where the Delaware sand has a normal east dip of approximately one hundred feet per mile. These two control wells, however, exhibit but one hundred (100) feet of dip within the four and one-quarter miles that separate them, or less than twenty-five feet per mile. The implied closure is based on this relationship.

The prominent nosing southward across the proposed unit is based upon the relationship established by the Delaware sand datum points in the Taylor No. 1 Page (Section 26, T-24-S, R-34-E, and the Gulf No. 1 Gulf-Yates-Federal (Section 3, T-26-S, R-34-E). Whether structure at the Delaware sand level is always reflective of deep-seated, pre-Permian structure is problematical. However, ample evidence exists to support this contention in the proposed unit area. The Bell Lake Field indicates over one hundred feet of closure at the Delaware sand level, while the Antelope Ridge Unit, with only two wells for structural control, exhibits strong south nosing over the deep-seated structure. For this portion of the Delaware Basin then, we feel that the evidence justifies a positive approach in evaluating the shallow geologic data available toward a deep interpretation.

Due to the lack of deep well control, the structure at depth has been outlined by the downward extrapolation of existing shallow data, coupled with the structural trends already established by the deep well control available in the Bell Lake and Antelope Ridge Units. The Continental No. 4 Bell Lake Unit well (Section 6, T-24-S, R-34-E) is separated from the Continental No. 5 Bell Lake Unit (Section 1, T-24-S, R-33-E) dry hole by a pre-Permian down to the west fault that exhibits at least 1230 feet of throw. Faults of this magnitude do not terminate abruptly, but continue on a regional trend until stronger regional influences cause their termination or absorption. It is felt that a cause and effect relationship exists between the known deep fault and the shallower Delaware structural low west of the proposed unit and the Bell Lake Unit. We have accordingly placed the trend of the fault on

our Devonian structural interpretation in essentially the same relative position to the Delaware sand low trend, near the proposed unit, as it is relative to the same low trend west of Bell Lake. As a consequence, the location of the proposed structural high to the known low area follows by interpretative analogy, and the proposed location has been placed accordingly. It is reasonable to assume that the anticipated anomaly will be structurally higher, or as high, as the Shell No. 1 Federal-Harris in the Antelope Ridge Unit. It is also reasonable to expect at least 250 feet of structural closure to be present on the Devonian level.

STRATIGRAPHY

The thick sedimentary section present in the proposed unit area is extremely attractive in that numerous horizons may logically be considered as prospective producing reservoirs. A generalized stratigraphic columnar section of the Permian through Devonian is as follows:

<u>Approximate Depths</u>	<u>Lithology</u>	<u>Formation</u>	<u>Geological Series & System</u>
1,000' - 5,100'	Red beds, anhydrite and salt	Dewey Lake, Salado and Castile	Ochoa-Permian
5,100' - 8,600'	Sandstone facies with thin impure carbonates and shale	Delaware Mt.	Guadalupian-Permian
8,600' - 11,200'	Predominately carbonates with moderately thick sections of sand, silt and shale clastics	Bone Spring	Leonard-Permian
11,200' - 11,800'	Limestones, calcareous shales and carbonaceous limestones	Hueco	Wolfcamp-Permian
11,800' - 12,100'	Dark calcareous shales, thin to massive fossiliferous limestones, shaley limestones		Cisco and Canyon-Pennsylvanian
12,100' - 12,400'	Limestone, thin-bedden dark shales		Strawn-Pennsylvanian

<u>Approximate Depths</u>	<u>Lithology</u>	<u>Formation</u>	<u>Geological Series & System</u>
12,400' - 13,000'	Upper part pre- dominately thin to moderately thick carbonates, lower part clastics con- sisting of black shales, thin to moderately thick sandstone beds		Atoke (Bend)- Pennsylvanian
13,000' - 13,800'	Clastics consist- ing of dark shales and thin to mod- erately thick coarse grained to conglom- eratic sandstones		Morrow- Pennsylvanian
13,800' - 14,000'	Brown to black shale and thin, impure carbonates		Chester-Meramec- Mississippian
14,000' - 14,500'	Siliceous car- bonates	"Mississippian Lime"	Osage-Kinderhook- Mississippian
14,500' - 14,700'	Dark shales	Woodford	Mississippian or Devonian
14,700' - 15,000' +	Limestones and porous dolomites		Devonian

SUMMARY

This unit and test are located in a portion of the Delaware Basin in southeastern New Mexico that is relatively unexplored in the deeper beds, but which has a high success ratio for the number of deep wells drilled. The Bell Lake Unit to the northwest established the first Devonian production in the Delaware Basin of New Mexico. The Antelope Ridge Unit, contiguous to the Bell Lake Unit, has established Devonian gas-distillate production on a commercial basis, though it is currently shut in. All the evidence available indicates these two fields, if properly exploited, will give up large gas and gas-liquid hydrocarbon reserves.

Subsurface mapping of this area discloses a well controlled nosing on the Delaware sand level, with implied closure. Deep geological control is sparse in the area in general, and non-existent in the vicinity of the proposed unit area. However, the downward extrapolation of shallower data, coupled with the structural trend established by

Bell Lake, gives cause for a basic geological interpretation in the unit area to be analogous to Bell Lake in nearly all respects. Together, the Bell Lake and Antelope Ridge Units produce Bone Spring oil, Pennsylvanian gas-condensate and Devonian gas-distillate. A structurally high well in the proposed unit would test all of the productive horizons in these units, as well as all of the potential reservoirs that will be encountered in the thick sedimentary section over the unit.

The general character and size of the indicated positive feature, and the numerous producing reservoirs and potential producing horizons establish this unit area as an attractive oil and gas prospect.

James R. O'Brien

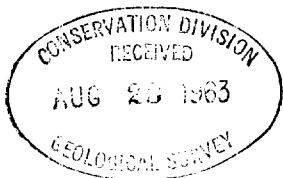
James R. O'Brien

Geologist - Jake L. Hamon

JRO:od

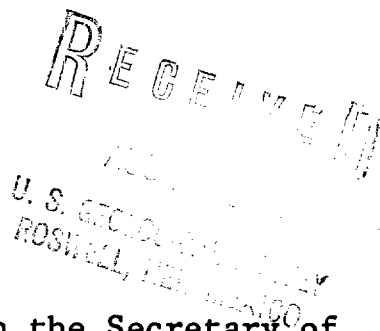
SOUTHEAST BELL LAKE UNIT

Unit Agreement



CERTIFICATION - DETERMINATION

No. 14-08-0001 8541



Pursuant to the authority vested in the Secretary of Interior as to Federal Lands, under the Act approved February 25, 1920, 41 Stat. 437, as amended, 30 U.S.C. Secs. 181, et seq., and delegated to the Director of the Geological Survey pursuant to Departmental Order No. 2365 of October 8, 1947, 43 C.F.R. Sec. 4.611, 12 F.R. 6784, I do hereby:

A. Approve the attached agreement for the development and operation of the Southeast Bell Lake Unit Area, Lea County, 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.

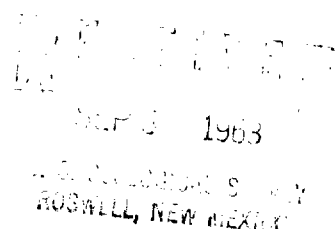
AUG 27 1963

Arthur A. Baker

DATED

Acting

DIRECTOR, UNITED STATES GEOLOGICAL SURVEY.



UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
SOUTHEAST BELL LAKE UNIT AREA
LEA COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 27 day of
MAY, 1963, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto",

W I T N E S S E T H:

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

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 7-11-39 N.M. Statutes 1953 Annotated) 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 (Article 3, Chapter 65, Vol. 9, Part 2, 1953 Statutes), to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Southeast Bell Lake Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

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

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

1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent, and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this agreement; and as to State of New Mexico and privately owned lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof

or the laws of the State of New Mexico are hereby accepted and made a part of this agreement.

2. UNIT AREA. The following-described land is hereby designated and recognized as constituting the unit area:

Township 24 South, Range 34 East, N.M.P.M.:

Section 34: A11
Section 35: A11
Section 36: A11

Township 25 South, Range 34 East, N.M.P.M.:

Section 1: A11
Section 2: A11
Section 3: A11
Section 10: N $\frac{1}{2}$
Section 11: A11
Section 12: A11
Section 13: A11
Section 14: A11
Section 23: N $\frac{1}{2}$
Section 24: N $\frac{1}{2}$

Township 25 South, Range 35 East, N.M.P.M.:

Section 6: A11
Section 7: A11
Section 18: A11
Section 19: N $\frac{1}{2}$

Containing 9,597.10 acres, more or less.

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the Unit Operator. Exhibit B attached hereto is a schedule showing to the extent known to the Unit Operator the acreage, percentage, and kind of ownership of oil and gas interests in all land in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibits

A and B shall be revised by the Unit Operator whenever changes in the unit area render such revision necessary, or when requested by the Oil and Gas Supervisor, hereinafter referred to as "Supervisor," or when requested by the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "Commissioner", and not less than seven copies of the revised exhibits shall be filed with the Supervisor, and two (2) copies thereof shall be filed with the Commissioner and one (1) copy with the New Mexico Oil Conservation Commission, hereinafter referred to as "Commission."

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

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

(b) Said notice shall be delivered to the Supervisor, the Commissioner and the Commission and copies thereof mailed to the last

known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.

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

(d) After due consideration of all pertinent information, the expansion or contraction shall, upon approval by the Director, the Commissioner and the Commission, become effective as of the date prescribed in the notice thereof.

(e) All legal subdivisions of unitized lands (i.e., 40 acres by Government survey or its nearest lot or tract equivalent in instances of irregular surveys, however, unusually large lots or tracts shall be considered in multiples of 40 acres, or the nearest aliquot equivalent thereof, for the purpose of elimination under this subsection), no parts of which are entitled to be in a participating area within five years after the first day of the month following the effective date of the first initial participating area established under this unit agreement, shall be eliminated automatically from this agreement, effective as of the first day thereafter, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless at the expiration of said five-year period diligent drilling operations are in progress

on unitized lands not entitled to participation, in which event all such lands shall remain subject hereto for so long as such drilling operations are continued diligently, with not more than 90 days' time elapsing between the completion of one such well and the commencement of the next such well, except that the time allowed between such wells shall not expire earlier than 30 days after the expiration of any period of time during which drilling operations are prevented by a matter beyond the reasonable control of unit operator as set forth in the section hereof entitled "Unavoidable Delay"; provided that all legal subdivisions of lands not in a participating area and not entitled to become participating under the applicable provisions of this agreement within 10 years after said first day of the month following the effective date of said first initial participating area shall be eliminated as above specified. Determination of creditable "Unavoidable Delay" time shall be made by unit operator and subject to approval of the Director and the Commissioner. The unit operator shall, within 90 days after the effective date of any elimination hereunder, describe the area so eliminated to the satisfaction of the Director and the Commissioner and promptly notify all parties in interest.

If conditions warrant extension of the 10-year period specified in this subsection 2 (e), a single extension of not to exceed two years may be accomplished by consent of the owners of 90 percent of the current unitized working interests and 60 percent of the current unitized basic royalty interests (exclusive of the basic royalty interests of the United States), on a total-non-participating-acreage basis, respectively, with approval of the Dir-

ector and the Commissioner, provided such extension application is submitted to the Commissioner and the Director not later than 60 days prior to the expiration of said 10-year period.

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

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

4. UNIT OPERATOR. Jake L. Hamon of Dallas, Texas, is hereby designated as Unit Operator and by signature hereto as Unit Operator commits to this agreement all interests in unitized substances vested in him and agrees and consents to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as owner of interest in unitized substances, and the term "working interest owner" when used herein shall include or refer to Unit Operator as the owner of a working interest when such an interest is owned by him.

5. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time prior to the establishment

of a participating area or areas hereunder, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six months after notice of intention to resign has been served by Unit Operator on all working interest owners and the Director, the Commissioner and Commission and until all wells then drilled hereunder are placed in a satisfactory condition for suspension or abandonment whichever is required by the Supervisor as to Federal lands and by the Commission as to State and privately owned lands unless a new unit operator shall have been selected and approved and shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

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

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

The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to re-

removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new Unit Operator. Such removal shall be effective upon notice thereof to the Director and the Commissioner.

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

6. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender his or its resignation as Unit Operator or shall be removed as hereinabove provided, or a change of Unit Operator is negotiated by working interest owners, the owners of the working interests in the participating area or areas according to their respective acreage interests in such participating area or areas, or, until a participating area shall have been established, the owners of the working interests according to their respective acreage interests in all unitized land, shall by majority vote select a successor Unit Operator: Provided, That, if a majority but less than 75 percent of the working interests qualified to vote are owned by

one party to this agreement, a concurring vote of one or more additional working interest owners shall be required to select a new operator. Such selection shall not become effective until:

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

(b) the selection shall have been filed with the Supervisor and approved by the Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and Commissioner at their 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 (3) true copies of any unit operating agreement executed pursuant to this section should be filed with the Supervisor and one (1) true copy with the Commissioner, prior to approval of this unit agreement by the Director.

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 his 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 six months after the effective date hereof, the Unit Operator shall begin to drill an

adequate test well at a location approved by the Supervisor if on Federal land or by the Commissioner if on State land or by the Conservation Commission if on privately owned land, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently until the Devonian formation has 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 if on Federal land or the Commissioner if on State land, 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 15,000 feet. Until the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if it be on Federal land or of the Commissioner if on State or the Commission if on privately owned land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities in the formations drilled hereunder. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign as provided in Section 5 hereof, or as requiring Unit Operator to commence or continue any drilling during

the period pending such resignation becoming effective in order to comply with the requirements of this section. The Director and Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when, in their opinion, such action is warranted.

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

10. PLAN OF FURTHER DEVELOPMENT AND OPERATION. Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor and the Commissioner an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor and the Commissioner, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor and the Commissioner a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section shall provide for the exploration of the unitized area and for the diligent drilling necessary for determination of the area or areas thereof capable of producing unitized substances in paying quantities in each and every productive formation and shall be as complete and adequate as the Supervisor and the

Commissioner may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall:

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

(b) to the extent practicable specify the operating practices regarded as necessary and advisable for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor and the Commissioner. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and Commissioner are authorized to grant a reasonable extension of the six month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing unitized substances in paying quantities, no further wells, except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

11. PARTICIPATION AFTER DISCOVERY. Upon completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall, within the month of such completion, if practicable, or as soon thereafter as required by the Supervisor or the

Commissioner submit for approval by the Director and the Commissioner a schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all lands in said schedule on approval of the Director and the Commissioner to constitute a participating area, effective as of the date of completion of such well or the effective date of the unit agreement, whichever is later. The acreages of both Federal and non-Federal lands shall be based upon appropriate computations from the courses and distances shown on the last approved public-land survey as of the effective date of the initial participating area. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone, and any two or more participating areas so established may be combined into one with the consent of the owners of all working interests in the lands within the participating areas so to be combined, on approval of the Director and the Commissioner. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, or to exclude land then regarded as reasonably proved not to be pro-

ductive in paying quantities and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month in which is obtained the knowledge or information on which such revision is predicated, provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Director and the Commissioner. No land shall be excluded from a participating area on account of depletion of the unitized substances.

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

In the absence of agreement at any time between the Unit Operator and the Director and the Commissioner as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the United States and the State of New Mexico, which shall be determined by the Supervisor for Federal lands and the Commissioner for state lands and the amount thereof deposited, as directed by the Supervisor and the Commissioner respectively, to be held as unearned money until a participating area is finally approved and then applied as earned

or returned in accordance with a determination of the sum due as Federal and State royalty on the basis of such approved participating area.

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

12. ALLOCATION OF PRODUCTION. All unitized substances produced from each participating area established under this agreement, except any part thereof used in conformity with good operating practices within the unitized area for drilling, operating, camp and other production or development purposes, for repressuring or recycling in accordance with a plan of development approved by the Supervisor, and Commissioner, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits accruing under this agreement, each such tract of unitized land shall have allocated

to it such percentage of said production as the number of acres of such tract included in said participating area bears to the total acres of unitized land in said participating area, except that allocation of production hereunder for purposes other than for settlement of the royalty, overriding royalty, or payment out of production obligations of the respective working interest owners, shall be on the basis prescribed in the unit operating agreement whether in conformity with the basis of allocation herein set forth or otherwise. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area. If any gas produced from one participating area is used for repressuring or recycling purposes in another participating area, the first gas withdrawn from such last-mentioned participating area for sale during the life of this agreement shall be considered to be the gas so transferred until an amount equal to that transferred shall be so produced for sale and such gas shall be allocated to the participating area from which initially produced as constituted at the time of such final production.

13. DEVELOPMENT OR OPERATION OF NON-PARTICIPATING LAND OR FORMATIONS. Any party hereto owning or controlling the working interest in any unitized land having thereon a regular well location may with the approval of the Supervisor as to Federal land and the Commission as to State or privately owned land, at such party's sole risk, costs, and expense, drill a well to test any formation for which a participating area has not been established or to test

any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party of his intention to drill the well the Unit Operator elects and commences to drill such a well in like manner as other wells are drilled by the Unit Operator under this agreement.

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

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

14. ROYALTY SETTLEMENT. The United States and any State and all royalty owners who, under existing contract, are entitled to take in kind a share of the substances now unitized hereunder produced from any tract, shall hereafter be entitled to the right to take in kind their share of the unitized substances allocated to such tract, and Unit Operator, or in case of the operation of a well

by a working interest owner as herein in special cases provided for, such working interest owner, shall make deliveries of such royalty share taken in kind in conformity with the applicable contracts, laws, and regulations. Settlement for royalty interest not taken in kind shall be made by working interest owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for unitized substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any royalties due under their leases.

If gas obtained from lands not subject to this agreement is introduced into any participating area hereunder, for use in repressuring, stimulation of production, or increasing ultimate recovery, which shall be in conformity with a plan first approved by the Supervisor and the Commissioner, a like amount of gas, after settlement as herein provided for any gas transferred from any other participating area and with due allowance for loss or depletion from any cause, may be withdrawn 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 operations or as may otherwise be consented to by the Supervisor and the Commissioner as conforming to good petroleum engineering practice; and provided further that such right of withdrawal shall terminate on the termination of this unit agreement.

Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered

in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Federal land as provided herein at the rates specified in the respective Federal leases, or at such lower rate or rates as may be authorized by law or regulation; 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 each participating area were a single consolidated lease.

Royalty due on account of State lands shall be computed and paid on the basis of all unitized substances allocated to such lands.

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

Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases.

With respect to any lease on non-Federal land containing provisions which would terminate such lease unless drilling operations were within the time therein specified commenced upon the land covered

thereby or rentals paid for the privilege of deferring such drilling operations, the rentals required thereby shall, notwithstanding any other provision of this agreement, be deemed to accrue and become payable during the term thereof as extended by this agreement and thereafter until the required drilling operations are commenced upon the land covered thereby or some portion of such land is included within a participating area.

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

17. DRAINAGE. The 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 prior consent of the Director and the Commissioner, pursuant to applicable regulations pay a fair and reasonable compensatory royalty, as determined by the Supervisor as to Federal lands and by the Commissioner as to State lands.

18. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or operation for oil or gas of lands committed to this agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect; and the parties hereto hereby consent that the Secretary as to Federal leases and the Commissioner as to State leases shall and each by his approval hereof, or by the approval hereof by his duly authorized representative, does hereby establish,

alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this agreement, and, without limiting the generality of the foregoing, all leases, subleases, and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this agreement under the terms hereof shall be deemed full performance of all obligations for 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 by and between the parties hereto, or their respective predecessors in interest, or any of them.

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

(c) Suspension of drilling or producing operations on all unitized lands pursuant to direction or consent of the Secretary and the Commissioner, or their duly authorized representatives, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every tract of unitized land.

(d) Each lease, sublease or contract relating to the ex-

ploration, drilling, development or operation for oil or gas of lands other than those of the United States and the State of New Mexico committed to this agreement, which, by its terms might expire prior to the termination of this agreement, is hereby extended beyond any such term so provided therein so that it shall be continued in full force and effect for and during the term of this agreement; provided, however, each such lease, sublease, or contract shall only be extended in the event unitized substances are capable of being produced from some part of the lands embraced in such lease committed to this agreement, or some part of said lands are committed to a participating area prior to the expiration of the primary term of such lease, sublease or contract. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or applicable law shall continue in full force and effect thereafter.

(e) Any Federal lease for a fixed term of twenty (20) years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force beyond the term provided therein until the termination hereof. Any other Federal lease committed hereto shall continue in force beyond the term so provided therein or by law as to the land committed so long as such lease remains subject hereto, provided that production is had in paying quantities under this unit agreement prior to the expiration date of the term of such lease, or in the event actual drilling operations are commenced on unitized land, in accordance with the provisions of this agreement, prior to the end of the primary term of such lease and are being diligently prosecuted at that time, such

lease shall be extended for two years and so long thereafter as oil or gas is produced in paying quantities in accordance with the provisions of the Mineral Leasing Act Revision of 1960.

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

(g) Any lease embracing lands of the State of New Mexico which is made subject to this agreement, shall continue in force beyond the term provided therein as to the lands committed hereto until the termination hereof.

(h) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Sec. 17 (j) of the Mineral Leasing Act, as amended by the Act of September 2, 1960 (74 Stat. 781-784): "Any (Federal) lease heretofore or hereafter committed to any such (unit) plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: Provided, however, That any such lease as to the non-unitized portion shall continue in force and effect for the term thereof but for not less than two years from the date of such segregation and so long thereafter as oil or gas is pro-

duced in paying quantities."

(i) Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto, shall be segregated as to the portion committed and the portion not committed, and the provisions of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however, notwithstanding any of the provisions of this agreement to the contrary any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil or gas is discovered and is capable of being produced in paying quantities from some part of the lands embraced in such lease at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the Lessee or the Unit Operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced in such lease, the same, as to all lands embraced therein, shall remain in full force and effect so long as such operations are being diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

19. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or con-

veyance 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, or other successor in interest. No assignment or transfer of any working interest, royalty, or other interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

20. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Director and the Commissioner or their duly authorized representatives as of the date of approval by the Director and shall terminate five (5) years from said effective date unless:

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

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

(c) a valuable discovery of unitized substances has been made or accepted on unitized land during said initial term or any extension thereof, in which event the agreement shall remain in effect for such term and so long as unitized substances can be pro-

duced in quantities sufficient to pay for the cost of producing same from wells on unitized land within any participating area established hereunder and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid, or

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

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

21. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION.

The Director is hereby vested with authority to alter or modify from time to time in his discretion the quantity and rate of production under this agreement when such quantity and rate is not fixed pursuant to Federal or State law or does not conform to any state-wide voluntary conservation or allocation program, which is established, recognized, and generally adhered to by the majority of operators in such State, 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. Without regard to the foregoing, the Director is also hereby vested with authority to alter or modify from time to time in his discretion the rate of prospecting and development and the quantity and rate of production

under this agreement when such alteration or modification is in the interest of attaining the conservation objectives stated in this agreement and is not in violation of any applicable Federal or State law; Provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico, as to the rate of prospecting and developing 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.

Powers in this section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than 15 days from notice.

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 on account of delay or failure in whole or in part to comply with any applicable provision thereof to the extent that the Unit Operator, working interest owners or any of them are hindered, delayed or prevented from complying therewith by reason of failure of the Unit Operator to obtain in the exercise of due diligence, the concurrence of proper representatives of the United States and proper representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, in-

cluding the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this agreement 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. APPEARANCES. Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Department of the Interior, the Commissioner of Public Lands of the State of New Mexico and the New Mexico Oil Conservation Commission and to appeal from orders issued under the regulations of said Department, the Commission or Commissioner or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior, the Commissioner, or Commission, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his own expense to be heard in any such proceeding.

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

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

26. UNAVOIDABLE DELAY. All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State, or municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

27. NONDISCRIMINATION. In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of section 301 (1) to (7) inclusive, of Executive Order 10925 (26 F. R. 1977), which are hereby incorporated by reference in this agreement.

28. LOSS OF TITLE. In the event title to any tract of unitized land shall fail and the true owner cannot be induced to

join in this unit agreement, such tract shall be automatically regarded as not committed hereto and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title as to any royalty, working interest, or other interests subject thereto, payment or delivery on account thereof may be withheld without liability for interest until the dispute is finally settled; provided, that, as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico should be withheld, but such funds of the United States shall be deposited as directed by the Supervisor and such funds of the State of New Mexico shall be deposited as directed by the Commissioner to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

29. NON-JOINDER AND SUBSEQUENT JOINDER. If the owner of any substantial interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director, the Commissioner, and the Unit Operator prior to the approval of this agreement by the Director and Commissioner. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agree-

ment, and, if the interest is a working interest, by the owner of such interest also subscribing to the unit operating agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the unit operating agreement. After final approval hereof joinder by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Joinder by any owner of a non-working interest, at any time, must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as committed hereto. Joinder to the unit agreement by a working-interest owner, at any time, must be accompanied by appropriate joinder to the unit operating agreement, if more than one committed working-interest owner is involved, in order for the interest to be regarded as committed to this unit agreement. Except as may otherwise herein be provided, subsequent joinders to this agreement shall be effective as of the first day of the month following the filing with the Supervisor and the Commissioner of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director, provided, however, that as to State lands such subsequent joinder must be approved by the Commissioner.

30. COUNTERPARTS. This agreement may be executed in any number of counterparts no one of which needs to be executed by all

parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above-described unit area.

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

WTL Jake L. Hamon
JAKE L. HAMON

Address: 500 Vaughn Bldg
Dallas, Texas

UNIT OPERATOR & WORKING INTEREST OWNER

Nancy B. Hamon
NANCY B. HAMON, his wife.

5-12-16-17-18-19-20-21-22-23-24-25

WORKING INTEREST OWNERS:

AMERICAN TRADING & PRODUCTION CORPORATION

ATTEST:

Secretary
Date: _____

By _____
Address: _____

BRITISH-AMERICAN OIL PRODUCING COMPANY

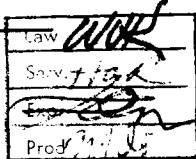
ATTEST:

Secretary
Date: _____

By _____
Address: _____

ATTEST:
David Rankin
Asst. Secretary
Date: JUL 21 1963

GULF OIL CORPORATION
By W.B. H. G. Harris Attorney In Fact
Address: P. O. BOX 1938
ROSWELL, NEW MEXICO 88201



ATTEST:

Secretary
Date: _____

ATTEST:

Secretary
Date: AUG 1 1963

ATTEST:

Secretary
Date: _____

ATTEST:

Secretary
Date: 8-2-63

ATTEST:

Secretary
Date: August 2, 1963

Date: _____

Date: _____

Date: _____

RICHFIELD OIL CORPORATION

By _____

Address: _____

SHELL OIL COMPANY

By W. Kinsey

Address: Attorney in Fact P.O. Box 1509

MIDLAND TEXAS

SUPERIOR OIL COMPANY

By _____

Address: _____

TEXACO, INC.

By J. M. Marley

Address: P.O. Box 3109

Midland, Texas

UNION OIL COMPANY OF CALIFORNIA

By John Hansen

Address: Attorney in Fact 619 West Texas

Midland Texas 79704

JOE GIEB, JR.

O. R. WHITESIDES

J. F. YOUNGER

STATE OF Texas)
COUNTY OF Dallas) ss.

The foregoing instrument was acknowledged before me
this 24th day of July, 1963, by JAKE L. HAMON and NANCY B. HAMON,
his wife.

My Commission Expires:

June 1, 1965.

Jeannie Poovey
Notary Public
JEANIE POOVEY, Notary Public,
In and for Dallas County, Texas

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of AMERICAN TRADING & PRODUCTION CORPORATION, a _____
corporation, on behalf of said corporation.

My Commission Expires:

_____.

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____
day of _____, 1963, by _____,
_____ of BRITISH-AMERICAN OIL PRODUCING COMPANY, a _____
corporation, on behalf of said corporation.

My Commission Expires:

_____.

Notary Public

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.

The foregoing instrument was acknowledged before me this 31st
day of July, 1963, by W. B. Hopkins, Attorney In Fact
_____ of GULF OIL CORPORATION, a PENNSYLVANIA
corporation, on behalf of said corporation.

My Commission Expires:

My Commission Expires August 15, 1964.

Eva Marie Cooper
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, _____ of RICHFIELD OIL CORPORATION, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____.

Notary Public

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this 1 day of August, 1963, by J. V. Lindsey, Attorney in Fact of SHELL OIL COMPANY, a Delaware corporation, on behalf of said corporation.

My Commission Expires: _____.

Jean Akins
Notary Public in and for
Midland County, Texas
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____, _____ of SUPERIOR OIL COMPANY, a _____ corporation, on behalf of said corporation.

My Commission Expires: _____.

Notary Public

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this 2nd day of August, 1963, by J. A. Markley, Attorney-in-Fact of TEXACO, INC., a Delaware corporation, on behalf of said corporation.

My Commission Expires: _____.

Ben Wallace
Notary Public

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this 1st day of August, 1963, by John Hansen, Attorney in Fact of UNION OIL COMPANY OF CALIFORNIA, a California corporation, on behalf of said corporation.

Elma H. Sloan
Notary Public

My Commission Expires:
June 1, 1965.

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by JOE GIEB, JR., _____.

Notary Public

My Commission Expires:
_____.

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by O. R. WHITESIDES _____.

Notary Public

My Commission Expires:
_____.

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by J. F. YOUNGER _____.

Notary Public

My Commission Expires:
_____.

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

RICHFIELD OIL CORPORATION

By

By

[Signature]
Manager of Land & Lease Dept.

[Signature]
ASSISTANT SECRETARY

STATE OF CALIFORNIA,

COUNTY OF LOS ANGELES.

} ss.

On this 5th day of February, in the year 19 66, before me,
Irene P. Adams, a Notary Public in and for said County and State, personally appeared J.C. Austin,
known to me to be the ~~Assistant~~ Manager of ~~the~~ Land and Lease Department, and R.G. Nelson,
known to me to be the Assistant Secretary of RICHFIELD OIL CORPORATION, the corporation that executed the
within instrument, known to me to be the persons who executed the within instrument on behalf of the corporation
therein named, and acknowledged to me that such corporation executed the same.

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

My commission expires February 3, 1966

[Signature]
Irene P. Adams
Notary Public in and for said County and State.

ROC FORM 2629 REV. 6-62
PRTD. IN U.S.A.

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

THE BRITISH-AMERICAN OIL PRODUCING COMPANY

P. O. BOX 749
DALLAS, TEXAS

Claude E. Roy
ATTORNEY-IN-FACT

4 22

STATE OF Texas }
COUNTY OF Dallas } ss.

The foregoing instrument was acknowledged before me this 1st day of August, 1963, by CLAUDE E. ROY, Attorney-in-Fact of THE BRITISH-AMERICAN OIL PRODUCING COMPANY, a Delaware corporation, on behalf of said corporation.

My Commission Expires: June 1, 1965

Patsy Gant
Notary Public
Dallas County, Texas PATSY GANT

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____
_____.

Notary Public

My Commission Expires: _____.

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

John F. Younger
Charlene S. Younger
8

STATE OF Texas)
COUNTY OF Midland) ss.

The foregoing instrument was acknowledged before me this
15th day of July, 1963, by John F. Younger and wife,
Charlene S. Younger.

My Commission Expires:
June 1, 1965.

Oleta Davis
Notary Public Oleta Davis
Notary Public in
and For Midland
County, Texas

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Tom Boyd

Jessie Ruth Boyd

12

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

The foregoing instrument was acknowledged before me this 9th day of July, 1963, by TOM BOYD and JESSIE RUTH BOYD, his wife.

My Commission Expires: March 25, 1965.

Deane D. Harshe

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____.

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

ATTEST:
BY [Signature]
Secretary

AMERICAN TRADING AND PRODUCTION CORPORATION
BY [Signature]
Vice President

STATE OF Maryland)
CITY Baltimore) ss.
COUNTY OF Baltimore

The foregoing instrument was acknowledged before me this 6th day of August, 1963, by L. C. DUNBAR, Vice President,
American Trading and Production Corporation.

My Commission Expires: May 3, 1965 [Signature] Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____
_____.

Notary Public
My Commission Expires: _____.

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the under-
signed as of the date set forth in their respective acknowledgments.

A. Hiram Moore
Betty Moore
T8 19 27

STATE OF NEW MEXICO)
COUNTY OF LEA) ss.

The foregoing instrument was acknowledged before me this 6th day of August, 1963, by J. Hiram Moore and wife, Betty Moore.

My Commission Expires: June 4, 1964

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me this
 _____ day of _____, 1963, by _____.

My Commission Expires: _____

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CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

STATE OF Texas }
COUNTY OF Lea } ss.

The foregoing instrument was acknowledged before me this
1st day of August, 1963, by James H. Thomas

My Commission Expires: August 1, 1965 Notary Public

STATE OF _____ }
COUNTY OF _____ } ss.

LUCILLE B. WILSON, Notary Public
In and for Lea County, Texas

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

Notary Public
My Commission Expires: _____

ILLEGIBLE

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

_____ _____ _____ STATE OF <u>Oklahoma</u>) COUNTY OF <u>Pontotoc</u>)	ss.	<u>Howard W. Fleet</u> HWF <u>Frank T. Fleet</u> FTF <u>Arlene R. Fleet</u> ARF <u>Margaret Fleet Kalmar</u> MFK
--	-----	---

The foregoing instrument was acknowledged before me this
5th day of August, 1963, by Howard W. Fleet; Frank T. Fleet;
Arlene R. Fleet; and
Margaret Fleet Kalmar.

My Commission Expires:
January 11, 1967.

Harry Empson Jr.
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____.

My Commission Expires:
_____.

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Donna Miller

1

STATE OF California)
COUNTY OF Los Angeles) ss.

The foregoing instrument was acknowledged before me this
27 day of July, 1963, by Donna Miller
My Commission Expires December 2, 1966

My Commission Expires:
_____.

Thomas McHenry

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____
_____.

My Commission Expires:
_____.

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Mrs. Merina Young 2-3 _____
J. L. Burke Jr. 16 _____
Joyce Burke _____

STATE OF Ariz.)
COUNTY OF Maricopa) ss.

The foregoing instrument was acknowledged before me this
20 day of June, 1963, by Mrs. Merina Young

My Commission Expires: 6-24-66.
Barbara J. Burke
Notary Public

STATE OF New Mexico)
COUNTY OF Lea) ss.

The foregoing instrument was acknowledged before me this
1st day of July, 1963, by J. L. Burke, Jr., and Joyce Burke,
his wife.

My Commission Expires: 12-8-66.
Barbara J. Burke
Notary Public

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

signed as of the date set forth in their respective acknowledgments.

M. H. McEneaney 4-5
Jack Griffin 2-3

The foregoing instrument was acknowledged before me this
8th day of June, 1963, by M. E. McGrail, a single man

Randall M. Richardson
Notary Public

The foregoing instrument was acknowledged before me this 10th day of June, 1963, by Jack Griffin, a single married man dealing in his sole and separate property.

Randolph M. Lisle
Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Willie B. Hodges
6-7-8-9-10

Florence G. Burrer
6-7-8-9-10

STATE OF New Mexico)
COUNTY OF Chaves) ss.

The foregoing instrument was acknowledged before me this 11th day of June, 1963, by L. B. Hodges and Willie L. Hodges, his wife.

My Commission Expires: Nov. 10, 1964.

Ann M. Mannis
Notary Public

STATE OF New Mexico)
COUNTY OF Chaves) ss.

The foregoing instrument was acknowledged before me this 11th day of June, 1963, by R. L. Burrer and Florence L. Burrer, his wife.

My Commission Expires: Nov. 10, 1964.

Ann M. Mannis
Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Mario B. Quantius

7-8

STATE OF NEW MEXICO)
COUNTY OF CHAVES) ss.

The foregoing instrument was acknowledged before me this
20th day of 20th June, 1963, by Mario B. Quantius, sole devisee
of Leland Quantius, deceased.

My Commission Expires:
7/15/66

Lythel P. Willard
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires: _____

Notary Public

RECEIVED
AUG 16 1963

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT U. S. GEOLOGICAL SURVEY
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO ROSWELL, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Attests:

By Ina Biediger
Secretary

Boxer Corporation

By R. L. Thompson
President

604 National Bank of Commerce,
San Antonio, Texas

STATE OF Texas }
COUNTY OF Duval } ss.

The foregoing instrument was acknowledged before me this 14th day of August, 1963, by R. L. Thompson, President of Boxer Corporation, for and on behalf of said Corporation.

My Commission Expires: 6-1-65 Joseph A. Thompson
Notary Public

STATE OF _____ }
COUNTY OF _____ } ss.

Notary Public
Holmes, Texas, United States of America

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____.

My Commission Expires: _____
Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

WITNESS:

Iris Biediger
211 Bocawood Drive
San Antonio, Texas

R. L. Thompson PRESIDENT
BOXER CORPORATION
604 NATIONAL BANK OF COMMERCE BUILDING
SAN ANTONIO, TEXAS

STATE OF Bexar }
COUNTY OF Bexar } ss.

The foregoing instrument was acknowledged before me this
19 day of June, 1963, by R. L. Thompson

My Commission Expires:
June 1, 1965

Douglas A. Morganroth
Notary Public
DOUGLAS A. MORGANROTH
Notary Public, Bexar County, Texas

STATE OF _____ }
COUNTY OF _____ } ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

W. E. Baird 16
M. June Baird 16
J. T. Recer 16

W. E. Baird, Jr. 16-20
Kate L. Baird 22-25
26-27
Corrinne Recer 16

STATE OF TEXAS.)
COUNTY OF GAINES.) ss.

The foregoing instrument was acknowledged before me this 19th day of June, 1963, by W. E. Baird, Jr., and wife,
Kate L. Baird (Fannie J. Smith)
Fannie J. Smith
My Commission Expires: June 1st, 1965. Notary Public, H Gaines
County, Texas.

STATE OF New Mexico)
COUNTY OF Lea) ss.

The foregoing instrument was acknowledged before me this 1st day of July, 1963, by L. A. Baird and M. June Baird, his wife,
J. T. Recer and Corrinne Recer, his wife.
Randolph M. Richardson
My Commission Expires: 12-8-68 Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

John S. Frailing _____
Thelma S. Frailing _____

STATE OF New Mexico)
COUNTY OF Lea) ss.

The foregoing instrument was acknowledged before me this
17 day of July, 1963, by John S. Frailing
Wife Thelma S. Frailing.
My Commission Expires: February 24, 1965.

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

_____ Shiplot
Beatrice Shiplot

STATE OF New Mexico)
COUNTY OF Lea) ss.

The foregoing instrument was acknowledged before me this
2nd day of July, 1963, by H. M. Shiplot
Beatrice Shiplot.

My Commission Expires:

MY COMMISSION EXPIRES FEBRUARY 26, 1965

J. L. H. Jr.
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____
_____.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Wm Blocker
Opal Blocker

George Blocker
Bess Blocker

STATE OF New Mexico)
COUNTY OF Lea) ss.

The foregoing instrument was acknowledged before me this

15 day of July, 1963, by Wm. Blocker & wife Opal Blocker
and George Blocker & wife Bess Blocker

My Commission Expires:

MY COMMISSION EXPIRES FEBRUARY 26, 1965

J. L. Hunter Jr.
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this

____ day of _____, 1963, by _____
_____.

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

16

STATE OF Arizona)
COUNTY OF Maricopa)

ss.

The foregoing instrument was acknowledged before me this
31 day of August, 1963, by James H. Allen

My Commission Expires: 1965

[Signature]
Notary Public

STATE OF _____)
COUNTY OF _____)

ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires: _____

Notary Public

ILLEGIBLE

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

STATE OF Texas }
COUNTY OF UVALDE } ss.

Will G Brooks
Walden Fey
McAfee St

The foregoing instrument was acknowledged before me this
3 day of August, 1963, by Will G Brooks

My Commission Expires: 6-1-65

STATE OF Texas }
COUNTY OF UVALDE } ss.

C. B. Harris
Notary Public

The foregoing instrument was acknowledged before me this
3 day of August, 1963, by Will G Brooks

My Commission Expires: 6-1-65

STATE OF Texas }
COUNTY OF UVALDE } ss.

C. B. Harris
Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

_____ Tom B Marion.
Ruth S Marion

STATE OF TEXAS)
COUNTY OF WINKLER) ss.

The foregoing instrument was acknowledged before me this
24th day of June, 1963, by Tom B. Marion

My Commission Expires:
6-1-65 . Senja Tullen
Notary Public

STATE OF TEXAS)
COUNTY OF WINKLER) ss.

The foregoing instrument was acknowledged before me this
24th day of June, 1963, by Ruth S. Marion

My Commission Expires:
6-1-65 . Senja Tullen
Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

	<i>Georgia I. Mosley</i>
	20 - 26

STATE OF <u>Texas.</u>	}	ss.
COUNTY OF <u>Winkler.</u>		

The foregoing instrument was acknowledged before me this 22nd day of June, 1963, by Georgia I. Mosley.

My Commission Expires: <u>June 1st 1965</u>	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"><i>Mac Barnes</i></div> Notary Public Winkler County, Texas.
--	--

STATE OF _____	}	ss.
COUNTY OF _____		

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____

My Commission Expires: _____	<div style="border-bottom: 1px solid black; margin-bottom: 5px;"></div> Notary Public
---------------------------------	---

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Frederick R. Baird _____
Winnie Baird _____
20 - 26 _____

STATE OF TEXAS)
COUNTY OF LEA) ss.

The foregoing instrument was acknowledged before me this
21 day of JUN, 1963, by _____
_____.

My Commission Expires:
6-1-1965.

Jessie Lee May
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____
_____.

My Commission Expires:
_____.

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Ralph Baird

20 - 26

STATE OF Ark)
COUNTY OF Brown) ss.

The foregoing instrument was acknowledged before me this
12th day of June, 1963, by Ralph Baird

My Commission Expires:
10/1-63.

[Signature]

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires:
_____.

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

R. J. Medina, Jr.

20-22-25-26

STATE OF N. Mexico)
COUNTY OF Lea) ss.

The foregoing instrument was acknowledged before me this
19th day of August, 1963, by R. J. Medina, Jr.

My Commission Expires: _____

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the under-
signed as of the date set forth in their respective acknowledgments.

Subitanea
Kays. E. Snodgrass
20-22-25-26-27

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
22 day of July, 1963, by James Earl Ray, John Edgar Hoover, and

My Commission Expires:

Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____

My Commission Expires:

~~Notary Public~~

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

	<u>Mildred A. Broman</u>
	<u>Stanley E. Broman</u>
	<u>20 - 22 25 - 26 27</u>

STATE OF <u> New Mexico </u>)	
COUNTY OF <u> Santa Fe </u>	}	ss.

The foregoing instrument was acknowledged before me this
11th day of July , 1963, by _____
Mildred A. Broman and Stanley E. Broman .

My Commission Expires:
 June 23, 1966 .

Etchen Starnes
Notary Public

STATE OF _____)	
COUNTY OF _____	}	ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____
_____ .

My Commission Expires:
_____ .

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Malcolm Madera
20-22 '25 - 26 '27
23

STATE OF New Mexico)
COUNTY OF Eddy) ss.

The foregoing instrument was acknowledged before me this
8th day of July, 1963, by Malcolm Madera

My Commission Expires:
January 8, 1966.

[Signature]
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires:
_____.

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Ruford Madera

20 - 22 25 - 26 27

STATE OF Texas)
COUNTY OF Dallas) ss.

The foregoing instrument was acknowledged before me this 16 day of July, 1963, by Ruford Madera

My Commission Expires:
June 30, 1964.

Tom J. Green
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____

My Commission Expires:

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Ruth Wagner
E. D. Wagner
23

Hugh B. Smith
Virginia K. Smith
23

STATE OF TEXAS)
COUNTY OF TARRANT) ss.

The foregoing instrument was acknowledged before me this 3rd day of July, 1963, by HUGH B. SMITH and wife.
VIRGINIA K. SMITH

My Commission Expires:
6-1-65

Peggy J. Limerick
Notary Public in and for
Tarrant County, Texas
PEGGY J. LIMERICK, Notary Public
In and for Tarrant County, Texas

STATE OF TEXAS)
COUNTY OF TARRANT) ss.

The foregoing instrument was acknowledged before me this 3rd day of July, 1963, by E. D. WAGNER and wife.
RUTH WAGNER

My Commission Expires:
6-1-65

Mary L. Sweeney
Notary Public in and for
Tarrant County, Texas

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Mildred M. Lowmiller
Mary Simons

Dorothy Bryan Galbreath
John W. Galbreath
_____ 23 _____

STATE OF OHIO)
COUNTY OF FRANKLIN) ss.

The foregoing instrument was acknowledged before me this
18th day of June, 1963, by Dorothy Bryan Galbreath and
John W. Galbreath.

My Commission Expires:
_____.

Mildred M. Lowmiller
Notary Public
MILDRED M. LOWMILLER
NOTARY PUBLIC, FRANKLIN COUNTY, OHIO
MY COMMISSION EXPIRES APRIL 26, 1968

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____.

My Commission Expires:
_____.

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

_____ _____ _____	<u>Bobby Cohea</u> <u>Jo Dell Cohea</u> 23
-------------------------	--

STATE OF Oklahoma)
COUNTY OF Tillman) ss.

The foregoing instrument was acknowledged before me this 18th day of June, 1963, by Bobby Cohea & Jo Dell Cohea

My Commission Expires: <u>11 July, 1964.</u>	<u>Louise Reed</u> Notary Public
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STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____

My Commission Expires: _____.	_____ Notary Public
----------------------------------	------------------------

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Katherine B. Calley
23

STATE OF Texas)
COUNTY OF Reeves) ss.

The foregoing instrument was acknowledged before me this
17 day of June, 1963, by Katherine B. Calley

My Commission Expires: 6-1-65

H. A. Thomas
Notary Public Reeves County,
Texas

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this
____ day of _____, 1963, by _____

My Commission Expires: _____

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

Luther Taggett
23

Alonzo Monk Bryan
1615 Prospect
Columbia, Missouri
23

STATE OF Missouri)
COUNTY OF Boone) ss.

The foregoing instrument was acknowledged before me this
5 day of July, 1963, by Alonzo Monk Bryan

My Commission Expires:
My Commission Expires November 21, 1966

Eathu Mason
Notary Public in and for
Boone County, Missouri

STATE OF TEXAS)
COUNTY OF TARRANT) ss.

The foregoing instrument was acknowledged before me this
11th day of July, 1963, by RUTH DAGGETT

My Commission Expires:
6-1-65

Mary Mount
Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.


IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

	Georgia Lee 23
	Robert E. Lee 23
	W.D. Bryan 23
	Ed. J. Bryan 23

STATE OF TEXAS)
COUNTY OF TARRANT) ss.

The foregoing instrument was acknowledged before me this July day of July, 1963, by Georgia Lee, et al.

My Commission Expires:
June 1, 1965

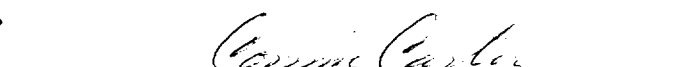

Notary Public in and for
Dallas County, Texas
JOSEPH T. NANCE

STATE OF TEXAS)
COUNTY OF TARRANT) ss.

The foregoing instrument was acknowledged before me this 3rd day of July, 1963, by ROBERT E. LEE and

GEORGIA LEE, his wife

My Commission Expires:
June 1, 1965


Notary Public in and for
Tarrant County, Texas

STATE OF TEXAS |

COUNTY OF TARRANT |

8-10 The foregoing instrument was acknowledged before me this
day of July, 1963, by W. D. BRYAN.



Notary Public in and for
Tarrant County, Texas

My Commission Expires:
June 1, 1965.

PEGGY J. LIMERICK, Notary Public
In and for Tarrant County, Texas

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

W. H. Kirby 25

Jerry D. Ferrel 25
Devisee of
Madge Ferrel

STATE OF TEXAS)
COUNTY OF BELL) ss.

The foregoing instrument was acknowledged before me this
20 day of JUNE, 1963, by JERRY D. FERREL
_____.

My Commission Expires:
6-30-63.

R. C. Loe
Notary Public

STATE OF Texas)
COUNTY OF Hale) ss.

The foregoing instrument was acknowledged before me this
29th day of July, 1963, by W. H. Kirby
_____.

My Commission Expires:
June 1, 1965.

V. L. Martin
Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

STATE OF Texas)
COUNTY OF Taylor) ss.

25

STATE OF Texas)
COUNTY OF Taylor) ss.

25

STATE OF Texas)
COUNTY OF Taylor) ss.

The foregoing instrument was acknowledged before me this 27th day of June, 1963, by Erma Kirby, wife of Russell Kirby,
For and on behalf of Russell Kirby.

My Commission Expires:

June 30-63

STATE OF Texas)
COUNTY OF Taylor) ss.

The foregoing instrument was acknowledged before me this

27th day of June, 1963, by Mr R K Hawes

My Commission Expires:

June 30-63

Erma Kirby
Erma Kirby, wife of Russell Kirby, for
and on behalf of Russell Kirby

Mrs. R. K. Hawes

Anna Gautha
Notary Public

Anna Gautha
Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

STATE OF Texas)
COUNTY OF Lea) ss. 25

The foregoing instrument was acknowledged before me this 26th day of July, 1963, by S. M. Kiley

My Commission Expires;
May 31, 1965.

Gordon H. Shiffert
Notary Public

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 1963, by _____

My Commission Expires:
_____.

Notary Public

CONSENT AND RATIFICATION
SOUTHEAST BELL LAKE UNIT AGREEMENT
EMBRACING LANDS IN LEA COUNTY, NEW MEXICO

The undersigned (whether one or more) hereby acknowledge receipt of a copy of the Unit Agreement for the Development and Operation of the Southeast Bell Lake Unit Area embracing lands situated in Lea County, New Mexico, which said agreement is dated the 27th day of May, 1963, and acknowledge that they have read the same and are familiar with the terms and conditions thereof. The undersigned also being the owners of the leasehold, royalty or other interests in the lands or minerals embraced in said unit area, as indicated on the schedule attached to said Unit Agreement as Exhibit "B", do hereby commit all of their said interests to the Southeast Bell Lake Unit Agreement and do hereby consent thereto and ratify all of the terms and provisions thereof, exactly the same as if the undersigned had executed the original of said Unit Agreement or a counterpart thereof.

IN WITNESS WHEREOF, this instrument is executed by the undersigned as of the date set forth in their respective acknowledgments.

W R Price
27

Blanche I Price
27

STATE OF Texas)
COUNTY OF Hockley) ss.

The foregoing instrument was acknowledged before me this
24th day of July, 1963, by W. R. Price

My Commission Expires:
June 1, 1965

[Signature]
Notary Public

STATE OF Texas)
COUNTY OF Hockley) ss.

The foregoing instrument was acknowledged before me this
24th day of July, 1963, by Blanche I. Price

My Commission Expires:
June 1, 1965

[Signature]
Notary Public