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UNIT AGREEMENT
YOUNG (QUEEN) UNIT
LEA COUNTY, NEW MEXICO

U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

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Exhibit "A" (Map of Unit Area)

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BEFORE EXAMINER UTZ
OIL CONSERVATION COMMISSION
<u>APPN</u> EXHIBIT NO. <u>1</u>
CASE NO. <u>3876 v 3877</u>

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION OF THE
YOUNG (QUEEN) UNIT
LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the _____ day of _____, 1968, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as "parties hereto",

WITNESSETH: That,

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 88, Laws 1943, as amended by Sec. 1 of Chap. 176, Laws of 1961, Chap. 7, Art. 11, Sec. 39, N.M.S. 1953 anno.) 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 Commissioner of Public Lands of the State of New Mexico is authorized by an act of the Legislature (Sec. 3, Chap. 88, Laws of 1943, as amended by Sec. 1, Chap. 162, Laws of 1951, Chap. 7, Art. 11, Sec. 41, N.M.S. 1953 anno.) to amend with the approval of the lessee, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such unitized development and operation of State lands; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by law (Chap. 72, Laws of 1935, as amended by Chap. 193, Laws of 1937, Chap. 166, Laws of 1941, and Chap. 168, Laws of 1949) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the Mineral Leasing Act of February 25, 1920 (41 Stat. 437, as amended, 30 U.S.C. Sections 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 co-operative 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 parties hereto hold sufficient interests in the Young (Queen) Unit Area, comprised of the land hereinafter described, to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to enable institution and consummation of secondary recovery operations, conserve natural resources, prevent waste and secure the 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 entire respective interests in the Unitized Formation underlying the Unit Area (as those terms are defined hereinafter), and agree severally among themselves as follows:

SECTION 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 and 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 non-Federal 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.

SECTION 2. UNIT AREA AND DEFINITIONS: The area described by tracts in Exhibit "B" and depicted on Exhibit "A" attached hereto is hereby designated and recognized as constituting the Unit Area, containing 1,320 acres, more or less, in Lea County, New Mexico. Said land is described as follows:

Township 18 South, Range 32 East, New Mexico Principal Meridian

- Section 9: SW/4 SW/4
- Section 16: SE/4 NW/4 and W/2 NW/4
- Section 17: NE/4; NE/4 SE/4; W/2 SE/4; E/2 SW/4
- Section 19: E/2 NE/4
- Section 20: NW/4; W/2 NE/4; SE/4 NE/4; SE/4; E/2 SW/4;
NW/4 SW/4
- Section 21: SW/4 SW/4
- Section 28: NW/4 NW/4
- Section 29: NE/4 NE/4; NE/4 NW/4

For the purpose of this agreement, the following terms and expressions as used herein shall mean:

- (a) "Commissioner" is defined as the Commissioner of Public Lands of the State of New Mexico.
- (b) "Commission" is defined as the Oil Conservation Commission of the State of New Mexico.
- (c) "Director" is defined as the Director of the United States Geological Survey.
- (d) "Secretary" is defined as the Secretary of the Interior of the United States of America.

- (e) "Department" is defined as the Department of the Interior of the United States of America.
- (f) "Supervisor" is defined as the Oil and Gas Supervisor of the United States Geological Survey for the region in which the Unit Area is situated.
- (g) "Unitized Formation" is defined as that portion of the Queen formation underlying the Unit Area which includes the continuous stratigraphic interval occurring between the top of the Red Sand and the base of the Penrose Sand, said interval having been penetrated between 3709 feet and 4000 feet beneath the derrick floor in the Newmont (formerly McCurdy-Trammell) Young-Federal No. 3 Well located in SW/4 NW/4 Section 20, Township 18 South, Range 32 East, N.M.P.M., Lea County, New Mexico, as recorded on the Gamma Ray-Neutron log of said well, dated May 28, 1960.
- (h) "Unitized Substances" is defined as all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation.
- (i) "Working Interest" is defined as an interest in Unitized Substances by virtue of a lease, operating agreement or otherwise, including a carried interest, which interest is chargeable with and obligated to pay or bear, either in cash or out of production or otherwise, all or a portion of the cost of drilling, developing, producing and operating the Unitized Formation. Any interest in Unitized Substances which is a Working Interest as of the date the owner thereof executes, ratifies or consents to this agreement shall thereafter be treated as a Working Interest for all purposes of this agreement.
- (j) "Royalty Interest" is defined as a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.
- (k) "Working Interest Owner" is defined as a party hereto who owns a Working Interest.
- (l) "Royalty Owner" is defined as a party hereto who owns a Royalty Interest.
- (m) "Tract" is defined as each parcel of land described as such and given a Tract Number in Exhibit "B".
- (n) "Tract Participation" is defined as the percentage of Unitized Substances allocated hereunder to a Tract as hereinafter defined. The Tract Participation of each Tract within the Unit Area is shown on Exhibit "B" attached hereto.
- (o) "Unit Participation" of each Working Interest Owner is defined as the sum of the percentages obtained by multiplying the Working Interest Owner's Working Interest in each Tract by the Tract Participation of such Tract.
- (p) "Tract Current Oil Production Rate (1964)" is defined as the cumulative total number of barrels of oil produced from the Unitized Formation under each Tract during the period from January 1, 1964 through December 31, 1964, as officially reported to the Commission.

(q) "Current Oil Production Rate (1964)" is defined as the total number of barrels of oil produced from the Unitized Formation under all tracts of unitized land during the period from January 1, 1964, through December 31, 1964, as officially reported to the Commission.

(r) "Unit Operating Agreement" is defined as any agreement or agreements (whether one or more) entered into (separately or collectively) by and between the Unit Operator and the Working Interest Owners as provided in Section 9, ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT, infra, and shall be styled "Unit Operating Agreement, Young (Queen) Unit, Lea County, New Mexico".

(s) "Paying Quantities" is defined as production of Unitized Substances in quantities sufficient to pay for the cost of producing same from wells on the unitized land.

(t) "Unit Manager" is defined as the person or corporation appointed by the Working Interest Owners to perform the duties of the Unit Operator until the selection and qualification of a successor Unit Operator, as provided for in Section 8 hereof.

(u) "Tract Cumulative Oil Production" is defined as the number of barrels of oil produced and saved from the Unitized Formation underlying a tract of unitized land from inception of production until January 1, 1965, insofar as such production was reported to the Commission.

(v) "Cumulative Oil Production" is defined as the total number of barrels of oil produced and saved from the Unitized Formation underlying all Tracts of Unitized land from inception of production until January 1, 1965, insofar as such production was reported to the Commission.

(w) "Tract Producing Acres" is defined as the sum of the 40-acre spacing units included in a Tract of unitized land on which there is located a well that is now producing or has produced oil from the Unitized Formation.

(x) "Producing Acres" is defined as the total of the 40-acre spacing units included in all Tracts of unitized land on which there is located a well that is now producing or has produced oil from the Unitized Formation.

SECTION 3. EXHIBITS: Exhibit "A" attached hereto is a map showing the Unit Area and, to the extent known to the Unit Operator, the boundaries and identity of Tracts and leases in the Unit Area. Exhibit "B" attached hereto is a schedule showing, to the extent known to Unit Operator, the acreage comprising each Tract, land description, the percentage of ownership of each Working Interest Owner in each Tract, together with the Royalty Interests in each tract and the percentage of ownership thereof. 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 being owned by such party. Exhibit "B" also shows the Tract Participation of each tract in the Unit Area.

It is hereby agreed by all parties to this agreement that Unit Operator is empowered to correct any mathematical or clerical errors which may exist in the pertinent exhibits to this agreement; provided, however, that correction of any error other than mathematical or clerical shall be made by Unit Operator only after first having obtained approval of Working Interest Owners having a combined Unit Participation of fifty percent (50%) or more, the Commissioner and the Supervisor.

Exhibits "A" and "B" shall be revised by Unit Operator whenever changes render such revision necessary, voluntarily, or when requested by the Supervisor or the Commissioner, and at least two copies of such revision shall be filed with the Commissioner and not less than six copies thereof shall be filed with the Supervisor.

SECTION 4. EXPANSION: The above-described Unit Area may, when practicable, be expanded to include therein any additional Tract or Tracts regarded as reasonably necessary or advisable for the purposes of this agreement. Such expansion shall be effected in the following manner:

Unit Operator shall circulate a notice of the proposed expansion to each Working Interest Owner in the Unit and in the Tract or Tracts proposed to be included in the Unit, setting out the basis for admission, the Tract Participation proposed to be allocated to such Tract or Tracts, and other pertinent data. After negotiation (at Working Interest Owner's meeting or otherwise) if Working Interest Owners having a combined Unit Participation of ninety percent (90%) or more have agreed to the commitment of such Tract or Tracts, then Unit Operator shall, after preliminary concurrence by the Commissioner and Director:

(a) Prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reason therefor, the basis for admission of the additional Tract or Tracts, the Tract Participation to be allocated to each such Tract and the proposed effective date hereof, preferably 7:00 a.m. of the first day of a month subsequent to the date of notice; and

(b) Furnish copies of said notice to the Commissioner, Supervisor, each Working Interest Owner, lessee, and lessor whose interests are affected, advising such parties that thirty (30) days will be allowed for submission to the Unit Operator of any objections to such proposed expansion; and

(c) File, upon expiration of said thirty (30) day period as set out in (b) immediately above, provided that owners of more than ten percent (10%) of the Working Interest (on the basis of Unit Participation) have not filed objection thereto, with the Commissioner, Supervisor, and the Commission, the following:

(1) Evidence of mailing said notice of expansion; and

(2) An application for such expansion in sufficient numbers for appropriate approval and distribution; and

(3) An instrument containing the appropriate joinders in compliance with the participation requirements of Section 14 (TRACTS QUALIFIED FOR PARTICIPATION) and Section 32 (NONJOINDER AND SUBSEQUENT JOINDER), infra; and

(4) A copy of any objections received; provided, however, if a dissenting Working Interest Owner owns more than ten percent (10%) Unit Participation, it must be joined in such dissent by at least one other Working Interest Owner.

The expansion shall, after due consideration of all pertinent information and upon approval by the Commissioner, the Commission and the Supervisor become effective as of the date prescribed in the notice thereof or on such other appropriate date as set by the Commissioner, the Commission and the Supervisor in the order or instrument approving such expansion. The Tract Participations of the Tracts unitized prior to such enlargement shall remain in the same ratio one to another.

SECTION 5. UNITIZED LAND AND UNITIZED SUBSTANCES: All oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated constituent liquid or liquefiable hydrocarbons in the hereinabove described and subsequently admitted land effectively committed to this agreement, as to the unitized formation, are unitized under the terms of this agreement and herein are called "Unitized Substances". All land now or subsequently committed to this agreement as to the unitized formation shall constitute land referred to herein as "Unitized Land" or "Land Subject to this Agreement".

SECTION 6. UNIT OPERATOR: NEWMONT OIL COMPANY is hereby designated as Unit Operator, and by signing this instrument as Unit Operator it agrees and consents to accept the duties and obligations of Unit Operator for the operation, 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 an Owner of interests 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 it.

SECTION 7. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit Operator shall have the right to resign at any time, 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 (6) months after written notice of intention to resign has been given by Unit Operator to all Working Interest Owners, the Commissioner and the Supervisor, and until all Unit wells are placed in a condition satisfactory to the Supervisor and the Commissioner for suspension, abandonment, or operations, whichever is required by the Supervisor and the Commissioner, unless a new Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period.

The Unit Operator shall, upon default or failure in the performance of its duties and obligations hereunder, be subject to removal by vote of Working Interest Owners having a combined Unit Participation (based upon the then current Unit Participation) of eighty-five percent (85%) or more, exclusive of the Unit Participation of the Working Interest Owner who is the Unit Operator. Such removal shall be effective upon notice thereof to the Supervisor and the Commissioner.

In all such instances of effective resignation or removal, until a successor to Unit Operator is selected and approved as hereinafter provided, the Working Interest Owners shall be jointly responsible for the performance of the

duties of the Unit Operator and shall, not later than thirty (30) days before such resignation or removal becomes effective, appoint a Unit Manager to represent them in any action to be taken hereunder.

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 wells, equipment, books and records, materials, appurtenances and any other assets used in conducting the Unit operations and owned by the Working Interest Owners (including any and all data and information which it might have gained or assembled by reason of its operation of the Unitized Land) to the new duly qualified successor Unit Operator or to the Unit Manager 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 or appurtenances needed for the preservation of any wells. Nothing herein contained shall be construed to relieve or discharge any Unit Operator who resigns or is removed hereunder from any liability or duties accruing to or performable by it prior to the effective date of such resignation or removal.

SECTION 8. SUCCESSOR UNIT OPERATOR: Whenever Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall, by affirmative vote of Working Interest Owners having a combined Unit Participation (based upon the then current Unit Participation) of not less than seventy percent (70%), select a successor Unit Operator; provided, however, that should any Working Interest Owner have a voting interest of more than thirty percent (30%), its negative vote or failure to vote shall not serve to disapprove the selection of a new Unit Operator approved by a majority of the voting interests unless such negative vote or abstention from voting is supported by the negative vote of one or more Working Interest Owners having a voting interest of at least five percent (5%), and provided, further, that the vote of the outgoing Unit Operator shall not be considered for any purpose if it votes to succeed itself. 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 approved by the Commissioner and the Supervisor. If no successor Unit Operator is selected and qualified as herein provided, the Director and the Commissioner, at their election, may declare this Unit Agreement terminated.

SECTION 9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT: Costs and expenses incurred by Unit Operator in conducting Unit operations hereunder shall be paid, apportioned among and borne by the Working Interest Owners in accordance with the Unit Operating Agreement. Such Unit Operating Agreements 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 hereunder 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 the 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 agreement, and in case of any inconsistency

or conflict between this agreement and the Unit Operating Agreement, this agreement shall prevail. Two true copies of any Unit Operating Agreement executed pursuant to this Section shall be filed with the Commissioner and three true copies thereof shall be filed with the Supervisor prior to approval of this Unit Agreement.

SECTION 10. 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. Upon request acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 11. PLAN OF OPERATIONS: It is recognized and agreed by the parties hereto that all of the land subject to this agreement has been reasonably proved to be productive of Unitized Substances in paying quantities or is necessary for Unit operations and that the object and purpose of this agreement is to formulate and to put into effect a secondary recovery project in order to effect a greater recovery of Unitized Substances, prevent waste and conserve natural resources consistent with good engineering practices expected of a prudent operator. The parties hereto agree that the Unit Operator may, subject to the consent and approval of a plan of operation by the Working Interest Owners, the Commission, the Commissioner, and the Supervisor, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil, liquefied petroleum gas, and any other substance or a combination of any of said substances, whether produced from the Unitized Formation or not, and that the location of input wells and the rates of injection therein and the rate of production shall be governed by standards of good geologic and petroleum engineering practices and conservation methods. Reasonable diligence shall be exercised by Unit Operator in complying with the obligations of any approved plan of operation. The parties hereto, to the extent they have the right so to do, hereby grant Unit Operator the right to use brine or water (or both) produced from any formation underlying the Unit Area for injection into the Unitized Formation; provided, however, that this grant of said right shall not preclude the use of brine or water (or both) produced from any formation other than the Unitized Formation for injection into formations other than the Unitized Formation. After commencement of secondary operations, Unit Operator shall furnish the Commissioner and the Supervisor monthly injection and production reports for each well in the Unit. The Working Interest Owners, the Commission, the Commissioner and the Supervisor shall be furnished periodic reports on the progress of the plan of operation and any revisions or changes thereto; provided, however, that any major revisions of the plan of operation involving a basic deviation from the initial plan of operation shall be subject to consent and approval of the Working Interest Owners, the Supervisor, the Commission, and the Commissioner.

The initial plan of operation shall be filed with the Supervisor, the Commission, and the Commissioner concurrently with the filing of this Unit Agreement for final approval. Said initial plan of operation and all revisions thereof shall be as complete and adequate as the Supervisor, the Commission, and the Commissioner may determine to be necessary for timely operation consistent herewith. Thereafter, from time to time before the expiration of any

existing plan, the Unit Operator shall submit for like approval a plan for an additional specified period of operation. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of operation.

Notwithstanding anything to the contrary herein contained, the Unit Operator shall commence operations for the secondary recovery of Unitized Substances from the Unit Area within six (6) months after the effective date of this Agreement, or any extension thereof approved by the Commissioner and the Supervisor. After such operations are commenced, Unit Operator shall carry on such operations as would a reasonably prudent operator under the same or similar circumstances.

SECTION 12. TRACT PARTICIPATION: In Exhibit "B" attached hereto, there are listed and numbered the various Tracts which are recognized as reasonably proved to be productive of Unitized Substances in paying quantities and are designated and fixed as the Unit Area. Set forth opposite each Tract are figures which represent the Tract Participation percentage allocated to that Tract, calculated upon the basis of all of said Tracts within the Unit Area being committed to this agreement as of the effective date hereof. The Tract Participation of each Tract within the Unit Area as set forth in Exhibit "B" has been calculated and determined in accordance with the factors and formula set forth in Section 13, TRACT PARTICIPATION FORMULAS, hereof, and such Tract Participation shall govern the allocation of all Unitized Substances produced from the Unit Area from and after the effective date hereof, subject, however, to any revision or revisions of the Unit Area and Exhibit "B" in accordance with the provisions hereof.

In the event less than all of the Tracts within the Unit Area are committed to this agreement as of the effective date hereof, Unit Operator shall promptly prepare a revised Exhibit "B" setting forth opposite each of the qualified tracts the revised Tract Participations, which shall be calculated and determined by using the factors and formulas set forth in Section 13, TRACT PARTICIPATION FORMULAS, hereof, but applying the same only to the qualified Tracts. Unit Operator shall promptly file copies of such revised Exhibit "B" with the Commissioner and the Supervisor, and unless such revised Exhibit "B" is disapproved by the Commissioner or the Supervisor within sixty (60) days after such filing, the revised Exhibit "B" shall be effective as of the effective date of this agreement, and shall thereafter govern the allocation of all Unitized Substances subject, however, to any further revision or revisions of Exhibit "B" in accordance with the provisions hereof (Sections 4, 30, and 32).

SECTION 13. TRACT PARTICIPATION FORMULAS: The percentages of Tract Participation set forth in Exhibit "B" for each Tract within the Unit Area have been calculated and determined in accordance with the following formulas:

$$\text{Sum of } 1/3 \times \frac{\text{Tract Producing Acres}}{\text{Producing Acres}} \times 100,$$

$$1/3 \times \frac{\text{Tract Cum. Oil Production (to 1-1-65)}}{\text{Cum. Oil Production (to 1-1-65)}} \times 100,$$

$$\text{and } 1/3 \times \frac{\text{Tract Current Oil Production Rate (1964)}}{\text{Current Oil Production Rate (1964)}} \times 100.$$

SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION: On and after the effective date hereof, the Tracts within the Unit Area which shall be entitled to participate in the production of Unitized Substances shall be these Tracts within the Unit Area that are qualified as follows:

(a) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties hereto and as to which Royalty Owners owning seventy-five percent (75%) or more of the Royalty Interest created by the basic leases have become parties hereto.

(b) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties hereto and as to which Royalty Owners owning less than seventy-five percent (75%) of the Royalty Interest created by the basic leases have become parties hereto and, as to which:

(i) All Working Interest Owners in such Tract have joined in a request for the acceptance of such Tract and, as to which

(ii) Seventy-five percent (75%) of the combined voting interests of Working Interest Owners in all Tracts meeting the requirements of Section 14 (a) hereof have voted in favor of the acceptance of such Tract.

For the purposes of this Section 14 (b), a Working Interest Owner's "voting interest" shall be equal to the ratio (expressed as a percent) which its aggregate Unit Participation in all Tracts qualifying under Section 14 (a) bears to the total Unit Participation of all Working Interest Owners in all Tracts qualifying under Section 14 (a), as such Unit Participation is determined from the Tract Participations set out in the then current Exhibit "B".

(c) Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest have become parties hereto, regardless of the percentage of Royalty Interest created by the basic leases which is committed hereto and, as to which:

(i) The Working Interest Owner operating the Tract and all of the other Working Interest Owners in such Tract who have become parties hereto have joined in a request for the acceptance of such Tract to this agreement and have executed and delivered an indemnity agreement indemnifying and agreeing to hold harmless the other owners of Working Interest committed to this agreement, their successors and assigns, against all claims and demands which may be made by the owners of working interests in such Tract who are not parties hereto and which arise out of the acceptance of such Tract to this agreement, and as to which

(ii) Seventy-five percent (75%) of the combined voting interests of Working Interest Owners in all Tracts meeting the requirements of Section 14 (a) and 14 (b) have voted in favor of the acceptance of such Tract and the acceptance of the indemnity agreement.

For the purpose of this Section 14 (c), a Working Interest Owner's "voting interest" shall be equal to the ratio (expressed as a percent) which its aggregate Unit Participation in all Tracts qualifying under Section 14 (a) and 14(b) bears to the total Unit Participation of all Working Interest Owners in all Tracts qualifying under Section 14 (a)

and 14 (b) as such Unit Participation is determined from the Tract Participation set out in the then current Exhibit "B". Upon the acceptance of such a Tract to this agreement, the Unit Participation that would have been attributed to the nonsubscribing owners of the Working Interest in such Tract, had they become parties to this agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to such agreements in proportion to their respective Working Interests in the Tract.

If on the effective date of this agreement there is any Tract or Tracts which have not been effectively committed to or made subject to this agreement by qualifying as above provided, then such Tract or Tracts shall not be entitled to participate hereunder. Unit Operator shall, when submitting this agreement for final approval by the Commissioner and the Supervisor, or as soon thereafter as practicable, file a schedule of those Tracts which have been committed and made subject to this agreement, and shall set forth in said schedule opposite each such committed Tract the assigned Tract number, lease number and owner of record of such Tract. In the event that less than all of the Tracts within the Unit Area have been committed to this agreement on the effective date hereof, Unit Operator shall prepare a revised Exhibit "B" and file copies thereof with the Commissioner and the Supervisor in accordance with the provisions of Section 12, TRACT PARTICIPATION.

SECTION 15. ALLOCATION OF UNITIZED SUBSTANCES: All Unitized Substances produced and saved (less, save and except any part of such Unitized Substances which is used in conformity with good operating practices on the Unitized Land for drilling, operating, camp and other production, development and pressure maintenance purposes, or which is unavoidably lost) shall be apportioned among and allocated to the qualified Tracts within the Unit Area or any revision thereof in accordance with the respective Tract Participation effective hereunder during the respective periods such Unitized Substances were produced, as set forth in the then effective schedule of Tract Participation as shown in Exhibit "B". The amount of Unitized Substances so allocated to each Tract, and only that amount (regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, on such Tract), shall, for all intents, uses and purposes, be deemed to have been produced from such Tract.

The Unitized Substances allocated to each Tract shall be distributed among, or accounted for to, the parties hereto entitled to share in the production from such Tract in the same manner, in the same proportions, and upon the same conditions, as they would have participated and shared in the production from such Tract, or in the proceeds thereof, had this agreement not been entered into, and with the same legal force and effect.

No tract committed to this agreement and qualified for participation as above provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances and nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the joinder of any Tract.

If the Working Interest and the Royalty Interest in any Tract is, on or after the effective date hereof, divided with respect to separate parcels or portions of such Tract and owned severally by different persons, the Tract Participation assigned to such Tract shall, in the absence of a recordable

instrument executed by all owners and furnished to Unit Operator fixing the division of ownership, be divided among such parcels or portions in proportion to the number of surface acres in each.

The Unitized Substances allocated to each Tract shall be delivered in kind to the respective Working Interest Owners and parties entitled thereto by virtue of the ownership of oil and gas rights therein. Each Working Interest Owner and the parties entitled thereto shall have the continuing right to receive such production in kind at a common point within the Unit Area and to sell or dispose of the same as it sees fit. Each such party shall have the right to construct, maintain and operate all necessary facilities for that purpose on Unitized Land, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto or with operations upon or with regard to formations other than the Unitized Formation conducted within the Unit Area, Subject to Section 17, ROYALTY SETTLEMENT, hereof, any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party responsible for the payment of such expense.

If any party fails to take in kind or separately dispose of its proportionate share of Unitized Substances, Unit Operator shall have the right, for the time being and subject to revocation at will by the party owning the share, to purchase for its own account or sell to others such share at not less than the price received by the Working Interest Owner acting as Unit Operator; provided that, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of the Unitized Substances so disposed of by Unit Operator shall be paid to the party entitled thereto.

Any party receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any Tract or receiving the proceeds therefrom shall be responsible for making payment therefor to the parties entitled thereto, and shall indemnify all parties hereto; including Unit Operator, against any liability for all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances or the proceeds therefrom.

SECTION 16. OIL IN LEASE TANKAGE ON EFFECTIVE DATE: Unit Operator shall make a proper and timely gauge of all lease and other tanks on the Unitized Land in order to ascertain the amount of merchantable oil above the pipe line connection in such tanks as of 7:00 A.M. on the effective date hereof. All such oil which has then been produced as a part of the prior allowable of the well or wells from which produced shall be and remain the property of the Working Interest Owner entitled thereto the same as if the Unit had not been formed; and such Working Interest Owner shall promptly remove said oil from the Unitized Land. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owner, subject to the payment of all royalty to Royalty Owners under the terms and provisions of the applicable lease or leases and other contracts. All such oil as is in excess of the prior allowable of the well or wells from which the same was

produced shall be regarded and treated the same as Unitized Substances produced after the effective date hereof. If, as of the effective date hereof, any Tract is overproduced with respect to the allowable of the well or wells on that Tract and the amount of such overproduction has been sold or otherwise disposed of, such overproduction shall be regarded and included as a part of the Unitized Substances produced after the effective date hereof and the amount thereof charged to such Tract as having been delivered to the persons entitled to Unitized Substances allocated to such Tract.

SECTION 17. ROYALTY SETTLEMENT: The United States and the State of New Mexico and all Royalty Owners who, under existing contracts, are entitled to take in kind a share of the Unitized Substances produced from any Tract unitized hereunder, shall hereafter be entitled to take in kind their share of the Unitized Substances allocated to such Tract, and Unit Operator shall make deliveries of such Royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for Royalty Interests 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 Royalty due under their leases, except that such Royalty shall be computed in accordance with the terms 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 rate 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, such average production shall be determined in accordance with the operating regulations as though the unitized lands 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.

SECTION 18. RENTAL SETTLEMENT: Rentals 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 for lands of the State of New Mexico subject to this agreement shall be paid at the rate specified in the respective leases from the State of New Mexico. Rental or minimum royalty for lands of the United States of America subject to this agreement shall be paid at the rate specified in the respective leases from the United States of America, unless rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary or his duly authorized representative.

SECTION 19. 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 Federal and State laws and regulations.

SECTION 20. 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.

SECTION 21. 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 on 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 and the Commissioner, respectively, shall and by their approval hereof or by the approval hereof by their duly authorized representatives, do 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.

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 Unitized Land, 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, producing or secondary recovery operations performed hereunder upon any Tract of Unitized Land shall 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 land therein embraced.
- (c) Suspension of drilling or producing operations on all Unitized Land pursuant to direction or consent of the Commissioner and the Supervisor 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 exploration, drilling, development or operation for oil and gas 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.
- (e) Termination of this agreement shall not affect any lease which, pursuant to the terms thereof or any applicable laws, shall continue in force and effect thereafter.

(f) Any lease embracing lands of the State of New Mexico having only a portion of its land committed hereto, shall be segregated as to that portion committed and that not committed, and the terms of such lease shall apply separately to such segregated portions commencing as of the effective date hereof; provided, however, that notwithstanding any of the provisions of this agreement to the contrary, such lease 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, or has heretofore been, discovered in paying quantities on some part of the lands embraced in such lease committed to this agreement or, so long as a portion of the Unitized Substances produced from the Unit Area is, under the terms of this agreement, allocated to the portion of the lands covered by such lease committed to this agreement or at any time during the term hereof, as to any lease that is then valid and subsisting and upon which the lessee or the Unit Operator is then engaged in a bona fide drilling, reworking, or secondary recovery operations on any part of the lands embraced in such lease, then the same as to all lands embraced therein shall remain in full force and effect so long as such operations are 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.

(g) The segregation of any Federal lease committed to this agreement is governed by the following provision in the fourth paragraph of Section 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 nonunitized 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 produced in paying quantities."

SECTION 22. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance 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 subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument of transfer; and no assignment or transfer of any Royalty Interest subject hereto shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy of the recorded instrument of transfer.

SECTION 23. EFFECTIVE DATE AND TERM: This agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective as of 7:00 A.M. of the first day of the month next following:

(a) The execution or ratification of this agreement and the Unit Operating Agreement by Working Interest Owners owning a combined Unit Participation of at least eighty-five percent (85%), and the execution or ratification of this agreement by Royalty Owners owning a combined interest of at least seventy-five percent (75%) of the Royalty Interest in said Unit Area; and

(b) The approval of this agreement by the Commission, the Commissioner, and the Supervisor;

and provided, further, that if (a) and (b) above are not accomplished on or before July 1, 1969, this agreement shall ipso facto expire on said date (hereinafter called "expiration date") and thereafter be of no further force and effect, unless prior thereto this agreement has been executed or ratified by Working Interest Owners owning a combined Unit Participation of at least eighty percent (80%) and such Working Interest Owners have decided to extend said expiration date for a period not to exceed one (1) year (hereinafter called "extended expiration date"). If said expiration date is so extended and (a) and (b) above are not accomplished on or before said extended expiration date, this agreement shall ipso facto expire on said extended expiration date and thereafter be of no further force or effect.

The term of this agreement shall be for and during the time that Unitized Substances are or can be produced in paying quantities and as long thereafter as drilling, reworking or other operations (including secondary recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days, and so long thereafter as unitized substances are or can be produced as aforesaid.

This agreement may be terminated at any other time and for any other reason with the approval of the Commissioner and the Supervisor by Working Interest Owners having at least ninety percent (90%) Unit Participation, as determined from the then current Exhibit "B". Notice of any such termination shall be given by Unit Operator to all parties hereto.

Upon termination of this agreement, further development and operation as a Unit shall be abandoned, Unit operations shall cease, and thereafter the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate Tracts.

Unit Operator shall, within thirty (30) days after the termination date of this agreement, file for record in the offices where a counterpart of this agreement is recorded, a certificate to the effect that this agreement has terminated according to its terms and stating further the termination date.

If not otherwise covered by the leases unitized under this agreement, Royalty Owners hereby grant Working Interest Owners a period of six (6) months after termination of this agreement in which to salvage, sell, distribute or otherwise dispose of the personal property and facilities used in connection with Unit operations.

SECTION 24. 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 of production under this agreement is not fixed pursuant to Federal or State law or does not conform to any statewide 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. It is agreed, 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 development in the absence of the specific written approval thereof by the Commissioner and 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, the Commission, and Commissioner shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen (15) days from notice.

SECTION 25. NONDISCRIMINATION: In connection with the performance of work under this agreement, Unit Operator agrees to comply with all of the provisions of Section 202 (1) to (7) inclusive of Executive Order 11246 (30 F.R. 12319), which are hereby incorporated by reference in this agreement.

SECTION 26. APPEARANCES: Unit Operator shall have the right to appear for or on behalf of any and all interests affected hereby before the Commissioner, the Commission, and the Department, and to appeal from any order issued under the rules and regulations of the Commissioner, the Commission, or the Department, or to apply for relief from any of said rules and regulations or in any proceedings relative to operations before the Commissioner, the Commission, or the Department, or any other legally constituted authority; provided, however, that any other interested party shall also have the right at his or its own expense to be heard in any such proceedings.

SECTION 27. NOTICES: All notices, demands, objections or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given if made in writing and personally delivered to the party or parties or sent by postpaid 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 or parties may have furnished in writing to the party sending the notice, demand or statement.

SECTION 28. 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 rules 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; provided, however, that each party hereto covenants that during the existence of this agreement such party will not resort to any action at law or in equity to partition the Unit Area or the facilities used in the development or operation hereof and to that extent waives the benefits of all laws authorizing such partition.

SECTION 29. UNAVOIDABLE DELAY: All obligations under this agreement requiring the Unit Operator to commence or continue secondary recovery operations 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 agency, unavoidable accident, 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. No Unit obligation which is suspended under this section shall become due less than thirty (30) days after it has been determined that the suspension is no longer applicable. Determination of creditable "unavoidable delay" time shall be made by the Unit Operator subject to the approval of the Supervisor.

SECTION 30. LOSS OF TITLE: In the event any Tract ceases to have sufficient Working Interest Owners or Royalty Owners committed to this agreement to meet the conditions of Section 14, TRACTS QUALIFIED FOR PARTICIPATION, because of failure of title of any party hereto, such Tract shall be automatically regarded as not committed to this agreement effective as of 7:00 a.m. on the first day after such title failure is determined; provided, however, that such Tract shall not be so regarded if said Tract can be requalified for admission under Section 14, TRACTS QUALIFIED FOR PARTICIPATION, within ninety (90) days after the date on which such title failure was determined.

If any such Tract cannot be so requalified, Unit Operator shall revise the Exhibit B previously filed with the Commissioner and Supervisor setting forth the revised Tract Participations of the qualified tracts that remain committed hereto. The revised Tract Participation shall be calculated and determined on the basis that the Tract Participation of each of the qualified Tracts shall remain in the same ratio one to the other. Copies of the revised Exhibit B shall be filed with the Commissioner and the Supervisor and the same shall be effective as of 7:00 A.M. on the first day after such failure of title is finally determined.

If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of such failure shall be governed by the Unit Operating Agreement. If title to a Royalty Interest fails, but the Tract to which it relates remains committed to this agreement, the party whose title failed shall not be entitled to participate hereunder insofar as its participation is based on such lost Royalty Interest.

In the event of a dispute as to the title to any Working Interest or Royalty Interest subject hereto, payment or delivery on account thereof may be withheld without liability or interest until the dispute is finally settled; provided, that as to State or Federal land or leases, no payments of funds due the State of New Mexico or the United States of America shall be withheld, but such funds shall be deposited as directed by the Commissioner or the Supervisor (as the case may be), 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.

SECTION 31. EASEMENTS OR USE OF SURFACE: The parties hereto, to the extent of their rights and interests, hereby grant to Working Interest Owners the right to use as much of the surface of the land within the Unit Area as may reasonably be necessary for Unit operations; provided that, nothing herein shall be construed as leasing or otherwise conveying to Working Interest Owners a site for a water, gas injection, processing or other plant, or a camp site.

Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvements, and structures on the Unit Area that result from Unit operations.

SECTION 32. NONJOINDER AND SUBSEQUENT JOINDER: A Tract shall not be deemed committed to this agreement unless such Tract is qualified as provided in Section 14, TRACTS QUALIFIED FOR PARTICIPATION, hereof. Joinder to the Unit Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement in order for the interest to be regarded as effectively committed to this Unit Agreement. Joinder by any Royalty owner, at any time, must be accompanied by appropriate joinder by the owner of the corresponding Working Interest in order for the interest of such Royalty Owner to be regarded as effectively committed hereto.

Any oil or gas interest in Unitized Substances not committed hereto prior to final approval of this agreement by the Supervisor may thereafter be committed hereto upon compliance with the applicable provisions of Section 14, TRACTS QUALIFIED FOR PARTICIPATION, hereof, within a period of two (2) months thereafter, on the same basis of participation as provided for in Section 13, TRACT PARTICIPATION FORMULAS, by the owner or owners thereof subscribing or consenting in writing to this agreement, and if the interest is a Working Interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

It is understood and agreed, however, that after two (2) months from the effective date hereof, the right of subsequent joinder as provided in this Section shall be subject to such requirements or approvals and on such basis as may be agreed upon by Working Interest Owners having a combined Unit Participation of not less than ninety percent (90%), subject to the approval of the Commissioner and the Supervisor; and, provided that the Tract Participation of each previously qualified Tract shall remain in the same ratio one to the other. Such joinder by a Working Interest Owner must be evidenced by its execution or

ratification of this Unit Agreement and the Unit Operating Agreement. Such joinder by a Royalty Owner at anytime must be evidenced by its execution or ratification of this Unit Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such Royalty Owner. Except as may be otherwise herein provided, subsequent joinders to this agreement shall be effective as of 7:00 A.M. on the first day of the month following the filing with the Commissioner and the Supervisor of duly executed counterparts of any and all documents necessary to establish effective commitment of any Tract or interest to this Agreement, unless objection to such joinder by the Supervisor or the Commissioner is duly made within sixty (60) days after such filing.

SECTION 33. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and 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 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.

SECTION 34. JOINDER IN DUAL CAPACITY: Execution as herein provided by any party either as a Working Interest Owner or as a Royalty Owner shall commit all interests that may be owned or controlled by such party.

SECTION 35. TAXES: Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the unitized land; provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefor by the parties hereto, including Royalty Owners, who may be responsible for the taxes on their respective allocated share of said Unitized Substances. No such taxes shall be charged to the United States or to the State of New Mexico, or to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

SECTION 36. 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 provisions thereof to the extent that the said Unit Operator or the 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 things concerning which it is required herein that such concurrence be obtained.

SECTION 37. BORDER AGREEMENTS: Unit Operator, with concurrence of Working Interest Owners having a combined Unit Participation of sixty-five percent (65%) or more, may, subject to approval of the Commissioner and the Supervisor, enter into a border-protection agreement or agreements with the Working Interest Owners of adjacent lands along the exterior boundary of the Unit Area with respect to the operations in the border area for the maximum ultimate recovery, conservation purposes and proper protection of the parties and interests.

SECTION 38. PERSONAL PROPERTY EXCEPTED: Working Interest Owners have each individually heretofore placed in or on their wells and in or on lands affected by this agreement, various items of personal property which are lease and well equipment, as to all of which Working Interest Owners have the right, as provided in their respective leases, to remove such property from the premises and all of which installations were made with the intention and understanding that all of the same would be and remain personal property and that no part thereof would be or become a part of the realty. Working Interest Owners except from the terms and provisions of this agreement, and hereby sever from said lands, for all purposes, all such lease and well equipment which may be or may hereafter become located in or on the lands or in the wells on the lands affected hereby. To conform their respective investments in such equipment, Working Interest Owners have made a separate agreement with each other with respect thereto.

SECTION 39. NO PARTNERSHIP: The duties, obligations, and liabilities of the parties hereto are intended to be several and not joint or collective. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation, or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

SECTION 40. LIEN OF UNIT OPERATOR: Unit Operator shall have a lien upon the interests of Working Interest Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

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

	Date Signed	Name
ATTEST:		NEWMONT OIL COMPANY
_____ Assistant Secretary	_____	By _____ President
		UNIT OPERATOR AND WORKING INTEREST OWNER

ATTEST:

Secretary

Date
Signed

ATTEST:

Secretary

WORKING INTEREST OWNERS

CONTINENTAL OIL COMPANY

By _____
President

CRA INTERNATIONAL, INC.

By _____
President

BEARD OIL COMPANY

By _____

Janice Lee Ballard Anderson

K. V. Dahl

F. W. Holloway, Jr.

Bruce Anderson

Neal H. Anderson

John M. Beard

Benjamin F. Hitchens

THE STATE OF TEXAS)
)
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this _____
day of _____, 1968, by R. S. Moehlman, President
of NEWMONT OIL COMPANY, a Delaware Corporation,
on behalf of said corporation.

My Commission Expires:

Notary Public

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____
day of _____, 1968, by _____, President
of CONTINENTAL OIL COMPANY, a Delaware Corporation,
on behalf of said corporation.

My Commission Expires:

Notary Public

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me this _____
day of _____, 1968, by _____, President
of CRA INTERNATIONAL, INC., a _____ Corporation,
on behalf of said corporation.

My Commission Expires:

Notary Public

THE STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me on this _____
day of _____, 1968, by _____, Partner of
BEARD OIL COMPANY, on behalf of said Partnership.

My Commission Expires:

Notary Public

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me on this _____
day of _____, 1968, by Janice Lee Ballard Anderson.

My Commission Expires: _____

Notary Public

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me on this _____
day of _____, 1968, by K. V. Dahl.

My Commission Expires: _____

Notary Public

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me on this _____
day of _____, 1968, by F. W. Holloway, Jr..

My Commission Expires: _____

Notary Public

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me on this _____
day of _____, 1968, by Bruce Anderson.

My Commission Expires: _____

Notary Public

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me on this _____
day of _____, 1968, by Neal H. Anderson.

My Commission Expires: _____

Notary Public

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me on this _____
day of _____, 1968, by John M. Beard.

My Commission Expires:

Notary Public

STATE OF

COUNTY OF

The foregoing instrument was acknowledged before me on this _____
day of _____, 1968, by Benjamin F. Hitchens.

My Commission Expires:

Notary Public

FEDERAL TRACTS

Tr. No.	Lease No.	Operator
1	LC 063441	BEARD OIL CO.
1A	LC 063441	MINN-TEX OIL CO.
2	LC 063559	CONTINENTAL OIL CO.
3	LC 064009(b)	CONTINENTAL OIL CO.
4	LC 064175-A	NEWMONT OIL CO.
5	LC 065007	NEWMONT OIL CO.
6	LC 069497	NEWMONT OIL CO.
7	NM 04371-B	NEWMONT OIL CO.
8	NM 09245	BEARD OIL CO.

John D. Graham et al

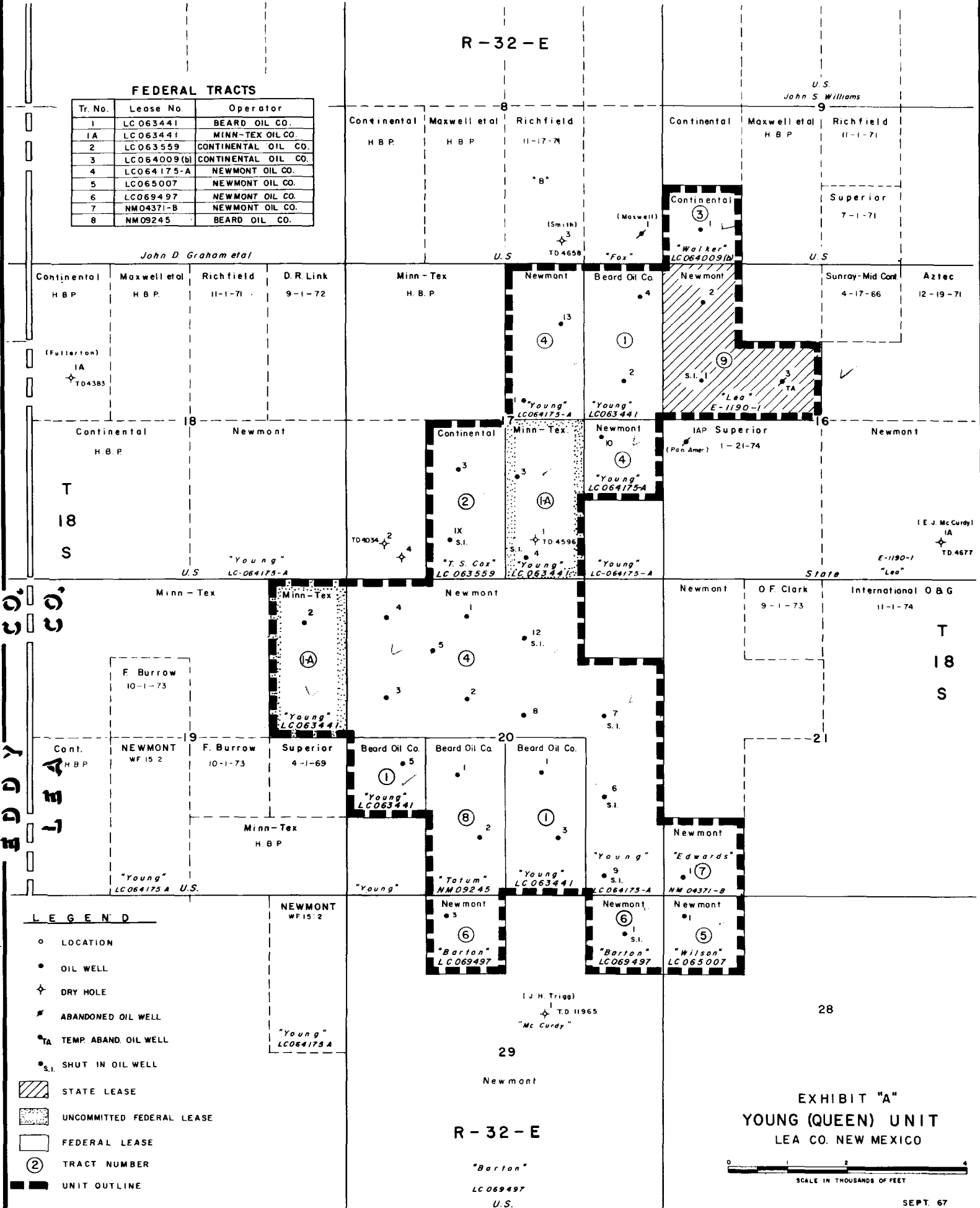


EXHIBIT "B" TO UNIT AGREEMENT
 YOUNG (QUEEN) UNIT
 Lea County, New Mexico

SCHEDULE OF OWNERSHIP AND PARTICIPATION

ACT #	LAND DESCRIPTION	# OF ACRES	LEASE S/N & DATE OF EXPIRATION	BASIC ROYALTY	RECORD LESSEE	OVERRIDING ROYALTY OWNER	WORKING INTEREST OWNER	PERCENT TRAC PARTICIPATION
1	E/2 NE/4 Sec. 17; NW/4 SW/4, W/2 SE/4 Sec. 20, T18S, R32E.	200	LC 063441 HBP	U.S.A. All	Minntex Oil Company	John M. Loffland, Jr.-1/8 of 1% L. R. Simon-----5%	(Surface to 5000') Beard Oil Co.-----42.50% Janice Lee Ballard Anderson-----8.33% K. V. Dahl-----4.17% F. W. Holloway, Jr.-----25.00% Bruce Anderson-----20.00%	12.038457
1A	W/2 SE/4 Sec. 17; E/2 NE/4 Sec. 19, T18S, R32E.	160	LC 063441 HBP	U.S.A. All	Minntex Oil Company	T. E. Brown ----- 1.875% L. R. Simon ----- 3.125%	Minntex Oil Co.-----100.00%	10.501729
2	E/2 SW/4 Sec. 17, T18S, R32E.	80	LC 063559 HBP	U.S.A. All	Continental Oil Company	John M. Loffland, Jr.-1/8 of 1% J. Feldman ----- 1-7/8%	Continental Oil Co.-----100.00%	15.193527
3	SW/4 SW/4 Sec. 9, T18S, R32E.	40	LC 064009-B 10-31-71	U.S.A. All	Continental Oil Company	None	Continental Oil Co.-----100.00%	1.787000

EXHIBIT "B" TO UNIT AGREEMENT
YOUNG (QUEEN) UNIT
Lea County, New Mexico

SCHEDULE OF OWNERSHIP AND PARTICIPATION

ACT #	LAND DESCRIPTION	# OF ACRES	LEASE S/N & DATE OF EXPIRATION	BASIC ROYALTY	RECORD LESSEE	OVERRIDING ROYALTY OWNER	WORKING INTEREST OWNER	PERCENT TRACT PARTICIPATION
4	W/2 NE/4, NE/4 SE/4 Sec. 17; NW/4, S/2 NE/4, NW/4 NE/4, E/2 SE/4 Sec. 20, T18S, R32E.	480	LC 064175-A HBP	U.S.A. All	Wm. J. Casey-----3.12500% Mildred M. Trammell-----3.31250% Kate N. Edwards-----2.43750% Elizabeth Sue Borgaard-----1.21875% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees for D. T. Edwards under Will of H. E. Edwards-----1.21875% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees of D. B. Trammell Estate-----3.31250% Nicholas R. DuPont-----20.31250% Gladys Shannon-----1.00000% Margaret J. McCurdy, Executrix of the Estate of E. J. McCurdy, Jr.--64.06250%	John M. Loffland, Jr.-1/8 of 1% Wm. J. Casey-----2.734375% Mildred M. Trammell-----2.898438% Elizabeth Sue Borgaard-----1.066406% Gladys Shannon-----8.75000% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees under Will of David B. Trammell, deceased--2.898437% F. A. Andrews-----0.02500% M. E. Baish-----0.02500% Mary Loren Higgins Trustee-----0.02500% Leah F. McDonald-----0.023437% Oil Royalties Corp.,---0.01250% Lloyd R. Simon-----0.057815% J. W. Wallrich-----0.00625% George Westall-----0.01250% Kate N. Edwards-----2.132813% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees under Will of Haynie E. Edwards, deceased---1.066406%	(Surface to 5000') Newmont Oil Company-----90.00% CRA International Ltd.-----10.00%	42.671166

EXHIBIT "B" TO UNIT AGREEMENT
 YOUNG (QUEEN) UNIT
 Lea County, New Mexico

SCHEDULE OF OWNERSHIP AND PARTICIPATION

CT	LAND DESCRIPTION	# OF ACRES	LEASE S/N & DATE OF EXPIRATION	BASIC ROYALTY	RECORD LESSEE	OVERRIDING ROYALTY OWNER	WORKING INTEREST OWNER	PERCENT TRACT PARTICIPATION
	NW/4 NW/4 Sec. 28, T18S, R32E.	40	LC 065007 HBP	U.S.A. All	Wm. J. Casey Mildred M. Trammell Kate N. Edwards Elizabeth Sue Borgaard 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees for D. T. Edwards under Will of H. E. Edwards 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees of D. B. Trammell Estate Nicholas R. DuPont Gladys Shannon Margaret J. McCurdy, Executrix of the Estate of E. J. McCurdy, Jr.	(Surface to 5000') Wm. J. Casey Mildred M. Trammell Kate N. Edwards Elizabeth Sue Borgaard Gladys Shannon 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees under Will of David B. Trammell, deceased 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees under Will of Haynie E. Edwards, deceased	(Surface to 5000') Newmont Oil Company CRA International Ltd.	3.820085 -----90.00% -----10.00%

EXHIBIT "B" TO UNIT AGREEMENT
YOUNG (QUEEN) UNIT
Lea County, New Mexico

SCHEDULE OF OWNERSHIP AND PARTICIPATION

ACT #	LAND DESCRIPTION	# OF ACRES	LEASE S/N & DATE OF EXPIRATION	BASIC ROYALTY	RECORD LESSEE	OVERRIDING ROYALTY OWNER	WORKING INTEREST OWNER	PERCENT TRACT PARTICIPATION
6	NE/4 NW/4, NE/4 NE/4 Sec. 29, T18S, R32E.	80	LC 069497 HBP	U.S.A. All	Wm. J. Casey-----3.12500% Mildred M. Trammell-----3.31250% Kate N. Edwards-----2.43750% Elizabeth Sue Borgaard-----1.21875% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees for D. T. Edwards under Will of H. E. Edwards -----1.21875% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees of D. B. Trammell Estate -----3.31250% Nicholas R. Dupont-----20.31250% Gladys Shannon-----1.00000% Margaret J. McCurdy, Executrix of the Estate of E. J. McCurdy, Jr.--64.06250%	(Surface to 5000') Wm. J. Casey-----2.734375% Mildred M. Trammell-----2.898438% Kate N. Edwards-----2.132813% Elizabeth Sue Borgaard-----1.066406% Gladys Shannon----- .875000% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees under Will of David B. Trammell, deceased--2.898437% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees under Will of Haynie E. Edwards, deceased---1.066406% Roy G. Barton-----2.000000%	(Surface to 5000') Newmont Oil Company-----90.00% CRA International Ltd.----10.00%	3.27366

EXHIBIT "B" TO UNIT AGREEMENT
YOUNG (QUEEN) UNIT
Lea County, New Mexico

SCHEDULE OF OWNERSHIP AND PARTICIPATION

ACT #	LAND DESCRIPTION	# OF ACRES	LEASE S/N & DATE OF EXPIRATION	BASIC ROYALTY	RECORD LESSEE	OVERRIDING ROYALTY OWNER	WORKING INTEREST OWNER	PERCENT TRACT PARTICIPATION
7	SW/4 SW/4 Sec. 21, 40 T18S, R32E.	40	NM04371-B HBP	U.S.A. All	Wm. J. Casey-----3.12500% Mildred M. Trammell-----3.31250% Kate N. Edwards-----2.43750% Elizabeth Sue Borgaard-----1.21875% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees for D. T. Edwards under Will of H. E. Edwards -----1.21875% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees of D. B. Trammell Estate -----3.31250% Nicholas R. DuPont-----20.31250% Gladys Shannon-----1.00000% Margaret J. McCurdy, Executrix of the Estate of E. J. McCurdy, Jr.--64.06250%	(Surface to 5000') Wm. J. Casey-----2.734375% Mildred M. Trammell-----2.898438% Kate N. Edwards-----2.132813% Elizabeth Sue Borgaard-----1.066406% Gladys Shannon-----.875000% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees under Will of David B. Trammell, deceased--2.898437% 1st Nat'l Bank of Ft. Worth and Gladys Shannon, Trustees under Will of Haynie E. Edwards, deceased---1.066406%	(Surface to 5000') Newmont Oil Company-----90.00% CRA International Ltd.----10.00%	1.33110

EXHIBIT "B" TO UNIT AGREEMENT
YOUNG (QUEEN) UNIT
Lea County, New Mexico

SCHEDULE OF OWNERSHIP AND PARTICIPATION

TRACT #	LAND DESCRIPTION	# OF ACRES	LEASE S/N & DATE OF EXPIRATION	BASIC ROYALTY	RECORD LESSEE	OVERRIDING ROYALTY OWNER	WORKING INTEREST OWNER	PERCENT TRACT PARTICIPATION
8	E/2 SW/4 Sec. 20, T18S, R32E.	80	NM 09245 HBP	U.S.A. All	Bruce Anderson Neal H. Anderson John M. Beard Benjamin F. Hitchens	Vola V. Horst M. G. Tatum Eugenia Bate W. H. Wills Virginia Hess M. M. Seaton JoAnna Wills Light Elizabeth Christenson	Bruce Anderson Neal H. Anderson John M. Beard Benjamin F. Hitchens	4.05558 30% 10% 50% 10%
9 FEDERAL TRACTS - 1200.00 Acres, or 90.91% of Unit Area								
9	S/2 NW/4, NW/4 NW/4 Sec. 16, T18S, R32E.	120	E-1190-1 HBP	State of N. M. 12.5%	Gulf Oil Corporation	None	(Surface to 4000') Newmont Oil Co.	5.32767 100%
1 STATE OF NEW MEXICO TRACT - 120.00 Acres, or 9.09% of Unit Area								
								Federal - 94.67232
								State of New Mexico - 5.32767

TOTAL: 10 TRACTS - 1320.00 Acres in entire Unit Area.

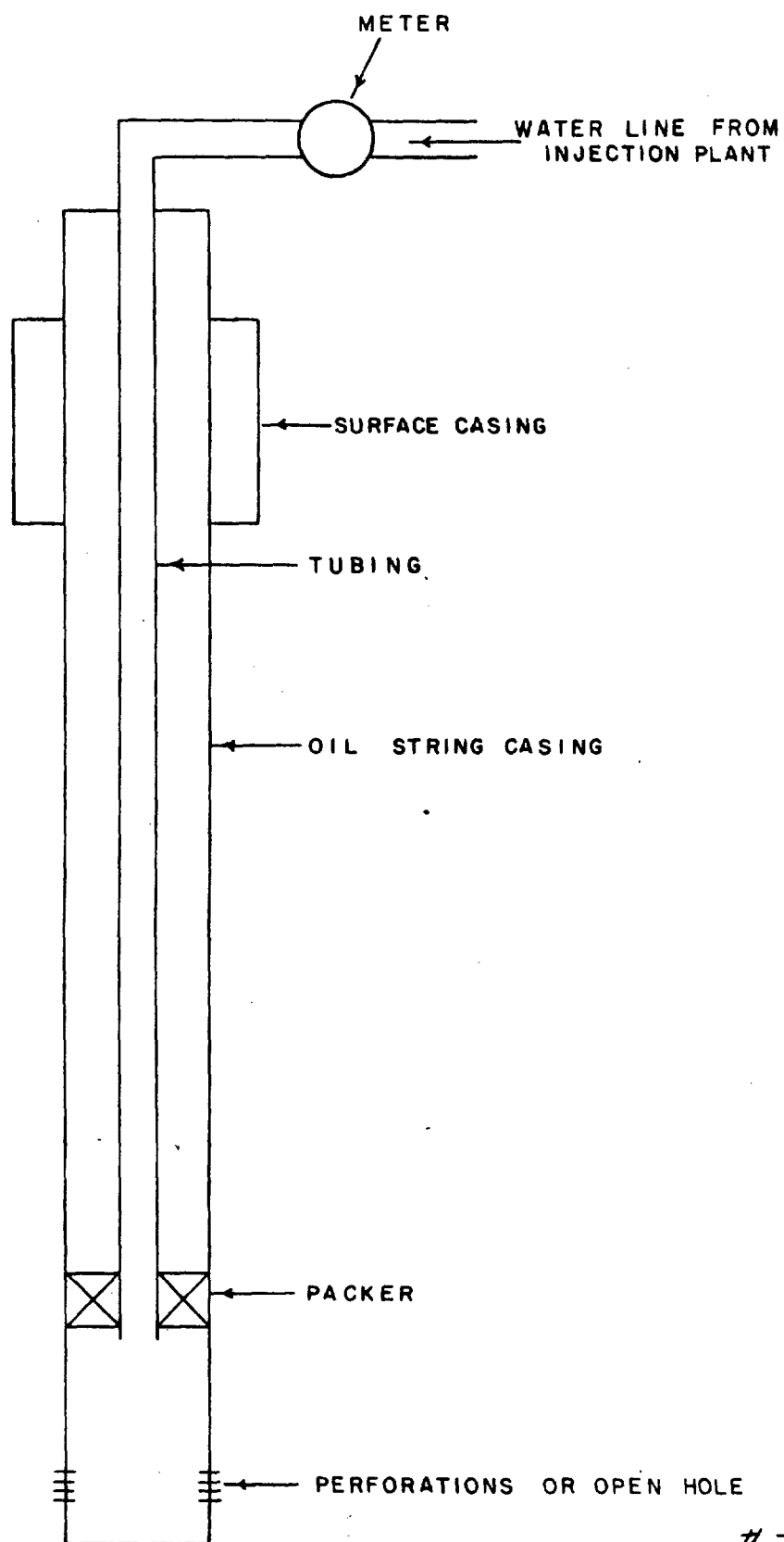


EXHIBIT #3
NEWMONT OIL COMPANY
YOUNG (QUEEN) UNIT
LEA COUNTY NEW MEX.

SCHEMATIC DIAGRAM OF SINGLE
COMPLETION WATER INJ. WELL

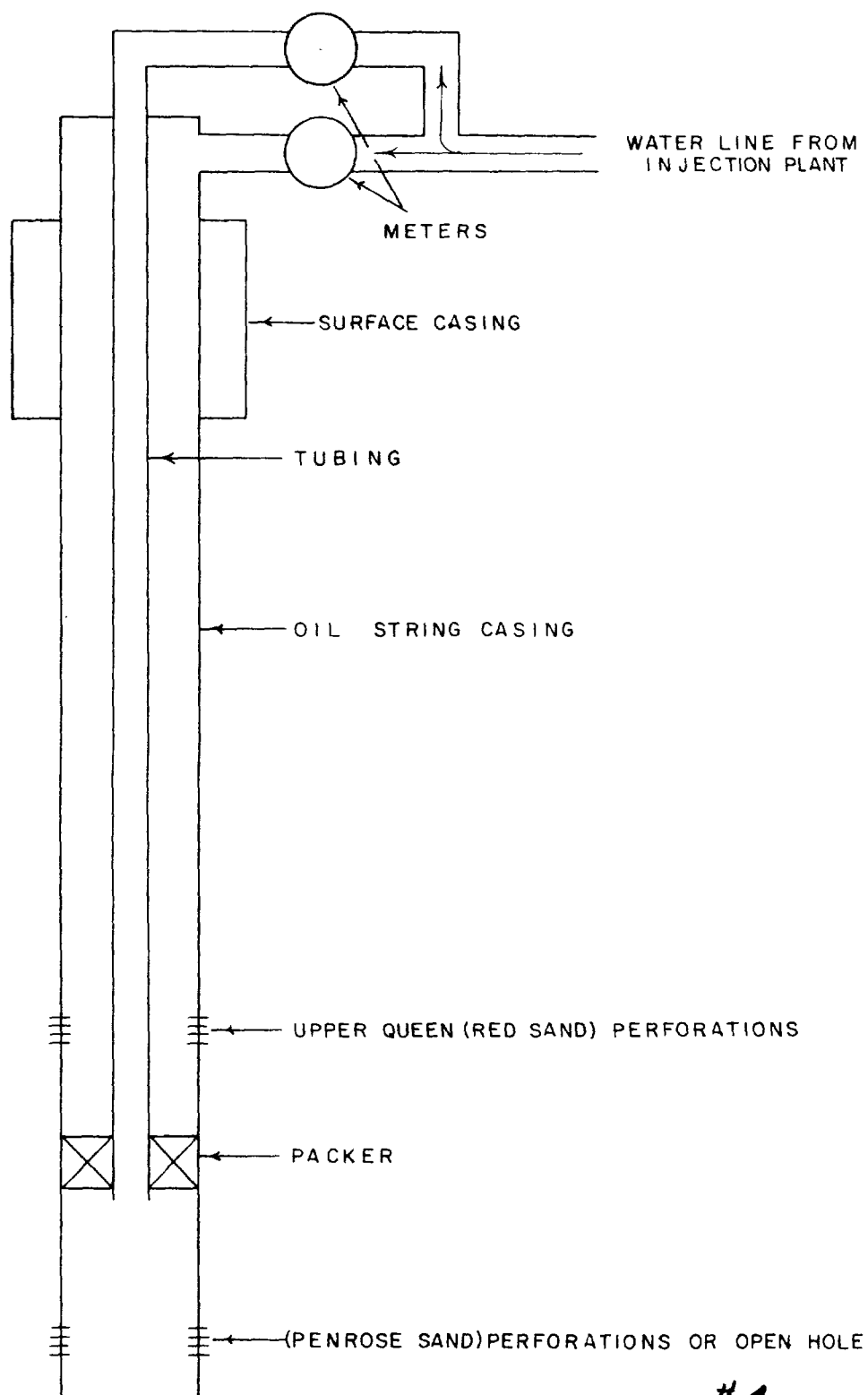


EXHIBIT **#4**
 NEWMONT OIL COMPANY
YOUNG (QUEEN) UNIT
 LEA COUNTY NEW MEX.
 SCHEMATIC DIAGRAM OF DUAL
 WATER INJECTION WELL

ATTACHMENT TO EXHIBITS NO. 5
DATA ON PROPOSED WATER INJECTION WELLS
YOUNG (QUEEN) UNIT
YOUNG FIELD, LEA COUNTY, N. M.

OPERATOR & WELL	SECTION TOWNSHIP RANGE	COMPLETION DATE	NUMBER OF INJECTION ZONES	SURFACE CASING DATA		OIL STRING CASING DATA		PRODUCING SAND DEPTH INTERVAL - FEET			
				DIAMETER INCHES	SETTING DEPTH & QUANTITY SET FT.	DIAMETER INCHES	SETTING DEPTH & QUANTITY SET FT.	UPPER QUEEN		LOWER QUEEN	
								PERFORATIONS	(RED SAND) OPEN HOLE	PERFORATIONS	(PENROSE SAND) OPEN HOLE
BEARD OIL COMPANY YOUNG FEDERAL #3	20-18S-32E	7- 1-57	*DUAL	8 5/8	1054	5 1/2	4101	3720-830 ±	-	4058-71	-
YOUNG FEDERAL #4	17-18S-32E	11- 1-57	SINGLE	8 5/8	1076	5 1/2	3849	3796-804	-	-	-
YOUNG FEDERAL #5	20-18S-32E	4-12-58	DUAL	8 5/8	1001	5 1/2	4012	3746-58	-	3964-80	-
CONTINENTAL OIL COMPANY COX FEDERAL #3	17-18S-32E	1- 7-55	SINGLE	8 5/8	347	5 1/2	3808	3748-68	-	-	-
WALKER FEDERAL #1	9-18S-32E	12-31-57	SINGLE	8 5/8	1071	5 1/2	3860	3810-24	-	-	-
MINN-TEX OIL COMPANY YOUNG FEDERAL #4	17-18S-32E	6- 2-56	SINGLE	8 5/8	432	5 1/2	3824	3760-76	-	-	-
NEWMONT OIL COMPANY BARTON FEDERAL #1	29-18S-32E	6- 1-56	*DUAL	7	641	5 1/2	4048	3785-825 ±	-	-	4048-75
BARTON FEDERAL #3	29-18S-32E	6-29-61	SINGLE	8 5/8	1036	4 1/2	4041	-	-	3938-56	-
EDWARDS FEDERAL #1	21-18S-32E	12-24-64	SINGLE	8 5/8	1063	4 1/2	4157	-	-	4066-67	-
LEA STATE "HS" #1	16-18S-32E	10- 5-57	SINGLE	8 5/8	272	5 1/2	3873	3822-36	-	-	-
LEA STATE "HS" #3	16-18S-32E	7- 2-58	SINGLE	7	1072	4 1/2	3900	3832-52	-	-	-
YOUNG FEDERAL #4	20-18S-32E	7-29-46	SINGLE	8 5/8	975	5 1/2	3740	-	3740-65	-	-
YOUNG FEDERAL #7	20-18S-32E	10-28-57	**DUAL	8 5/8	1035	5 1/2	4135	3786-813	-	4025-60 ±	-
YOUNG FEDERAL #8	20-18S-32E	9- 5-57	*DUAL	8 5/8	1045	5 1/2	4062	3770-95 ±	-	3994-4024	-
YOUNG FEDERAL #10	17-18S-32E	9- 2-57	SINGLE	8 5/8	1017	5 1/2	3845	3748-52 3756-58 3760-66 3771-81	- - - -	- - - -	- - - -
YOUNG FEDERAL #11	17-18S-32E	9-17-57	SINGLE	8 5/8	1091	5 1/2	3841	3727-37 3742-46 3754-58 3762-70	- - - -	- - - -	- - - -

NOTES: The calculated depths to the top of the oil string casing cement are shown on a supplementary attachment.

Plans are to (1) use Packers and 2 inch tubing in all injection wells, (2) set Packers in the casing between injection zones in dual injectors and near the seat in single zone injectors.

* To be perforated in Upper Queen (Red Sand) before converting to water injection service
** To be perforated in Lower Queen (Penrose Sand) before converting to water injection service

SUPPLEMENTARY ATTACHMENT TO EXHIBITS NO. #6
 DATA ON PROPOSED WATER INJECTION WELLS
 YOUNG (QUEEN) UNIT
 YOUNG FIELD, LEA COUNTY, N.M.

<u>OPERATOR & WELL</u>		<u>OIL STRING CASING DATA CALCULATED DEPTH TO TOP OF CEMENT FEET</u>
<u>BEARD OIL COMPANY</u>		
YOUNG FEDERAL	#3	3147
YOUNG FEDERAL	#4	3213
YOUNG FEDERAL	#5	3058
<u>CONTINENTAL OIL COMPANY</u>		
COX FEDERAL	#3	763
WALKER FEDERAL	#1	998
<u>MINN-TEX OIL COMPANY</u>		
YOUNG FEDERAL	#4	2552
<u>NEWMONT OIL COMPANY</u>		
BARTON FEDERAL	#1	3648
BARTON FEDERAL	#3	3557
EDWARDS FEDERAL	#1	3621
LEA STATE "HS"	#1	2818 (Temperature Survey)
LEA STATE "HS"	#3	115
YOUNG FEDERAL	#4	3104
YOUNG FEDERAL	#7	2863
YOUNG FEDERAL	#8	2790
YOUNG FEDERAL	#10	2573
YOUNG FEDERAL	#11	2569

EXHIBIT ^{#22}

YOUNG (Queen) UNIT

Tabulation of Oil Production
(Excluding Once Productive but
Now Plugged and Abandoned*)

<u>Year/Month</u>	<u>Barrels Oil Produced</u>
<u>Cumulative 1-1-57</u>	582,522
1957	161,527
1958	169,033
1959	89,205
1960	67,319
1961	60,159
1962	48,717
1963	37,377
1964	<u>32,737</u>
<u>Cumulative 1-1-65</u>	1,248,596
1965	26,961
1966	21,087
1967	<u>19,840</u>
<u>Cumulative 1-1-68</u>	1,316,484
<u>1968</u>	
January	1,742
February	1,724
March	1,801
April	1,411
May	<u>1,782</u>
<u>Cumulative 6-1-68</u>	<u>1,324,944</u>

* Pan American-State AP No. 1, Sec. 16-T18S-R32E,
cumulative oil production 16,554 barrels and
Maxwell-Fox Federal No. 1, Sec. 8-T18S-R32E,
cumulative oil production 628 barrels.