



December 17, 2001

#3461

Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Attn: Mr. Pete Martinez

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
Attn: Mr. Roy Johnson

Re: Southeast Maljamar Grayburg San Andres Unit  
Second Expansion  
Lea County, New Mexico

Gentlemen:

For your records, please find attached a copy of the BLM letter dated December 12, 2001, indicating the BLM's acceptance of our Certificate of Effectiveness for our Second Expansion effective November 1, 2001.

Thank you for your help in this matter.

Very truly yours,

A handwritten signature in cursive script, appearing to read 'Tim Welch', written in dark ink.

Tim Welch  
Senior Landman

Enclosure



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
ROSWELL FIELD OFFICE  
2909 West Second Street  
Roswell, New Mexico 88201-2019

IN REPLY REFER

NMNM71040X  
3180 (06300)

DEC 12 2001

RECEIVED

DEC 17 2001

LAND DEPARTMENT

XTO Energy, Inc.  
Attention: Tim Welch, CPL  
810 Houston Street  
Fort Worth, TX 76102

Gentlemen:

This office is in receipt of a copy of the Certificate of Effectiveness for the Second Expansion of the Southeast Maljamar Grayburg-San Andres Unit, No. NMNM71040X, Lea County, New Mexico.

Such certificate is hereby accepted for record purposes and will be retained for our files.

Therefore, the Second Expansion of the Southeast Maljamar Grayburg-San Andres Unit became effective as of November 1, 2001.

You are requested to furnish all interested principals with appropriate evidence of this acceptance.

Sincerely,

Larry D. Bray  
Assistant Field Manager,  
Lands and Minerals



N.M. OIL CONSERVATION DIVISION  
October 1, 2001

RECEIVED

SECTION - 7 AND 17

Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Attn: Mr. Pete Martinez

Bureau of Land Management ✓  
2909 West Second Street  
Roswell, New Mexico 88201-2019  
Attn: Mr. Armando Lopez

New Mexico Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
Attn: Mr. Roy Johnson

**Re: Southeast Maljamar Grayburg-San Andres Unit  
Second Expansion  
Lea County, New Mexico**

Gentlemen:

Please be advised that we have received final approval from all the above entities for the second expansion of the captioned unit. The effective date will be November 1, 2001.

Mr. Pete Martinez is in the process of preparing and sending me Certificates of Effectiveness. Upon receipt of the Certificates, I will record same and provide each of you with a recorded copy.

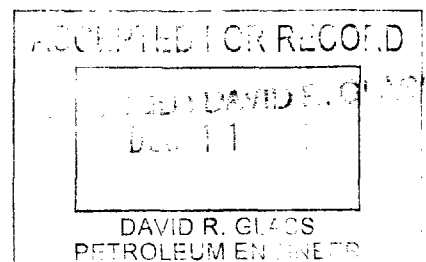
Please note that Cross Timbers Operating Company and Cross Timbers Oil Company changed their name, effective June 1, 2001, to XTO Energy Inc. For your records, I have attached a **Change of Operator Name** (form C-104B) approved by the NMOCD.

Thank you for your help in this matter and please call me at (817) 885-2661 if you have any questions.

Very truly yours,

Tim Welch, CPL  
Senior Landman

Enclosures





December 4, 2001

Commissioner of Public Lands  
New Mexico State Land Office  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Attn: Mr. Pete Martinez

Bureau of Land Management  
2909 West Second Street  
Roswell, New Mexico 88201  
Attn: Mr. Armando Lopez

New Mexico Oil Conservation Division ✓  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505  
Attn: Mr. Roy Johnson

Re: Southeast Maljamar Grayburg San Andres Unit  
Second Expansion  
Lea County, New Mexico

Gentlemen:

For your records, I have attached a recorded copy of the Certificate of Effectiveness for our Second Enlargement of the captioned unit.

Thanks for your help in this matter.

Very truly yours,

A handwritten signature in cursive script that reads 'Tim Welch'.

Tim Welch, CPL  
Senior Landman

Enclosure

CERTIFICATE OF EFFECTIVENESS  
SECOND ENLARGEMENT  
SOUTHEAST MALJAMAR GRAYBURG SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO

WHEREAS, it has become desirable to enlarge the Unit Area of the Southeast Maljamar Grayburg San Andres Unit, Lea County, New Mexico, as described in the Certificate of Effectiveness executed November 4, 1966, recorded in Book 259, Page 334, Misc. Records of Lea County, New Mexico, pertaining to the Unit Area covered by that certain Unit Agreement dated May 2, 1966, recorded in Book 258, Page 673, Misc. Records, Lea County, New Mexico, so as to include within such Unit Area certain lands in Lea County, New Mexico, referred to as Tract No. 14; and

WHEREAS, under the terms of Article 12 of said Unit Agreement such enlargement has been approved by the Working Interest Owners and Unit Operator has prepared revised Exhibits to the said Unit Agreement reflecting the Tract Participation of each tract within the Unit Area as enlarged; and

WHEREAS, said Unit Expansion was approved by the Commissioner of Public Lands of the State of New Mexico, by Certificate of Approval, dated October 18, 2001 (copy attached); and

WHEREAS, said Unit Expansion was approved by the Bureau of Land Management, by letter dated November 8, 2000 (copy attached); and

WHEREAS, said Unit Expansion was approved by the New Mexico Oil Conservation Division, under date of September 19, 2001, in Case No. 12658 by Order Nos. R-3130-B and R-3134-D (copy attached); and

WHEREAS, said Unit Expansion has been ratified by 100% of the working interest and record title owners and all of the overriding royalty interest owners (original ratifications attached); and

NOW, THEREFORE, know all men by these presents; that XTO ENERGY INC., formerly CROSS TIMBERS OIL COMPANY, Unit Operator of the Southeast Maljamar Grayburg San Andres Unit, does hereby certify and declare that in accordance with Article 3 of the said Unit Agreement, the enlargement of the Unit Area is effective as of 7:00 a.m. November 1, 2001.

In accordance with Article 3 of the said Unit Agreement, the attached revised Exhibits "A", "B" and "C" shall be substituted for all purposes in the place and stead of the Exhibits "A", "B" and "C" attached to the said Certificate of Effectiveness and Unit Agreement heretofore recorded in Lea County, New Mexico.

IN TESTIMONY whereof, XTO ENERGY INC., formerly CROSS TIMBERS OIL COMPANY, has executed this Certificate on the 9th day of November, 2001.

XTO ENERGY INC.

By: Edwin S. Ryan, Jr.  
Edwin S. Ryan, Jr.  
Vice President - Land *in JLR*

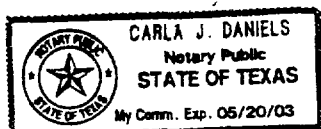
STATE OF TEXAS

COUNTY OF TARRANT

The foregoing instrument was acknowledged before me the 12<sup>th</sup> day of November, 2001, by Edwin S. Ryan, Jr., known to me to be the Vice President-Land of XTO Energy Inc., a Delaware corporation, on behalf of said corporation.

My Commission Expires:

Carla J. Daniels  
Notary Public in and for the  
State of Texas



# NEW MEXICO STATE LAND OFFICE

## CERTIFICATE OF APPROVAL

COMMISSIONER OF PUBLIC LANDS, STATE OF NEW MEXICO

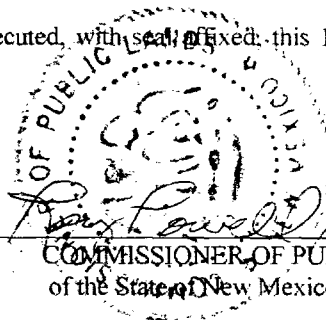
CROSS TIMBERS OIL COMPANY  
2<sup>nd</sup> ENLARGEMENT OF SOUTHEAST MALJAMAR GRAYBURG SAN ANDRES UNIT  
SW/4SE/4 SEC. 30, TOWNSHIP 17 SOUTH, RANGE 33 East  
LEA COUNTY, NEW MEXICO

There having been presented to the undersigned Commissioner of Public Lands of the State of New Mexico for examination, a Unit Agreement for the development and operation of acreage which is described within the referenced Agreement, dated May 2, 1966, which said Agreement has been executed by parties owning and holding oil and gas leases and royalty interests in and under the property described, and upon examination of said Agreement, the Commissioner finds:

- (a) That such agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir energy in said area.
- (b) That under the proposed agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area.
- (c) That each beneficiary Institution of the State of New Mexico will receive its fair and equitable share of the recoverable oil and gas under its lands within the area.
- (d) That such agreement is in other respects for the best interests of the State, with respect to state lands.

NOW, THEREFORE, by virtue of the authority conferred upon me under Sections 19-10-45, 19-10-46, 19-10-47, New Mexico Statutes Annotated, 1978 Compilation, I, the undersigned Commissioner of Public Lands of the State of New Mexico, do hereby consent to and approve the said Agreement, however, such consent and approval being limited and restricted to such lands within the Unit Area, which are effectively committed to the Unit Agreement as of this date, and further, that leases insofar as the lands covered thereby committed to this Unit Agreement shall be and the same are hereby amended to conform with the terms of such Unit Agreement, and said leases shall remain in full force and effect in accordance with the terms and conditions of said Agreement. This approval is subject to all of the provisions of the aforesaid statutes.

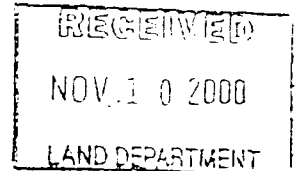
IN WITNESS WHEREOF, this Certificate of Approval is executed, with seal affixed, this 18th day of OCTOBER, 2001.

  
\_\_\_\_\_  
COMMISSIONER OF PUBLIC LANDS  
of the State of New Mexico



# United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
ROSWELL FIELD OFFICE  
2909 West Second Street  
Roswell, New Mexico 88201-2019



IN REPLY REFER  
NMNM71040X  
3180 (06300)

NOV 08 2000

Cross Timbers Operating Company  
Attention: Tim Welch  
810 Houston Street, Suite 2000  
Fort Worth, TX 76102-6298

Gentlemen:

Your application for the second expansion of the Southeast Maljamar Grayburg-San Andres Unit No. NMNM71040X, Lea County, New Mexico, has been approved as of this date. Approval of the second expansion, effective as of the first day of the month after approval for the expansion is granted by the Commissioner of Public Lands, the BLM, and the NMOCD, increases the size of the unit from 1280.00 acres to 1320.00 acres.

You are requested to furnish the Commissioner of Public Lands, the New Mexico Oil Conservation Division, and other interested principals with appropriate evidence of this approval.

Sincerely,

Larry D. Bray  
Assistant Field Manager,  
Lands and Minerals

STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION

IN THE MATTER OF THE  
HEARING CALLED BY THE  
OIL CONSERVATION DIVISION  
FOR THE PURPOSE OF  
CONSIDERING:

CASE NO. 12658  
ORDERS NO. R-3130-B and R-3134-D

APPLICATION OF CROSS TIMBERS OIL COMPANY FOR UNIT EXPANSION,  
LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This case came on for hearing at 8:15 a.m. on May 17, 2001, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 19th of September, 2001, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner,

FINDS THAT:

(1) Due public notice has been given, and the Division has jurisdiction of this case and its subject matter.

(2) The applicant, Cross Timbers Oil Company ("Cross Timbers"), is the designated operator of the Southeast Maljamar Grayburg-San Andres Unit ("Unit"), which comprises approximately 1,280 acres, more or less, of State and Federal lands underlying the following-described area in Lea County, New Mexico:

TOWNSHIP 17 SOUTH. RANGE 33 EAST, NMPM

Section 29: NW/4 NE/4, S/2 NE/4, W/2, and SE/4

Section 30: NE/4, N/2 SE/4, and SE/4 SE/4

Section 32: N/2 NE/4, SE/4 NE/4, N/2 NW/4, and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4.

(3) The unitized formation is from the top of the Grayburg formation down to 100 feet below the top of the San Andres formation. The Maljamar Grayburg-San Andres Pool within the Unit is governed by the Division Rules 104.B (1) and 104.F (1), with development on standard 40-acre spacing units with wells to be located no closer than 330



feet to the boundary of the unitized area nor closer than 10 feet to any quarter-quarter section line or subdivision inner boundary.

(4) The Unit, which originally comprised 1080 acres of State and Federal lands, was approved by Division Order No. R-3130, issued in Case No. 3461 on October 4, 1966, for the purpose of conducting a waterflood project in the Maljamar Grayburg-San Andres Pool. The waterflood project was approved by Division Order No. R-3134, issued in Case No. 3462 on October 14, 1966. The Unit was expanded to its present size by Division Orders No. R-3130-A and R-3134-C, issued in Case No. 11742 on March 31, 1997.

(5) At this time Cross Timbers seeks to expand the Unit to include one additional 40-acre tract of Federal land, Unit Tract No. 14 (Lease No. NM-94189), comprising the SW/4 SE/4 of Section 30, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico. The Unit area, after expansion, will comprise a total area of 1320 acres [440 acres of Federal land (33.33%) and 880 acres of State land (66.67%)], and is further described on Exhibit "A" attached hereto.

(6) Any order issued in this case extending the boundary of the Southeast Maljamar Grayburg-San Andres Unit will also extend the governing rules of the Unit, as expanded, to the waterflood project in the Unit area.

(7) The only working interest or cost-bearing interest owner in the Unit, as expanded, is Cross Timbers, which has ratified the Unit expansion.

(8) The royalty interest owners in the Unit, the Commissioner of Public Lands of the State of New Mexico and the Bureau of Land Management of the United States Department of Interior have approved the expansion of the Unit.

(9) There are seven overriding royalty interest owners in the tract to be added to the Unit, all of whom have ratified expansion of the Unit.

(10) There are numerous overriding royalty interest owners in the three tracts added to the Unit in its first expansion (Case No. 11742). A number of those overriding royalty interest owners did not ratify the first expansion of the Unit. Those who have not ratified the expansion of the Unit will continue to be paid on a lease basis by the Unit operator

(11) Due to the differences in overriding royalty ownership in the three tracts added to the Unit in its first expansion, Orders No. R-3130-A and R3134-C imposed well location restrictions on wells drilled or recompleted in the expanded Unit that offset Unit Tracts No. 11 through 13. Those restrictions should be retained by this order.

(12) The applicant presented evidence that the existing Unit Area will produce approximately 5,364,000 barrels of oil from the Maljamar Grayburg-San Andres Pool, with 42% of the production being secondary oil. It was further estimated that ultimate primary production from the tract being added to the Unit would be 386,000 barrels of oil. If the ratio of secondary to primary oil recovery from the expanded Unit area remains the same as for the existing Unit Area, expanding the Unit will allow the recovery of an additional 281,000 barrels of oil.

(13) The original Unit Agreement, approved in 1966 by Division Order No. R-3130, is not being amended by the applicant, other than to revise the following:

(i) Exhibit "A", being a map of the boundary of the Unit Area and the boundaries and identity of tracts and leases within the Unit Area;

(ii) Exhibit "B", being a schedule showing the percentage and type of ownership of oil and gas interests in all land in the Unit Area; and,

(iii) Exhibit "C", being a schedule of the Tract Participation percentages for each tract during Phase II.

(14) The Phase II tract participation formula in the Unit Agreement is being used to allocate production among the tracts in the expanded Unit area, and the formula is fair and equitable.

(15) All plans of development and operation, expansions or contractions of participating areas, or expansions or contractions of the Unit area should be submitted to the Director of the Division for approval.

(16) Approval of the Unit Agreement, as amended by the revised Exhibits A, B, and C thereto, should promote the prevention of waste and the protection of correlative rights within the expanded Unit area.

**IT IS THEREFORE ORDERED THAT:**

(1) The application of Cross Timbers Oil Company ("Cross Timbers") to expand its Southeast Maljamar Grayburg-San Andres Unit ("Unit") to include a 40-acre tract of Federal land, Unit Tract No. 14 (Lease No. NM-94189) comprising the SW/4 SE/4 of Section 30, Township 17 South, Range 33 East, NMPM, Lea County, New Mexico, is hereby approved.

(2) The Unit area, after this second expansion, will comprise a total area of 1320 acres, being 440 acres of Federal land (33.33%) and 880 acres of State land (66.67%), for oil and gas produced from the top of the Grayburg formation to 100 feet below the top of the San Andres formation, and is further described on Exhibit "A" attached hereto.

(3) The plan contained in the Unit Agreement for the development and operation of the expanded Unit area is hereby approved in principle as a proper conservation measure. Notwithstanding any of the provisions contained in the Unit Agreement, this approval shall not be considered as waiving or relinquishing, in any manner, any right, duty, or obligation which is now or may hereafter be vested in the Division to supervise and control operations for the Unit and production of oil and gas therefrom.

(4) No well may be drilled or recompleted in the Maljamar Grayburg-San Andres Pool within 330 feet of:

(a) the boundary between the original Unit Area (Unit Tracts No. 1 through 10) and Unit Tracts No. 11, 12, and 13;  
or

(b) the boundary between Unit Tracts No. 12 and 13.

(5) In the event of subsequent joinder by any other party, or expansion or contraction of the Unit Area, the Unit operator shall file with the Division, within 30 days thereafter, counterparts of the Unit Agreement or ratification of same reflecting the subscription of those interests having joined or ratified.

(6) All plans of development and operation, any further expansions or contractions of Unit participating areas and expansions or contractions of the Unit area shall be submitted to the Director of the Division for approval.

(7) This order shall be effective upon the first day of the month following approval by the Commissioner of Public Lands of the State of New Mexico and the appropriate agency of the United States Department of Interior. This order shall terminate upon the termination of said Unit Agreement, and the last Unit operator shall notify the Division immediately in writing of such termination.

(8) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Lori Wrotenberg*  
LORI WROTENBERY  
Director

EXHIBIT "A"  
CASE NO. 12658  
ORDER NOS. R-3130-B AND R-3134-D  
SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT AGREEMENT  
CROSS TIMBERS OIL COMPANY  
LEA COUNTY, NEW MEXICO

**TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM**

Section 29: NW/4 NE/4, S/2 NE/4, W/2, and SE/4  
Section 30: E/2  
Section 32: N/2 NE/4, SE/4 NE/4, N/2 NW/4, and N/2 SE/4  
Section 33: NW/4 NW/4 and N/2 SW/4.

**WORKING INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

**SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO**

Each of the persons who sign this instrument acknowledges receipt of a counterpart of an instrument entitled, "Unit Agreement and Unit Operating Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Maljamar Field, Lea County, New Mexico," dated May 2, 1966, for the purpose of conducting Unit Operations with respect to the Grayburg and San Andres Formations underlying the following described Unit Area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 17 South, Range 33 East

Section 29: all except NE/4 NE/4

Section 30: NE/4, N/2 SE/4, SE/4 SE/4

Section 30: SW/4 SE/4 \*

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

\* The Unit is being enlarged to include this tract. Please see the Revised Exhibit "A", "B", and "C" to the Unit Agreement.

Situated in Lea County, New Mexico, containing 1,320 acres, more or less.


The Unit Agreement and Unit Operating Agreement provides that any person defined in the Agreements as a Working Interest Owner may become a party to the Agreement by signing the original, a counterpart, or other instrument that evidences an intention to be bound by the terms of both Agreements.

NOW, THEREFORE, each of the persons who sign this instrument hereby agrees to become a party to, and be bound by provisions of the Unit Agreement and Unit Operating Agreement as if they had signed the original Agreement and agree that the parties to the Unit Agreement and Unit Operating Agreement are those that sign the original Agreements, any counterpart or any instrument that evidences an intention to be so bound.

Executed as of the 11th day of January, 2001.

WORKING INTEREST OWNER

CROSS TIMBERS OIL COMPANY

By:   
Edwin S. Ryan, Jr.

Title: Vice President - Land

STATE OF TEXAS           §  
                                     §  
COUNTY OF TARRANT   §

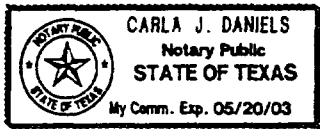
Before me, the undersigned authority, on this day personally appeared Edwin S. Ryan, Jr., as Vice President-Land of CROSS TIMBERS OIL COMPANY, a Delaware corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

IN WITNESS THEREOF, I hereunto set my hand and official seal this 11<sup>th</sup> day of January, 2001.

My Commission Expires:

5/20/03

Carla Daniels  
Notary Public



**RECORD TITLE OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT  
AND UNIT OPERATING AGREEMENT**

**SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO**

Each of the persons who sign this instrument acknowledges receipt of a counterpart of an instrument entitled, "Unit Agreement and Unit Operating Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Maljamar Field, Lea County, New Mexico," dated May 2, 1966, for the purpose of conducting Unit Operations with respect to the Grayburg and San Andres Formation underlying the following described Unit Area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 17 South, Range 33 East

Section 29: all except NE/4 NE/4

Section 30: NE/4, N/2 SE/4, SE/4 SE/4

Section 30: SW/4 SE/4 \*

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

\* The Unit is being enlarged to include this tract. Please see the Revised Exhibit "A", "B", and "C" to the Unit Agreement.

Situated in Lea County, New Mexico, containing 1,320 acres, more or less.

The Unit Agreement and Unit Operating Agreement provides that any person defined in the Agreements as a Working Interest Owner may become a party to the Agreement by signing the original, a counterpart, or other instrument that evidences an intention to be bound by the terms of both Agreements.

NOW, THEREFORE, each of the persons who sign this instrument hereby agree to become a party to, and be bound by provisions of the Unit Agreement and Unit Operating Agreement as if they had signed the original Agreement and agree that the parties to the Unit Agreement and Unit Operating Agreement are those that sign the original Agreements, any counterpart or any instrument that evidences an intention to be so bound.


It is understood and agreed between the undersigned and Cross Timbers Oil Company, owner of 100% of the Operating Rights, that the undersigned is ratifying the above described unit solely as the Record Title Owner and is not ratifying as to any operating rights or overriding royalty interests that it may own.

Executed as of the 18<sup>th</sup> day of January, 2001.

RECORD TITLE OWNER

PHILLIPS PETROLEUM COMPANY

By: Patricia H. Noah

Title: ATTORNEY-IN-FACT 



STATE OF Texas §  
COUNTY OF Ector §

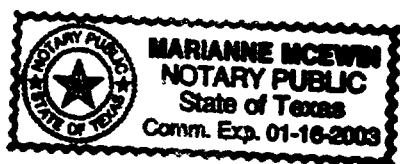
Before me, the undersigned authority, on this day personally appeared Patrick H. Nash,  
as Attorney-in-Fact of PHILLIPS PETROLEUM COMPANY, a Delaware corporation,  
known to me to be the person whose name is subscribed to the foregoing instrument, and  
acknowledged to me that he executed the same for the purposes and consideration therein expressed.

IN WITNESS THEREOF, I hereunto set my hand and official seal this 18<sup>th</sup> day of  
January, 2001.

My Commission Expires:

1/16/03

Marianne McEwin  
Notary Public



**OVERRIDING ROYALTY INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT**

**SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO**

Each of the persons who sign this instrument acknowledges receipt of a counterpart of an instrument entitled, "Unit Agreement and Unit Operating Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Maljamar Field, Lea County, New Mexico," dated May 2, 1966, for the purpose of conducting Unit Operations with respect to the Grayburg and San Andres Formation underlying the following described Unit Area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 17 South, Range 33 East

Section 29: all except NE/4 NE/4

Section 30: NE/4, N/2 SE/4, SE/4 SE/4

Section 30: SW/4 SE/4 \*

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

\* The Unit is being enlarged to include this tract. Please see the Revised Exhibit "A", "B", and "C" to the Unit Agreement.

Situated in Lea County, New Mexico, containing 1,320 acres, more or less.

The Unit Agreement provides that any person defined in the Unit Agreement as a Royalty Owner may become a party to the Agreement by signing the original, a counterpart, or other instrument that evidences an intention to be bound by the terms of both Agreements.

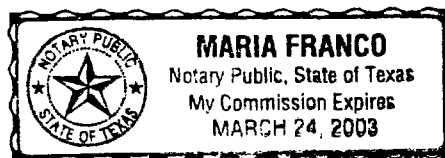
NOW, THEREFORE, each of the persons who sign this instrument hereby agree to become a party to, and be bound by provisions of the Unit Agreement as if they had signed the original Agreement and agree that the parties to the Unit Agreement are those that sign the original Agreement, any counterpart or any instrument that evidences an intention to be so bound.

Executed as of the 30 day of January, 2001.

ROYALTY OWNER

Bill Bunting  
Bill Bunting

X STATE OF Texas §  
COUNTY OF Ector §



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

IN WITNESS THEREOF, I hereunto set my hand and official seal this 30 day of January, 2001.

My Commission Expires:

3/24/03

Maria Franco  
Notary Public

**OVERRIDING ROYALTY INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT**

**SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO**

Each of the persons who sign this instrument acknowledges receipt of a counterpart of an instrument entitled, "Unit Agreement and Unit Operating Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Maljamar Field, Lea County, New Mexico," dated May 2, 1966, for the purpose of conducting Unit Operations with respect to the Grayburg and San Andres Formation underlying the following described Unit Area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 17 South, Range 33 East

Section 29: all except NE/4 NE/4

Section 30: NE/4, N/2 SE/4, SE/4 SE/4

Section 30: SW/4 SE/4 \*

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

\* The Unit is being enlarged to include this tract. Please see the Revised Exhibit "A", "B", and "C" to the Unit Agreement.

Situated in Lea County, New Mexico, containing 1,320 acres, more or less.

The Unit Agreement provides that any person defined in the Unit Agreement as a Royalty Owner may become a party to the Agreement by signing the original, a counterpart, or other instrument that evidences an intention to be bound by the terms of both Agreements.

NOW, THEREFORE, each of the persons who sign this instrument hereby agree to become a party to, and be bound by provisions of the Unit Agreement as if they had signed the original Agreement and agree that the parties to the Unit Agreement are those that sign the original Agreement, any counterpart or any instrument that evidences an intention to be so bound.

Executed as of the 17<sup>th</sup> day of January, 2001.

ROYALTY OWNER

Charles B. Dowaliby

Charles B. Dowaliby

STATE OF NM §

§  
COUNTY OF Chaves §

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

IN WITNESS THEREOF, I hereunto set my hand and official seal this 17<sup>th</sup> day of January, 2001.

My Commission Expires:

3-14-2004

Bruce J. Gooden  
Notary Public

RECEIVED  
JAN 22 2001  
LAND DEPARTMENT

**OVERRIDING ROYALTY INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT**

**SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO**

Each of the persons who sign this instrument acknowledges receipt of a counterpart of an instrument entitled, "Unit Agreement and Unit Operating Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Maljamar Field, Lea County, New Mexico," dated May 2, 1966, for the purpose of conducting Unit Operations with respect to the Grayburg and San Andres Formation underlying the following described Unit Area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 17 South, Range 33 East

Section 29: all except NE/4 NE/4

Section 30: NE/4, N/2 SE/4, SE/4 SE/4

Section 30: SW/4 SE/4 \*

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

\* The Unit is being enlarged to include this tract. Please see the Revised Exhibit "A", "B", and "C" to the Unit Agreement.

Situated in Lea County, New Mexico, containing 1,320 acres, more or less.

The Unit Agreement provides that any person defined in the Unit Agreement as a Royalty Owner may become a party to the Agreement by signing the original, a counterpart, or other instrument that evidences an intention to be bound by the terms of both Agreements.

NOW, THEREFORE, each of the persons who sign this instrument hereby agree to become a party to, and be bound by provisions of the Unit Agreement as if they had signed the original Agreement and agree that the parties to the Unit Agreement are those that sign the original Agreement, any counterpart or any instrument that evidences an intention to be so bound.

Executed as of the 18<sup>th</sup> day of January, 2001.

ROYALTY OWNER

David H. Bell  
Gay B. Bell

David H. and Gay B. Bell Trust  
by David H. and Gay B. Bell, Co-Trustees

STATE OF Kansas §

COUNTY OF Johnson §

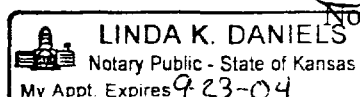
Before me, the undersigned authority, on this day personally appeared Gay B. Bell  
David H. Bell,  
known to me to be the person whose name is subscribed to the foregoing instrument, and  
acknowledged to me that he executed the same for the purposes and consideration therein expressed.

IN WITNESS THEREOF, I hereunto set my hand and official seal this 18<sup>th</sup> day of  
January, 2001.

My Commission Expires:

9-23-04

Linda K. Daniels  
Notary Public



land2:unit agreement/royaltyowner.maljamar.jan10

**OVERRIDING ROYALTY INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT**

**SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO**

Each of the persons who sign this instrument acknowledges receipt of a counterpart of an instrument entitled, "Unit Agreement and Unit Operating Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Maljamar Field, Lea County, New Mexico," dated May 2, 1966, for the purpose of conducting Unit Operations with respect to the Grayburg and San Andres Formation underlying the following described Unit Area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 17 South, Range 33 East

Section 29: all except NE/4 NE/4

Section 30: NE/4, N/2 SE/4, SE/4 SE/4

Section 30: SW/4 SE/4 \*

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

\* The Unit is being enlarged to include this tract. Please see the Revised Exhibit "A", "B", and "C" to the Unit Agreement.

Situated in Lea County, New Mexico, containing 1,320 acres, more or less.

The Unit Agreement provides that any person defined in the Unit Agreement as a Royalty Owner may become a party to the Agreement by signing the original, a counterpart, or other instrument that evidences an intention to be bound by the terms of both Agreements.

NOW, THEREFORE, each of the persons who sign this instrument hereby agree to become a party to, and be bound by provisions of the Unit Agreement as if they had signed the original Agreement and agree that the parties to the Unit Agreement are those that sign the original Agreement, any counterpart or any instrument that evidences an intention to be so bound.

Executed as of the 16<sup>th</sup> day of JANUARY, 2001.

ROYALTY OWNER

Robert H. Bunting

Robert H. Bunting

STATE OF TEXAS §

§

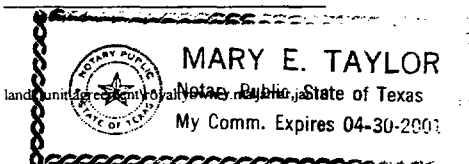
COUNTY OF CLAY §

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

IN WITNESS THEREOF, I hereunto set my hand and official seal this 16TH day of JANUARY, 2001.

My Commission Expires:  
APRIL 30, 2001

Mary E. Taylor  
Notary Public



**OVERRIDING ROYALTY INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT**

**SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO**

Each of the persons who sign this instrument acknowledges receipt of a counterpart of an instrument entitled, "Unit Agreement and Unit Operating Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Maljamar Field, Lea County, New Mexico," dated May 2, 1966, for the purpose of conducting Unit Operations with respect to the Grayburg and San Andres Formation underlying the following described Unit Area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 17 South, Range 33 East

Section 29: all except NE/4 NE/4

Section 30: NE/4, N/2 SE/4, SE/4 SE/4

Section 30: SW/4 SE/4 \*

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

\* The Unit is being enlarged to include this tract. Please see the Revised Exhibit "A", "B", and "C" to the Unit Agreement.

Situated in Lea County, New Mexico, containing 1,320 acres, more or less.

The Unit Agreement provides that any person defined in the Unit Agreement as a Royalty Owner may become a party to the Agreement by signing the original, a counterpart, or other instrument that evidences an intention to be bound by the terms of both Agreements.

NOW, THEREFORE, each of the persons who sign this instrument hereby agree to become a party to, and be bound by provisions of the Unit Agreement as if they had signed the original Agreement and agree that the parties to the Unit Agreement are those that sign the original Agreement, any counterpart or any instrument that evidences an intention to be so bound.

Executed as of the 17<sup>th</sup> day of January, 2001.

ROYALTY OWNER

James M. Dowaliby, Jr.  
James M. Dowaliby, Jr.

STATE OF Connecticut §  
§  
COUNTY OF New Haven §

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

IN WITNESS THEREOF, I hereunto set my hand and official seal this 18<sup>th</sup> day of January, 2001.

My Commission Expires:

MY COMMISSION EXPIRES APRIL 30, 2004

Thomas J. Trupia  
Notary Public

MY COMMISSION EXPIRES APRIL 30, 2004

land2\unit agreement\royaltyowner.maljamar.jan10

**OVERRIDING ROYALTY INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT**

**SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO**

Each of the persons who sign this instrument acknowledges receipt of a counterpart of an instrument entitled, "Unit Agreement and Unit Operating Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Maljamar Field, Lea County, New Mexico," dated May 2, 1966, for the purpose of conducting Unit Operations with respect to the Grayburg and San Andres Formation underlying the following described Unit Area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 17 South. Range 33 East

Section 29: all except NE/4 NE/4

Section 30: NE/4, N/2 SE/4, SE/4 SE/4

Section 30: SW/4 SE/4 \*

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

\* The Unit is being enlarged to include this tract. Please see the Revised Exhibit "A", "B", and "C" to the Unit Agreement.

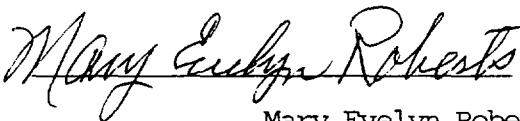
Situated in Lea County, New Mexico, containing 1,320 acres, more or less.

The Unit Agreement provides that any person defined in the Unit Agreement as a Royalty Owner may become a party to the Agreement by signing the original, a counterpart, or other instrument that evidences an intention to be bound by the terms of both Agreements.

NOW, THEREFORE, each of the persons who sign this instrument hereby agree to become a party to, and be bound by provisions of the Unit Agreement as if they had signed the original Agreement and agree that the parties to the Unit Agreement are those that sign the original Agreement, any counterpart or any instrument that evidences an intention to be so bound.

Executed as of the 19 day of January, 2001.

ROYALTY OWNER



Mary Evelyn Roberts

STATE OF NEW MEXICO §

§

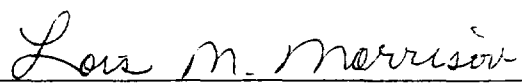
COUNTY OF CHAVES §

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

IN WITNESS THEREOF, I hereunto set my hand and official seal this 19 day of January, 2001.

My Commission Expires:

February 17, 2003

  
Notary Public

land2\unitagreement\royaltyowner.maljamar.jan10

**OVERRIDING ROYALTY INTEREST OWNER  
AGREEMENT TO BECOME A PARTY TO UNIT AGREEMENT**

**SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO**

Each of the persons who sign this instrument acknowledges receipt of a counterpart of an instrument entitled, "Unit Agreement and Unit Operating Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Maljamar Field, Lea County, New Mexico," dated May 2, 1966, for the purpose of conducting Unit Operations with respect to the Grayburg and San Andres Formation underlying the following described Unit Area:

NEW MEXICO PRINCIPAL MERIDIAN, NEW MEXICO

Township 17 South, Range 33 East

Section 29: all except NE/4 NE/4

Section 30: NE/4, N/2 SE/4, SE/4 SE/4

Section 30: SW/4 SE/4 \*

Section 32: N/2 N/2, SE/4 NE/4 and N/2 SE/4

Section 33: NW/4 NW/4 and N/2 SW/4

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Situated in Lea County, New Mexico, containing 1,320 acres, more or less.

The Unit Agreement provides that any person defined in the Unit Agreement as a Royalty Owner may become a party to the Agreement by signing the original, a counterpart, or other instrument that evidences an intention to be bound by the terms of both Agreements.

NOW, THEREFORE, each of the persons who sign this instrument hereby agree to become a party to, and be bound by provisions of the Unit Agreement as if they had signed the original Agreement and agree that the parties to the Unit Agreement are those that sign the original Agreement, any counterpart or any instrument that evidences an intention to be so bound.

Executed as of the 17<sup>th</sup> day of January, 2001.

ROYALTY OWNER

Betty Thompson

Betty Thompson

STATE OF Texas §

§

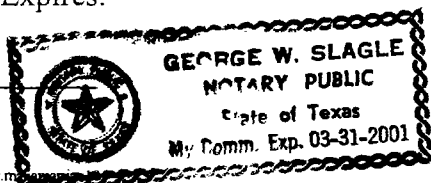
COUNTY OF Clay §

§

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

IN WITNESS THEREOF, I hereunto set my hand and official seal this 19<sup>th</sup> day of January, 2001.

My Commission Expires:



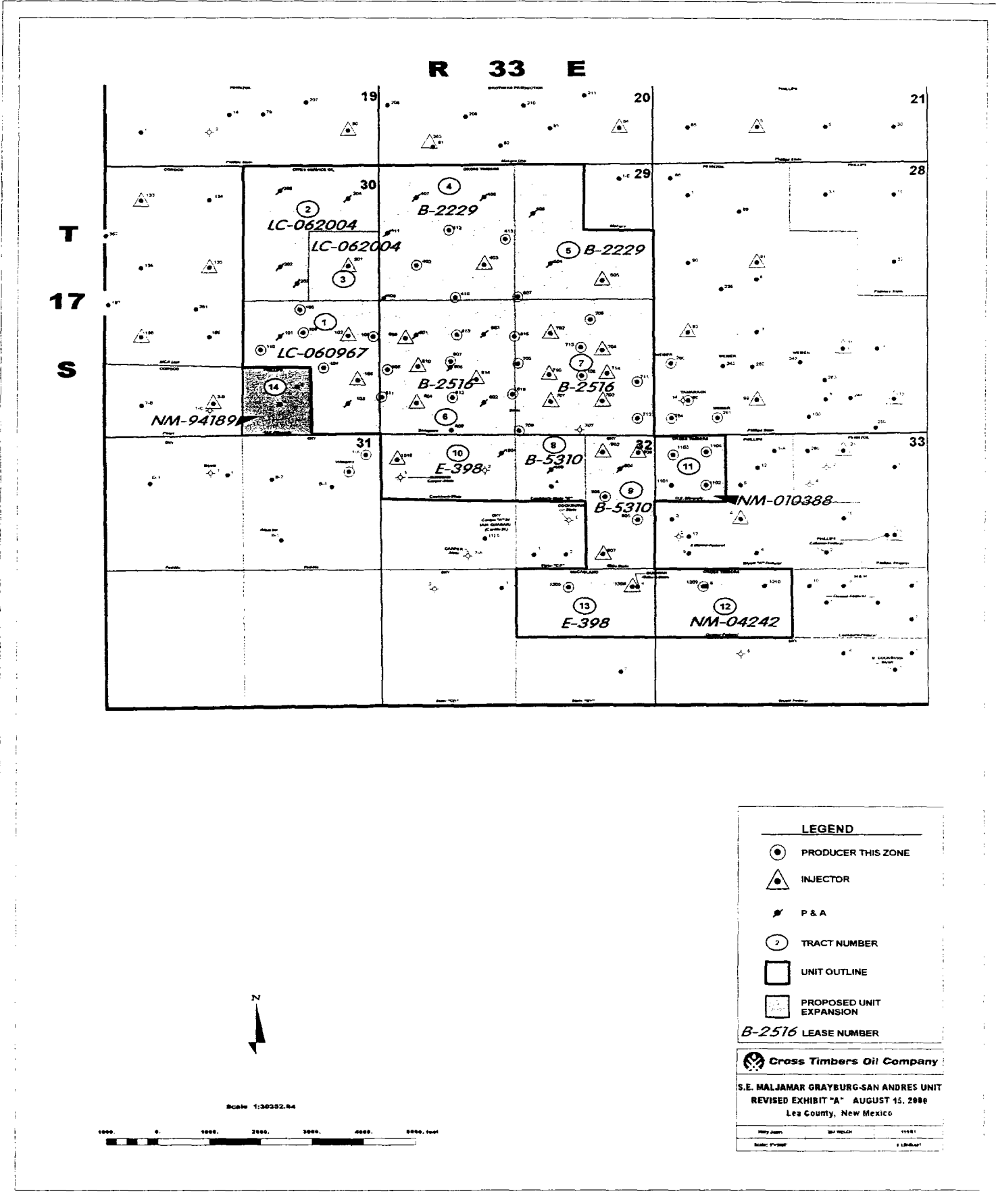
George W. Slagle  
Notary Public

land2:unit agreement/royaltyowner.m



REVISED EXHIBITS "A", "B" & "C"  
to  
S. E. Maljamar Grayberg San Andres  
Unit dated effective November 1, 2001

Revised Exhibit "A"  
August 15, 2000



Revised  
Exhibit "B"  
August 15, 2000

SOUTHEAST MALJAMAR GRAYBURG/SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO

Tract Number	Description of Tract	Acres	Lease#	Basic Royalty and Ownership Percentage	Lessee of Record	ORR Oil and Production Payments/Net	ORR/PPH	Amount of ORR/PPH	W/O	Amount of W/O	Percent of Participation in Unit (B/L70)
1	N/2 SE/4, SE/4 SE/4 Sec 30-T17S-R33E	120	LC-060967 HBP	US-Sch D	Phillips Petroleum Company	Billy Frank Bunting Robert H. Bunting Charles Brice Dowallby James M. Dowallby Mary Evelyn Roberts Betty B. Thompson David H & Gay B Bell Trust	ORRI ORRI ORRI ORRI ORRI ORRI ORRI	.0010416 .0010416 .0020837 .0020837 .0083327 .0010417 .0031250	Cross Timbers Oil Company	100.000000%	13.394397%
2	N/2 NE/4, SW/4 NE/4 Sec 30-T17S-R33E	120	LC-062004 HBP	US - 12 1/2%	Oxy USA Inc.	None	None	None	Cross Timbers Oil Company	100.000000%	1.996387%
3	SE/4 NE/4 Sec 30-T17S-R33E	40	LC-062004 HBP	US - 12 1/2%	Oxy USA Inc.	None	None	None	Cross Timbers Oil Company	100.000000%	2.882172%
4	NW/4 Sec 29-T17S-R33E	160	B-2229	State - 12 1/2%	Phillips Petroleum Company	None	None	None	Cross Timbers Oil Company	100.000000%	4.476612%
5	W/2 NE/4, SE/4 NE/4 Sec 29-T17S-R33E	120	B-2229	State - 12 1/2%	Phillips Petroleum Company	Cross Timbers Oil Company Cross Timbers Oil Company Everette R. Jones, Jr. Reuben I. Wolfson Properties Sam Wolfson Oscar A. Bourg, Jr. Bourg Heirs Blind Trust	ORRI ORRI ORRI ORRI ORRI ORRI ORRI	.0546875 .0273438 (1) .0104167 (2) .0213623 (1) (3) .0213623 (1) (3) .0012207 (1) (3) .0048828 (1) (3)	Cross Timbers Oil Company	100.000000%	2.147587%
6	SW/4 Sec 29-T17S-R33E	160	B-2516	State - 12 1/2%	Oxy USA Inc.	Shirley C. Childress John E. Cochran Cross Timbers Oil Company	ORRI ORRI ORRI	.0078125 .0078125 .109375	Cross Timbers Oil Company	100.000000%	17.782385%
7	SE/4 Sec 29-T17S-R33E	160	B-2516	State - 12 1/2%	Shell Oil Company	None	None	None	Cross Timbers Oil Company	100.000000%	17.315123%
8	NW/4 NE/4 Sec 32-T17S-R33E	40	B-5310	State - 12 1/2%	Oxy USA Inc.	R.G. Barton & O. Barton Kelly H. Baxter John William McDonald David Graham McDonald Suzanne M. Chambers Millon M. Krasne	ORRI ORRI ORRI ORRI ORRI ORRI	.009375 .003125 .0010416 .0010417 .0010417 .003125	Cross Timbers Oil Company	100.000000%	5.690614%
								.01875			

# LEA COUNTY. NEW MEXICO

BOOK 1113 PAGE 366

SOUTHEAST MALJAMAR GRAYBURG/SAN ANDRES UNIT

LEA COUNTY, NEW MEXICO

Tract Number	Description of Land	Acres	Lease	Basic Royalty and Ownership Percentage	Lessee of Record	ORR Owner and Production Payment Owner	ORR/PPI	Amount of ORR/PPI	W/O	Amount of WI	Percent of Participation in Unit Phase II Eff. @1/70
14	SW/4 SE/4 Sec 30-117S-R33E	40	NM/94189 HBP	US - 12 1/2%	Phillips Petroleum Company	Billy Frank Bunting Robert H. Bunting Charles B. Dowallby James M. Dowallby Mary Evelyn Roberts Betty B. Thompson David H & Gay B Bell Trust	ORRI ORRI ORRI ORRI ORRI ORRI ORRI	.0010416 .0010416 .0020837 .0020837 .0083327 .0010417 .0031250 .01875	Cross Timbers Oil Company	100.000000%	10.247833%

Summary

Current Unit Acres 1,280  
Proposed Expansion 40  
(Tract 14)

TOTAL	1,320	
6 Federal Tracts	440	33.333333%
8 State Tracts	880	66.666667%
TOTAL	1,320	100.000000%

- (1) These ORRI figures are based on average daily production of oil per well being less than 15 BO computed on a monthly basis.
- (2) To be increased to .03125 after 86,000 barrels of oil have been produced from this lease from depths above 4,500'.
- (3) In the assignment to Carper Drilling Company, Inc., dated April 22, 1965, but effective April 1, 1965, recorded in Book 237 at page 188 of the Oil and Gas Records of Lea County, Wolfson Oil Company, a partnership composed of Sam Wolfson and Reuben I Wolfson, joined by their wives Ruth Ann Wolfson and Sarah Wolfson, and Oscar A. Bourg, and Marie Eugenie Bourg, his wife, reserved an overriding royalty equal to the difference between the interest assigned to Carper and the .75520833 net interest in production owned by them, 7/8 by Wolfson Oil Company and 1/8 by Oscar A. Bourg. The interest of .75520833 would be increased by .02734375 as to any well from which the average daily production of oil averaged on a monthly basis is less than 15 barrels and decreased by .02083333 after the production of the first 86,000 barrels of oil.

REVISED  
EXHIBIT "C"  
August 15, 2000

<u>Tract Number</u>	<u>Percent of Participation in Unit Phase II (eff. 9/1/70)</u>
1	13.394397%
2	1.996387%
3	2.882172%
4	4.476612%
5	2.147587%
6	17.782385%
7	17.315123%
8	5.690614%
9	6.773307%
10	1.944412%
11	3.510016%
12	5.717973%
13	6.121182%
14	<u>10.247833%</u> 100.000000%

STATE OF NEW MEXICO  
COUNTY OF LEA  
FILED

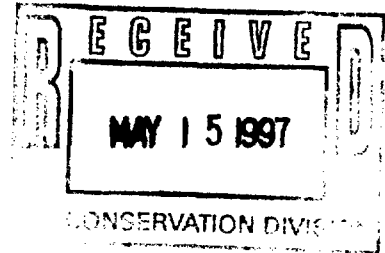
14179

NOV 19 2001  
at 1:10 o'clock P M  
and recorded in Book 1113  
Page 344  
Melinda Hughes, Lea County Clerk  
By AS Deputy





## Cross Timbers Oil Company



May 13, 1997

Mr. Armando Lopez  
Bureau of Land Management  
2909 West Second Street  
Roswell, New Mexico 88202

Commissioners of The Land Office  
State of New Mexico  
P.O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Attention: Mr. Pete Martinez

New Mexico Oil Conservation Division  
2040 S. Pacheco Street  
Santa Fe, New Mexico 87505  
Attention: Mr. Michael Stogner

Re: Ratification of Southeast Maljamar Grayburg San Andres Unit Expansion (Case 11742)  
U.S. Minerals Lease (NM-010388)  
NW/4NW/4 Section 33-T17S-R33E  
Denius Federal Lease (NM-04242)  
N/2SW/4 Section 33-T17S-R33E  
State BY Lease (E-398)  
N/2SE/4 Section 32-T17S-R33E  
Lea County, New Mexico

Gentlemen:

Please find enclosed for your files a recorded copy of the Certificate of Effectiveness for the First Enlargement of the captioned unit.

We appreciate your assistance on this project and should you have any questions please call me at (817)877-2336.

Yours very truly,

Edwin S. Ryan, Jr.

CERTIFICATE OF EFFECTIVENESS  
FIRST ENLARGEMENT  
SOUTHEAST MALJAMAR GRAYBURG SAN ANDRES UNIT  
LEA COUNTY, NEW MEXICO

WHEREAS, it has become desirable to enlarge the Unit Area of the Southeast Maljamar Grayburg San Andres Unit, Lea County, New Mexico, as described in the Certificate of Effectiveness executed November 4, 1966, recorded in Book 259, Page 334, Misc. Records of Lea County, New Mexico, pertaining to the Unit Area covered by that certain Unit Agreement dated May 2, 1966, recorded in Book 258, Page 673, Misc. Records, Lea County, New Mexico, so as to include within such Unit Area certain lands in Lea County, New Mexico, referred to as Tracts No. 11, 12 and 13; and

WHEREAS, under the terms of Article 12 of said Unit Agreement such enlargement has been approved by the Working Interest Owners and Unit Operator has prepared revised Exhibits to the said Unit Agreement reflecting the Tract Participation of each tract within the Unit Area as enlarged; and

WHEREAS, said Unit Expansion was approved by the Commissioners of Public Lands of the State of New Mexico, by Certificate of Approval, dated January 29, 1997 (copy attached); and

WHEREAS, said Unit Expansion was approved by the Bureau of Land Management, by letter dated January 28, 1997 (copy attached); and

WHEREAS, said Unit Expansion was approved by the New Mexico Oil Conservation Division, under date of March 31, 1997, in Case No. 11742 by Order Nos. R-3130-A and R-3134-C (copy attached); and

WHEREAS, said Unit Expansion has been ratified by 100% of the working interest owners and a majority of the overriding royalty interest owners (original ratifications attached); and

NOW, THEREFORE, know all men by these presents; that CROSS TIMBERS OIL COMPANY, Unit Operator of the Southeast Maljamar Grayburg San Andres Unit, does hereby certify and declare that in accordance with Article 3 of the said Unit Agreement, the enlargement of the Unit Area is effective as of 7:00 a.m. April 1, 1997.

In accordance with Article 3 of the said Unit Agreement, the attached revised Exhibits "A", "B" and "C" shall be substituted for all purposes in the place and stead of the Exhibits "A", "B" and "C" attached to the said Certificate of Effectiveness and Unit Agreement heretofore recorded in Lea County, New Mexico.

IN TESTIMONY whereof, Cross Timbers Oil Company has executed this Certificate on the 17 day of April, 1997.

CROSS TIMBERS OIL COMPANY

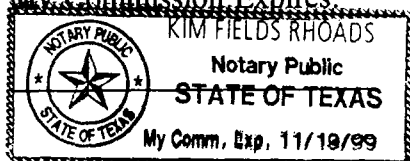
By: \_\_\_\_\_

Vaughn O. Vennerberg, II  
Senior Vice President - Land

STATE OF TEXAS           §  
   §  
COUNTY OF TARRANT   §

The foregoing instrument was acknowledged before me this 17<sup>th</sup> day of April, 1997, by Vaughn O. Vennerberg, II, known to me to be the Senior Vice President - Land of Cross Timbers Oil Company, a Delaware corporation, on behalf of said corporation.

My Commission Expires:



Kim Fields Rhoads  
Notary Public in and for the  
State of Texas



COMMERCIAL RESOURCES  
(505)-827-5724

SURFACE RESOURCES  
(505)-827-5793

MINERAL RESOURCES  
(505)-827-5744

ROYALTY  
(505)-827-5772

State of New Mexico  
Commissioner of Public Lands

Ray Powell, M.S., D.V.M.  
310 Old Santa Fe Trail, P. O. Box 1148  
Santa Fe, New Mexico 87504-1148  
Phone (505)-827-5760, Fax (505)-827-5766

PUBLIC AFFAIRS  
(505)-827-5765

ADMINISTRATIVE MGMT.  
(505)-827-5700

LEGAL  
(505)-827-5715

PLANNING  
(505)-827-5752

January 29, 1997

Cross Timbers Oil Company  
810 Houston Street  
Suite 2000  
Ft. Worth, Texas 76102-6298

Attn: Mr. Edwin S. Ryan, Jr.

Re: Final Approval  
Enlargement of Southeast Maljamar Grayburg San Andres Unit Agreement  
Lea County, New Mexico

Dear Mr. Ryan:

We are in receipt of your letter and ratifications of January 14, 1997, wherein you have requested final approval to enlarge the boundaries of the Southeast Maljamar Grayburg San Andres Unit Agreement, Lea County, New Mexico.

Please be advised that the Commissioner of Public Lands has this date granted final approval to enlarge the boundaries of the Southeast Maljamar Grayburg San Andres Unit Agreement, Lea County, New Mexico. Also, approved on this date is your initial plan of operation for the above-mentioned unit area. The following lands containing an additional 200.00 acres are now included and are now a part of the existing unit area:

**Township 17S, Range 33E**

**Section 33: NW/4NW/4, N/2SW/4**

**Section 32: N/2SE/4**

Pursuant to Section 3.6 of the unit agreement, this expansion will become effective on the first day of the month following approvals for enlargement by the Oil Conservation Division and the Bureau of Land Management.



Cross Timbers Oil Company  
January 29, 1997  
Page 2


Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management. Please advise this office when all the required agencies have approved this enlargement.

Enclosed are Five (5) Certificates of Approval. Your filing fee in the amount of \$60.00 Dollars has been received.

If you have any questions or if we may be of further help, please contact Pete Martinez at (505) 827-5791.

Very truly yours,

RAY POWELL, M.S., D.V.M.  
COMMISSIONER OF PUBLIC LANDS

BY:   
JAMI BAILEY, Director  
Oil, Gas and Minerals Division  
(505) 827-5744

RP/JB/cpm

Enclosure

cc: Reader File

BLM--Mr. Armando Lopez

OCD--Mr. Roy Johnson

TRD--Mr. Valdean Severson

Commissioner's File

State of New Mexico

#3461



W.R. HUMPHRIES  
COMMISSIONER



Commissioner of Public Lands

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

October 5, 1990

Cross Timbers Group  
810 Houston Street  
Suite 2000  
Fort Worth, TX 76102

Attn: Ken. K. Kirby

Re: Southeast Maljamar Grayburg-San Andres Unit  
Lea County, New Mexico  
1990 Plan of Development

Dear Mr. Kirby:

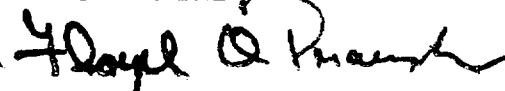
The Commissioner of Public Lands this date approved the 1990 Plan of Development for the Southeast Maljamar Grayburg-San Andres Unit. Our approval is subject to like approval by all other appropriate agencies. Please forward to this office current copies of both Exhibits A & B.

The possibility of drainage by wells outside of the Unit Area and the need for further development may exist. You will be contacted at a later date regarding these possibilities.

If we may be of further help, please do not hesitate to contact Clyde Langdale at (505) 827-5791.

Sincerely,

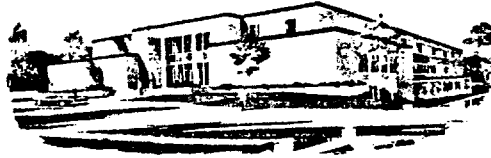
W. R. HUMPHRIES

BY:   
Floyd O. Prando, Director  
Oil, Gas & Minerals Division

cc: OCD  
Unit Corresp.  
Unit POD

State of New Mexico

#3461



W.R. HUMPHRIES  
COMMISSIONER

Commissioner of Public Lands

January 30, 1987

P.O. BOX 1148  
SANTA FE, NEW MEXICO 87504-1148

Cross Timbers Production Company  
ATTENTION: Mr. Louis G. Baldwin  
810 Houston St., Suite 2000  
Fort Worth, Texas 76102

Re: Resignation Designation of Unit  
Operator - Southeast Maljamar  
Grayburg - San Andres Unit Area  
Lea County, New Mexico

Gentlemen:

This office is in receipt of your letter of January 26, 1987, together with two copies of the above captioned documents for the Southeast Maljamar Grayburg-San Andres Unit Area, Lea County, New Mexico.

The Commissioner of Public Lands has this date approved the Resignation of Cities Service Oil and Gas Corporation and the Designation of Cross Timbers Production Company as Successor Unit Operator to the Southeast Maljamar Grayburg-San Andres Unit Area.

Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Mangement.

Also, In checking the Southeast Maljamar GB/SA Unit, we find that we have not received any Plan of Operations nor have we received any progress or production reports on the captioned unit. Please comply with Article 11 of the unit agreement by submitting a Plan of Operation plus progress and production reports.

If we may be of further help please do not hesitate to call on us.

Very truly yours,

WILLIAM R. HUMPHRIES  
COMMISSIONER OF PUBLIC LANDS

BY:

*Floyd O. Prando*  
FLOYD O. PRANDO, Director  
Oil and Gas Division  
(505) 827-5744

WRH/FOP/pm

encls.

cc: OCD-Santa Fe, New Mexico  
BLM-Roswell, New Mexico Attn: Mr. Armando Lopez  
Gulram

## **Cross Timbers Production Company**

January 26 1987

New Mexico State Land Commission  
P. O. Box 1148  
Santa Fe, New Mexico 87504-1148

RE: Southeast Maljamar Grayburg - San Andres Unit Area  
Cross Timbers Production Company

Dear Sir:

Enclosed are two copies of the approved designation of successor unit operator for the Southeast Maljamar Grayburg - San Andres Unit Area for Cross Timbers Production Company from Cities Services as granted by the Bureau of Land Management.

Please advise if I can be of further assistance.

Sincerely,

CROSS TIMBERS PRODUCTION COMPANY



Louis G. Baldwin  
Vice President - Treasurer

LGB/vnja  
Enclosures

RESIGNATION OF UNIT OPERATOR  
SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT AREA  
COUNTY OF LEA  
STATE OF NEW MEXICO  
NO. 14-08-0001-8814

Under and pursuant to the provisions of Article 7 of the Unit Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Lea County, New Mexico, Cities Service Oil and Gas Corporation, the designated Unit Operator under said Unit Agreement, does hereby resign as Unit Operator, effective upon the selection and approval of a successor Unit Operator.

EXECUTED with effect as aforesaid this 20th day of November, 1986.

CITIES SERVICE OIL AND GAS CORPORATION

  
Attorney-in-Fact *CS*

DESIGNATION OF SUCCESSOR UNIT OPERATOR  
SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT AREA  
COUNTY OF LEA  
STATE OF NEW MEXICO  
NO. 14-08-0001-8814

THIS INDENTURE, dated as of the 1st day of October, 1986, by and between Cross Timbers Production Company, hereinafter designated as "First Party", and the owner of unitized working interests, hereinafter designated as "Second Party";

W I T N E S S E T H :

WHEREAS, under the provisions of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C. Secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, the Secretary of the Interior, or his authorized representative, on the 10th day of October, 1966, approved a Unit Agreement for the Southeast Maljamar Grayburg-San Andres Unit Area, wherein Cities Service Oil Company, predecessor to Cities Service Oil and Gas Corporation, is designated as Unit Operator; and

WHEREAS, the said Cities Service Oil and Gas Corporation has resigned as such Operator, and the designation of a successor Unit Operator is now required pursuant to the terms thereof; and

WHEREAS, the First Party has been and hereby is designated by Second Party as Unit Operator, and said First Party desires to assume all the rights, duties, and obligations of Unit Operator under the said Unit Agreement;

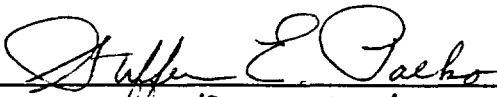
NOW THEREFORE, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First Party hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of the Southeast Maljamar Grayburg-San Andres Unit Agreement, and the Second Party covenants and agree that, effective upon approval of this indenture by the Authorized Officer, Bureau of Land Management, First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Unit Operator, pursuant to the terms and conditions of said Unit Agreement; said Unit Agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said Unit Agreement were expressly set forth in this instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove set forth in counterparts, each of which shall be considered an original for all purposes.

CITIES SERVICE OIL AND GAS CORPORATION

By  *car*  
Attorney-in-Fact

CROSS TIMBERS PRODUCTION COMPANY

By   
Vice President

SOUTH TIMBERS LIMITED PARTNERSHIP

By: Cross Timbers Partners, a Texas limited Partnership, its General Partner

By: Cross Timbers Production Company, a Texas Corporation, its General Partner

By: Stephen E. Panko  
Its: VICE President

STATE OF TEXAS §  
COUNTY OF TARRANT §

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of November, 1986, by Stephen E. Panko, on behalf of Cross Timbers Production Company, general partner of CROSS TIMBERS PARTNERS, A TEXAS LIMITED PARTNERSHIP, general partner of SOUTH TIMBERS LIMITED PARTNERSHIP, A TEXAS LIMITED PARTNERSHIP.

My commission expires:

2-4-89  
Virginia N. J. Anderson  
Notary Public

STATE OF TEXAS §  
COUNTY OF TARRANT §

VIRGINIA N. J. ANDERSON, Notary Public  
in and for the State of Texas  
My commission expires Feb. 4, 1989

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of November, 1986, by Stephen E. Panko, of CROSS TIMBERS PRODUCTION COMPANY, a Texas corporation, on behalf of said corporation.

My commission expires:

2-4-89  
Virginia N. J. Anderson  
Notary Public

VIRGINIA N. J. ANDERSON, Notary Public  
in and for the State of Texas  
My commission expires Feb. 4, 1989

## By

January 21, 1917.

David L. Mari

STATE OF OKLAHOMA )  
COUNTY OF TULSA ) SS.

SEP 06 1987

Geraldine Waldschmidt  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

My commission expires:

~~Notary Public~~



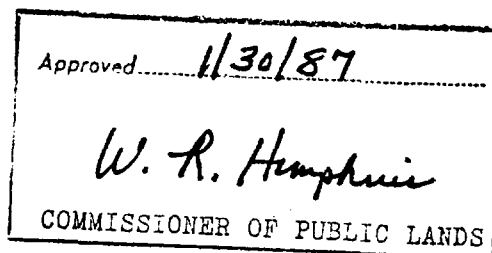
STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of Phillips Petroleum Company, a \_\_\_\_\_ corporation, on behalf of said corporation.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public



**Cross Timbers Production Company**

January 26, 1987

New Mexico Oil Conservation Division  
P. O. Box 2088  
Santa Fe New Mexico 87504

RE: Southeast Maljamar Grayburg - San Andres Unit Area  
Cross Timbers Production Company

Dear Sir:

Enclosed is a copy of the approved designation of successor unit operator for the Southeast Maljamar Grayburg - San Andres Unit Area for Cross Timbers Production Company from Cities Services as granted by the Bureau of Land Management.

Please advise if I can be of further assistance.

Sincerely,

CROSS TIMBERS PRODUCTION COMPANY



Louis G. Baldwin  
Vice President - Treasurer

LGB/vnja  
Enclosures

RESIGNATION OF UNIT OPERATOR  
SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT AREA  
COUNTY OF LEA  
STATE OF NEW MEXICO  
NO. 14-08-0001-8814

Under and pursuant to the provisions of Article 7 of the Unit Agreement for the Development and Operation of the Southeast Maljamar Grayburg-San Andres Unit, Lea County, New Mexico, Cities Service Oil and Gas Corporation, the designated Unit Operator under said Unit Agreement, does hereby resign as Unit Operator, effective upon the selection and approval of a successor Unit Operator.

EXECUTED with effect as aforesaid this 20th day of November, 1986.

CITIES SERVICE OIL AND GAS CORPORATION

  
Attorney-in-Fact

DESIGNATION OF SUCCESSOR UNIT OPERATOR  
SOUTHEAST MALJAMAR GRAYBURG-SAN ANDRES UNIT AREA  
COUNTY OF LEA  
STATE OF NEW MEXICO  
NO. 14-08-0001-8814

THIS INDENTURE, dated as of the 1st day of October, 1986, by and between Cross Timbers Production Company, hereinafter designated as "First Party", and the owner of unitized working interests, hereinafter designated as "Second Party";

W I T N E S S E T H :

WHEREAS, under the provisions of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C. Secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, the Secretary of the Interior, or his authorized representative, on the 10th day of October, 1966, approved a Unit Agreement for the Southeast Maljamar Grayburg-San Andres Unit Area, wherein Cities Service Oil Company, predecessor to Cities Service Oil and Gas Corporation, is designated as Unit Operator; and

WHEREAS, the said Cities Service Oil and Gas Corporation has resigned as such Operator, and the designation of a successor Unit Operator is now required pursuant to the terms thereof; and

WHEREAS, the First Party has been and hereby is designated by Second Party as Unit Operator, and said First Party desires to assume all the rights, duties, and obligations of Unit Operator under the said Unit Agreement;

NOW THEREFORE, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First Party hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of the Southeast Maljamar Grayburg-San Andres Unit Agreement, and the Second Party covenants and agree that, effective upon approval of this indenture by the Authorized Officer, Bureau of Land Management, First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Unit Operator, pursuant to the terms and conditions of said Unit Agreement; said Unit Agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said Unit Agreement were expressly set forth in this instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove set forth in counterparts, each of which shall be considered an original for all purposes.

CITIES SERVICE OIL AND GAS CORPORATION

By Charles J. Shelton *cc*  
Attorney-in-Fact

CROSS TIMBERS PRODUCTION COMPANY

By Steffen E. Gulbo  
Vice President

SOUTH TIMBERS LIMITED PARTNERSHIP

By: Cross Timbers Partners, a Texas limited Partnership, its General Partner

By: Cross Timbers Production Company, a Texas Corporation, its General Partner

By: Stephen E. Parko  
Its: Vice President

STATE OF TEXAS §  
§  
COUNTY OF TARRANT §

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of November, 1986, by Stephen E. Parko, on behalf of Cross Timbers Production Company, general partner of CROSS TIMBERS PARTNERS, A TEXAS LIMITED PARTNERSHIP, general partner of SOUTH TIMBERS LIMITED PARTNERSHIP, A TEXAS LIMITED PARTNERSHIP.

My commission expires:

2-4-89

Virginia M. J. Anderson  
Notary Public

STATE OF TEXAS §  
§  
COUNTY OF TARRANT §

VIRGINIA M. J. ANDERSON, Notary Public  
in and for the State of Texas  
My commission expires Feb. 4, 1989

The foregoing instrument was acknowledged before me this 25<sup>th</sup> day of November, 1986, by Stephen E. Parko, of CROSS TIMBERS PRODUCTION COMPANY, a Texas corporation, on behalf of said corporation.


My commission expires:

2-4-89

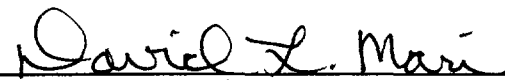
Virginia M. J. Anderson  
Notary Public

VIRGINIA M. J. ANDERSON, Notary Public  
in and for the State of Texas  
My commission expires Feb. 4, 1989

PHILLIPS PETROLEUM COMPANY

By   
\_\_\_\_\_  
MANAGEMENT, CROSS TIMBERS PRODUCTION COMPANY

I hereby approve the foregoing indenture designating Cross Timbers Production Company as Unit Operator under the Unit Agreement for the Southeast Maljamar Grayburg-San Andres Unit Area, this \_\_\_\_ day of \_\_\_\_  
January 21, 1987.

  
Authorized Officer of the  
Bureau of Land Management

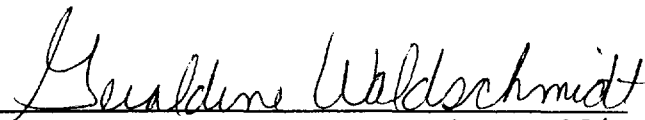
ASSOCIATE DISTRICT MANAGER

ACKNOWLEDGMENTS

STATE OF OKLAHOMA )  
                                  ) SS.  
COUNTY OF TULSA )

The foregoing instrument was acknowledged before me this 20<sup>th</sup> day of November, 19 86, by Charles J. Shelton, as Attorney-in-Fact, on behalf of Cities Service Oil and Gas Corporation.

My commission expires:  
SEP 06 1987

  
Notary Public

~~STATE OF \_\_\_\_\_ )  
                                  )  
COUNTY OF \_\_\_\_\_ )~~

~~The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of Cross Timbers Production Company, a \_\_\_\_\_ corporation, on behalf of said corporation.~~

~~My commission expires:~~

~~\_\_\_\_\_~~

~~\_\_\_\_\_~~  
Notary Public

STATE OF \_\_\_\_\_ )  
 )  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ of Phillips Petroleum Company, a \_\_\_\_\_ corporation, on behalf of said corporation.

My commission expires:

\_\_\_\_\_

\_\_\_\_\_  
Notary Public

GOVERNOR  
JACK M. CAMPBELL  
CHAIRMAN

State of New Mexico  
Oil Conservation Commission



LAND COMMISSIONER  
GUYTON B. HAYS  
MEMBER

STATE GEOLOGIST  
A. L. PORTER, JR.  
SECRETARY - DIRECTOR

P. O. BOX 2088  
SANTA FE

October 4, 1966

Mr. Jason Kellahin  
Kellahin & Fox  
Attorneys at Law  
Post Office Box 1769  
Santa Fe, New Mexico

Re: Case No. 3463  
Order No. 3461 ✓  
R-3126 & R-3130  
Applicant:  
Continental and Cities Ser.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

*A. L. Porter, Jr.*  
A. L. PORTER, Jr.  
Secretary-Director

ir/

Carbon copy of order also sent to:

Hobbs OCC     x    

Artesia OCC           

Aztec OCC           

OTHER           Mrs. Rhea