

UNIT OPERATING AGREEMENT

LA PLATA MANCOS UNIT AREA

COUNTY OF SAN JUAN

STATE OF NEW MEXICO

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EXHIBITS

- Exhibit 1 - Description of Unit Area (referred to in first recital).
- Exhibit 2 - Accounting Procedure (referred to in Sections 1.4, 1.18 and 12.2C).
- Exhibit 3 - Initial Test Well (referred to in Sections 1.13, 2.1, 3.1, 3.2 and 18.2B).
- Exhibit 4 - Part 1: Drilling of Exploratory Wells (referred to in Sections 9.2, 11.2, 11.7 and 13.7D).

Part 2: Attempted Completion, Deepening, Plugging Back and Abandonment (referred to in Section 11.1).
- Exhibit 5 - Insurance (referred to in Sections 16.2A and 16.2C).

UNIT OPERATING AGREEMENT

LA PLATA MANCOS UNIT AREA

THIS AGREEMENT made as of the First day of June, 1968, by and among the parties who execute or ratify this agreement or a counterpart hereof,

WITNESSETH:

WHEREAS, the Parties have entered into that certain UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE LA PLATA MANCOS UNIT AREA, County of San Juan, State of New Mexico, dated as of the First day of June, 1968, and hereinafter referred to as the "Unit Agreement", covering the lands described in Exhibit 1, hereto attached, which lands are referred to in the Unit Agreement and in this agreement as the "Unit Area";

WHEREAS, the Parties enter into this agreement pursuant to Section 7 of the Unit Agreement,

NOW, THEREFORE, in consideration of the mutual agreements herein set forth, it is agreed as follows:

ARTICLE 1

DEFINITIONS

1.1 UNIT AGREEMENT DEFINITIONS. The definitions contained in the Unit Agreement are adopted for all purposes of this agreement. In addition, each term listed below shall have the meaning stated therefor, whenever used in this agreement.

1.2 "UNIT OPERATOR" means BENSON-MONTIN-GREER DRILLING CORP. and its successors, as the Unit Operator designated in accordance with the Unit Agreement, acting in that capacity and not as an owner of Working Interest.

1.3 "PARTY" means a party to this agreement, including the Party acting as Unit Operator when acting as an owner of Working Interest.

1.4 "COSTS" means all costs and expenses incurred in the development and operation of the Unit Area pursuant to this agreement or the Unit Agreement and all other expenses that are herein made chargeable as Costs, determined in accordance with the accounting procedure set forth in Exhibit 2 attached hereto, which shall govern in all matters covered thereby, except that in event of inconsistency between said accounting procedure and this agreement, this agreement shall control.

1.5 "COMMITTED WORKING INTEREST" means a Working Interest which is shown on Exhibit B to the Unit Agreement as owned by a Party and which is committed to the Unit Agreement. Whenever reference is made to a Party "in" or "within" the Unit Area, a participating area, or other area designated pursuant to this agreement, such reference shall mean a Party owning a Committed Working Interest in lands within such area.

1.6 "ACREAGE BASIS", when used to describe the basis of participation by the Parties within the Unit Area, a participating area, or other area designated pursuant to this agreement in voting, Costs, or Production, means participation by each such party in the proportion that the acreage of its Committed Working Interests in such area bears to the total acreage of the Committed Working Interests of all such Parties therein. For the purposes of this definition, (a) the acreage of the working interest in a tract within the Unit Area shall be the acreage of such tract as set forth in Exhibit B to the Unit Agreement, and (b) if there are two or more undivided working interests in a tract, there shall be apportioned to each such working interest that proportion of the acreage of the tract that such working interest bears to the entire working interest in the tract.

1.7 "PRODUCTION" means all Unitized Substances produced and saved from the Unit Area except so much thereof as is used in the conduct of operations under the Unit Agreement and this agreement.

1.8 "LEASE BURDENS" means the royalty reserved to the lessor in an oil and gas lease, an overriding royalty, a production payment and any similar burden, but does not include a carried working interest, a net profits interest or any other interest which is payable out of profits.

1.9 "DRILLING PARTY" means the Party or Parties obligated to bear the Costs incurred in Drilling, Deepening or Plugging Back a well in accordance with this agreement at the commencement of such operation.

1.10 "NON-DRILLING PARTY" means a Party who has had the optional right to participate in the Drilling, Deepening or Plugging Back of a well and who has elected not to participate therein.

1.11 "DRILL" means to perform all operations reasonably necessary and incident to the Drilling of a well, including preparation of roads and drill site, testing, and, if productive of Unitized Substances, completing and equipping for production, including flow lines, treaters, separators and tankage, or plugging and abandoning, if dry.

1.12 "DEEPEN OR PLUG BACK" means to perform all operations reasonably necessary and incident to Deepening or Plugging Back a well, testing, and, if productive of Unitized Substances, completing or recompleting and equipping for production, including flow lines, treaters, separators and tankage, or plugging and abandoning, if dry.

1.13 "INITIAL TEST WELL" means a test well specifically provided for in Section 9 of the Unit Agreement and described in Exhibit 3 attached hereto.

1.14 "SUBSEQUENT TEST WELL" means a test well Drilled after the Drilling of the Initial Test Well or Wells, and before discovery of Unitized Substances in paying quantities in the Unit Area.

1.15 "DEVELOPMENT WELL" means a well Drilled within a participating area and projected to the pool or zone for which the participating area was established.

1.16 "EXPLORATORY WELL" means a well other than a Development Well Drilled after discovery of Unitized Substances in paying quantities in the Unit Area.

1.17 "APPROVAL OF THE PARTIES" or "DIRECTION OF THE PARTIES" means an approval, authorization or direction which receives the affirmative vote specified in Section 14.2 of the Parties entitled to vote on the giving of such Approval or Direction.

1.18 "SALVAGE VALUE" of a well means the value of the materials and equipment in or appurtenant to the well determined in accordance with Exhibit 2, less the reasonably estimated Costs of salvaging the same and plugging the well.

1.19 Each Party is herein referred to by the neuter pronoun "it".

ARTICLE 2

NO LIABILITY FOR DRILLING, DEEPENING OR PLUGGING BACK WELLS WITHOUT CONSENT

2.1 NO LIABILITY WITHOUT CONSENT. No party shall be liable without its consent for any portion of the Costs of Drilling, Deepening or Plugging Back a well except as provided in Section 10.4 with respect to Required Wells, and except as provided in Article 13 dealing with Investment Adjustment. Nothing herein shall be construed to relieve a

Party of any obligation assumed by it pursuant to Exhibit 3 to participate in the Costs of the Initial Test Well.

ARTICLE 3

INITIAL TEST WELL

3.1 LOCATION. Unit Operator shall begin to Drill the Initial Test Well within the time required by Section 9 of the Unit Agreement or any extension thereof at the location specified in Exhibit 3 attached hereto.

3.2 COSTS OF DRILLING. Subject to the Investment Adjustment provisions of Article 13 the Costs of Drilling the Initial Test Well shall be shared by the Parties in the manner and in the proportions specified in said Exhibit 3.

ARTICLE 4

SUBSEQUENT TEST WELLS

4.1 RIGHT TO DRILL. The Drilling of any Subsequent Test Well shall be on such terms and conditions as the Parties shall agree; provided, however, that in the absence of agreement, such wells may be Drilled under the provisions of Article 9 dealing with Exploratory Wells.

ARTICLE 5

ESTABLISHMENT, REVISION AND CONSOLIDATION OF PARTICIPATING AREAS

5.1 PROPOSAL. Unit Operator shall initiate each proposal for the establishment or revision of a participating area by submitting the proposal in writing to each Party at least twenty days before filing the same with the Director. The date of proposed filing must be shown on the proposal. If the proposal receives the Approval of the Parties within the proposed participating area, then such proposal shall be filed on the date specified in the notice.

5.2 OBJECTIONS TO PROPOSAL. Prior to the proposed filing date any Party may submit to all other Parties written objections to such proposal. If, despite such objections, the proposal receives the Approval of the Parties within the proposed participating area, then the Party making the objections may renew the same before the Director.

5.3 REVISED PROPOSAL. If the proposal does not receive the Approval of the Parties within the proposed Participating Area, then Unit Operator shall submit a revised proposal taking into account the objections made to the first proposal. If no proposal receives the Approval of the Parties within twenty days from the submission of the first proposal, then Unit Operator shall file with the Director a proposal reflecting as nearly as practicable the various views expressed by the Parties.

5.4 REJECTION BY DIRECTOR. If a proposal filed by Unit Operator, as above provided, is rejected by the Director, Unit Operator shall initiate a new proposal in the same manner as provided in Section 5.1, and the procedure with respect thereto shall be the same as in the case of an initial proposal.

5.5 CONSOLIDATION. Two or more participating areas may be combined as provided in the Unit Agreement.

ARTICLE 6

APPORTIONMENT OF COSTS AND OWNERSHIP AND DISPOSITION OF PRODUCTION AND PROPERTY

6.1 APPORTIONMENT AND OWNERSHIP WITHIN PARTICIPATING AREA. Except as otherwise provided in Article 8 dealing with Development Wells, Part 1 of Exhibit 4 dealing with Exploratory Wells, and Part 2 of Exhibit 4 dealing with Attempted Completion, Deepening and Plugging Back, and except as to any initial test well or exploratory well in the participating area which has an "Effective Date" as defined in Section 13.1 hereof different from the "Effective Date" of the resulting participating area, and except for Section 12.2(a):

A. COSTS. All Costs incurred in the development and operation of a participating area for or in connection with production of Unitized Substances from any pool or zone for which such participating area is established shall be borne by the Parties within such participating area on an Acreage Basis determined as of the time such Costs are incurred.

B. PRODUCTION. All Production from a participating area shall be allocated in accordance with the Unit Agreement to the tracts of land within such participating area. That portion of such Production which is allocated to any such tract shall be owned by the Party or Parties having Committed Working Interest or Interests therein in the same manner and subject to the same conditions as if actually produced from such tract through a well thereon, and as if this agreement and the Unit Agreement had not been executed.

C. PROPERTY. All materials, equipment and other property, whether real or personal, the cost of which is chargeable as Costs and which have been acquired in connection with the development or operation of a participating area shall be owned by the Parties within such participating area on an Acreage Basis.

6.2 SPECIAL PROVISIONS FOR INITIAL TEST WELLS OR EXPLORATORY WELLS IN PARTICIPATING AREA HAVING A DIFFERENT "EFFECTIVE DATE" FROM THAT OF RESULTING PARTICIPATING AREA. If, as defined in Section 13.1 hereof, any initial test well or any exploratory well resulting in a participating area shall have an "Effective Date" different from that of the participating area (as determined by the provisions of the Unit Agreement) in which it is located, then the provisions of Section 6.1, A, B and C shall not apply to Committed Working Interests of each such initial test well, or exploratory well, until the date (defined in Section 13.1 hereof) the investment adjustment is made as to any such well. Until the investment adjustment is made as to a participating area as a result of completion of any such well, the well, equipment, working interest production therefrom and the drilling block on which it is located shall be in effect excluded from the participating area. However, allocation of royalty on production and payment of proceeds accruing to royalty interests in production shall be in accord with the provisions of the Unit Agreement and Section 6.1 B.

6.3 OWNERSHIP AND COSTS OUTSIDE PARTICIPATING AREA. If a well completed as a producer is not included within a participating area, such well, the Production therefrom, and the materials and equipment therein or appurtenant thereto shall be owned by the Party or Parties who constituted the Drilling Party for such well, and all Costs incurred in the operation of the well shall be charged to and borne by such Party or Parties, and all Lease Burdens payable in respect of Production from the well shall be borne and paid by such Party or Parties. If the Drilling Party comprises two or more Parties,

apportionment among them of ownership, Costs and Lease Burden shall be in the same proportions that they bore the Costs incurred in Drilling the well.

6.4 TAKING IN KIND. Each Party shall currently as produced take in kind or separately dispose of its share of Production and pay Unit Operator for any extra expenditure necessitated thereby. Except as otherwise provided in Section 15.5 dealing with Liens, each Party shall be entitled to receive directly payment for its proportionate share of the proceeds from the sale of its share of Production, and on all purchases or sales each Party shall execute any division order or contract of sale pertaining to its interest.

6.5 FAILURE TO TAKE IN KIND. If any Party fails so to take or dispose of its share, Unit Operator shall have the right for the time being and subject to revocation at will by the Party owning same to purchase for its own account or sell to others such share at not less than the market price prevailing in the area and not less than the price Unit Operator receives for its share of Production, subject to the right of such Party to exercise at any time its right to take in kind or separately dispose of its own share of Production not previously taken by Unit Operator or delivered to others pursuant to this Section 6.5.

6.6 SURPLUS MATERIALS AND EQUIPMENT. Materials and equipment acquired by the Parties, or any of them pursuant to this agreement, may be classified as surplus by Unit Operator when deemed by it to be no longer needed in operations hereunder, by giving to each Party owning an interest therein written notice thereof. Such surplus materials and equipment shall be disposed of as follows:

A. Each Party owning an interest therein shall have the right to take in kind its share of surplus tubular goods and other surplus items which are susceptible of division in kind, by written notice given to Unit Operator within thirty days after classification thereof as surplus, except that such right shall not apply to junk or to any item (other than tubular goods) having a replacement cost less than one thousand dollars (\$1,000.00).

B. Surplus materials and equipment not divided in kind (other than junk and any item other than tubular goods having a replacement cost of less than one thousand dollars (\$1,000.00)) shall be offered to the Parties owning interests therein and sold to the highest bidder or bidders.

C. Surplus materials and equipment not disposed of in accordance with the preceding provisions of this section shall be disposed of by Unit Operator for the best prices obtainable.

ARTICLE 7

PLANS OF DEVELOPMENT

7.1 WELLS AND PROJECTS INCLUDED. Each plan for the development and operation of the Unit Area which is submitted by Unit Operator to the Supervisor in accordance with the Unit Agreement shall make provision only for such Drilling, Deepening and Plugging Back operations and such other projects as Unit Operator has been authorized to conduct by the Parties chargeable with the Costs incurred therein.

7.2 NOTICE OF PROPOSED PLAN. At least ten days before submitting any such proposed plan to the Supervisor, Unit Operator shall give each Party written notice thereof, together with a copy of the proposed plan.

7.3 NOTICE OF APPROVAL OR DISAPPROVAL. If and when a proposed plan has been approved or disapproved by the Supervisor, Unit Operator shall give prompt written notice thereof to each Party. In the case of disapproval, Unit Operator shall state in such notice the reasons therefor.

7.4 AMENDMENTS. If any Party or Parties shall have elected to proceed with Drilling, Deepening or Plugging Back operation in accordance with the provisions of this agreement, and such operation is not provided for in the then current plan of development as approved by the Supervisor, Unit Operator shall either (a) request the Supervisor to approve an amendment to such plan which will provide for the conduct of such operation, or (b) request the Supervisor to consent to such operation, if his consent is sufficient.

7.5 CESSATION OF OPERATIONS UNDER PLAN. If any such plan as approved by the Supervisor provides for the cessation of any Drilling or other operations therein provided for on the happening of a contingency and if such contingency occurs, Unit Operator shall promptly cease such Drilling or other operations and shall not incur any additional Costs in connection therewith unless and until such Drilling or other operations are again authorized in accordance with this agreement by the Parties chargeable with such Costs.

ARTICLE 8

DRILLING OF DEVELOPMENT WELLS

8.1 PURPOSE AND PROCEDURE. It is the purpose of this Article to set forth the procedure for Drilling a Development Well otherwise than by the written consent of all Parties within the participating area involved. The Drilling of a Development Well pursuant to the procedure herein set forth shall, however, be subject to such Drilling receiving the Approval of the Parties, unless the Drilling of the proposed well is necessary to prevent the loss of Committed Working Interest in the tract of land on which the proposed well is to be Drilled. Vote by any Party in favor of Approval of the Drilling of any such well shall not, however, be deemed an election by such Party to participate in the Costs thereof, but will mean only that such Party considers the Drilling of the well consistent with the ordinary development of the participating area involved and has no objection to the Drilling thereof.

8.2 NOTICE OF PROPOSED DRILLING. Subject to the provisions of Section 8.1, any Party within a participating area may propose the Drilling of a Development Well therein by giving to each of the other Parties within the participating area written notice specifying the location, depth and estimated cost of the proposed well, which location shall conform to any applicable spacing pattern theretofore adopted or then being followed, or an authorized exception thereto.

8.3 RESPONSE TO NOTICE. Within thirty days after receipt of such notice, each Party within such participating area shall advise all other Parties therein, in writing, whether or not it wishes to participate in Drilling the proposed well. If all the Parties within such participating area so advise that they wish to participate therein, the proposed well shall be Drilled by Unit Operator for the account of all the Parties within the participating area. If any Party fails to respond to such notice within said thirty day period, it shall be deemed to have elected not to participate in Drilling the proposed well.

8.4 NOTICE OF ELECTION TO DRILL. Unless all Parties within the participating area agree to participate in response to said notice, then within fifteen days after expiration of said period of thirty days, each Party within the participating area who then desires to have the proposed well Drilled shall give to all other Parties within

the participating area written notice of election to proceed with the Drilling of said well. Failure to give such notice shall be deemed an election not to participate in Drilling said well.

8.5 EFFECT OF ELECTION TO DRILL. If one or more, but not all of the Parties within the participating area so elect to proceed, Unit Operator shall Drill the well for the account of such Party or Parties, who shall constitute the Drilling Party.

8.6 SUBSEQUENT ELECTION. If election to Drill the proposed well is made, any Party within the participating area who has not previously elected to participate therein may do so by written notice given to all other Parties within the participating area at any time before operations for Drilling the well are commenced, in which event such Party shall be included in the Drilling Party. However, such Party shall be bound by any and all Directions and Approvals theretofore given by the Drilling Party concerning the Drilling of the well.

8.7 RIGHTS AND OBLIGATIONS OF DRILLING PARTY AND NON-DRILLING PARTIES. Whenever a Development Well is drilled otherwise than for the account of all Parties within the participating area involved, the provisions of Article 12 dealing with Rights and Obligations of Drilling Party and Non-Drilling Parties shall be applicable.

ARTICLE 9

EXPLORATORY WELLS

9.1 PROCEDURE FOR DRILLING. The Drilling of Exploratory Wells shall be governed by the provisions of Part 1 of Exhibit 4 hereto attached and made a part hereof.

ARTICLE 10

REQUIRED WELLS

10.1 DEFINITION. For the purpose of this Article a well shall be deemed a required well if the Drilling thereof is required by the final order of an authorized representative of the Department of the Interior. Such an order shall be deemed final upon expiration of the time allowed for appeal therefrom without the commencement of appropriate appeal proceedings or, if such proceedings are commenced within said time, upon the final disposition of the appeal. Whenever Unit Operator receives any such order, it shall promptly mail a copy thereof to each of the other Parties; if any such order is appealed, the Party appealing shall give prompt written notice thereof to each of the other Parties, and upon final disposition of the appeal, Unit Operator shall give each of the other Parties prompt written notice of the result thereof.

10.2 ELECTION TO DRILL. Any Party desiring to Drill, or participate in the Drilling of, a required well shall give to Unit Operator written notice thereof within thirty days after the order requiring such well becomes final or within such lesser time as may be required by such order. If such notice is given within said period, Unit Operator shall Drill the required well for the account of the Party or Parties giving such notice, who shall bear all Costs incurred therein, provided, however, that if the Required Well is a Development Well it shall not be drilled unless it receives the Approval of the Parties. The rights and obligations of such Party or Parties with respect to the ownership of such well, the operating rights therein, the Production therefrom and the bearing of Costs incurred therein shall be the same as if the well had been Drilled for the account of such Party or Parties under Article 8 dealing with Development Wells, if the same is a Development Well, or Article 9 dealing with Exploratory Wells, if the same is an Exploratory Well or a Subsequent Test Well.

10.3 ALTERNATIVES TO DRILLING. If no Party elects to Drill a required well within the period allowed for such election, and if any of the following alternatives is available, the first such alternative which is available shall be followed:

A. COMPENSATORY ROYALTIES. If compensatory royalties may be paid in lieu of Drilling the well and if payment thereof receives, within said period, the Approval of the Parties who would be chargeable with the Costs incurred in Drilling the well, if the well were Drilled as provided in Section 10.4, Unit Operator shall pay such compensatory royalties for the account of said Parties; or

B. CONTRACTION. If the Drilling of the well may be avoided, without other penalty, by contraction of the Unit Area, Unit Operator shall make reasonable effort to effect such contraction with the approval of the Director; or

C. TERMINATION. If the required well is a Subsequent Test Well, the Parties shall join in termination of the Unit Agreement in accordance with its provisions.

10.4 REQUIRED DRILLING. If none of the foregoing alternatives is available, Unit Operator shall Drill the required well under whichever of the following provisions is applicable:

A. DEVELOPMENT WELL. If the required well is a Development Well, it shall be Drilled by Unit Operator for the account of all Parties within the participating area in which the well is Drilled; or

B. EXPLORATORY WELL. If the required well is an Exploratory Well, it shall be Drilled by Unit Operator for the account of the Party or Parties who would be obligated to bear the Costs thereof in accordance with Part 1 of Exhibit 4.

ARTICLE 11

ATTEMPTED COMPLETION, DEEPENING, PLUGGING BACK AND ABANDONMENT

11.1 PROCEDURE. The attempted completion, Deepening, or Plugging Back of any well not completed as a producer, the abandonment of a producing well and the Deepening or Plugging Back of any well abandoned in the stratum in which it was completed as a producer, shall be governed by the provisions of Part 2 of Exhibit 4 hereto attached and made a part hereof.

ARTICLE 12

RIGHTS AND OBLIGATIONS OF DRILLING PARTY AND NON-DRILLING PARTY

12.1 SCOPE OF ARTICLE. Subject to such contrary or inconsistent provisions, if any, as are contained in Exhibit 4, the rights and obligations of the Drilling Party and Non-Drilling Party in respect of a well which is Drilled, Deepened, Plugged Back or completed otherwise than for the account of all Parties entitled to participate therein, shall be governed by the succeeding provisions of this article.

12.2 RELINQUISHMENT OF INTEREST BY NON-DRILLING PARTY. When a well is Drilled, Deepened, Plugged Back or completed otherwise than for the account of all Parties entitled to participate therein, each Non-Drilling Party shall be deemed to have relinquished to the Drilling Party all of its operating rights and working interest in and to such well. In the case of a Deepening or Plugging Back, if a Non-Drilling Party owned an interest in the well immediately prior to the Deepening

or Plugging Back, the Drilling Party shall pay to such Non-Drilling Party its share of the Salvage Value of the well, such payment to be made at the time the well is taken over by the Drilling Party for Deepening or Plugging Back.

12.2(a) EXCEPTION. The provisions of Paragraph 12.2 above, and 12.3, 12.4 and 12.5 below, do not apply to any Exploratory Well drilled on a Drilling Block which comprises all or any portion of a governmental section, as shown on the United States Geological Survey plat of the Unit Area, on which there is at the time of the drilling of such additional Exploratory Well, two existing wells capable of producing Unitized Substances from the Mancos Shale in commercial quantities.

In the event any such additional Exploratory Well is hereafter drilled by less than all the parties hereto, then the Drilling Party shall drill, complete, equip and operate such well or wells at its own risk and cost, and the Non-Drilling Party shall reimburse the Drilling Party for its share of such costs at a rate equivalent to the rate at which such Non-Drilling Party collects and receives its respective share of the proceeds (after deducting lease burdens and taxes) from sale of production from such well, and not otherwise. In no event shall there be any change in the ownership of the operating rights, or relinquishment of interest as provided in 12.2 above, to any such additional well by reason of the election of any party hereto not to participate in the cost of drilling thereof, and each such non-participating party shall retain his right to exercise the privileges of a working interest owner in such well at all times.

The provisions of this subparagraph shall under no circumstances be construed to apply to the drilling of a Required Well, as that term is defined in the Unit Operating Agreement.

12.3 REVERSION OF RELINQUISHED INTEREST. If the well is completed as a producer of Unitized Substances, and if the well is a Development Well, or results in the establishment or enlargement of a participating area to include such well, then the operating rights and working interest relinquished by a Non-Drilling Party shall revert to it at such time as the proceeds or market value of that portion of the Production obtained from the well after such relinquishment which is allocated to the acreage of such Non-Drilling Party in the participating area involved (after deducting from such proceeds or market value all Lease Burdens and all taxes upon or measured by Production that are payable up to such time on said portion of the Production from such well) shall equal the total of the following:

A. 100% of that portion of the Costs incurred in operating the well after such relinquishment, and up to such time, that would have been charged to such Non-Drilling Party if the well had been Drilled, Deepened, Plugged Back or completed for the account of all Parties entitled to participate therein.

B. 200% of that portion of the Costs incurred in Drilling, Deepening, Plugging Back or completing the well that would have been charged to such Non-Drilling Party if the well had been Drilled, Deepened, Plugged Back or completed for the account of all Parties entitled to participate therein.

C. 200% of that portion of the costs incurred in equipping the well for production (including, but not limited to, costs of casing, tubing, stock tanks, separators, troaters, pumping equipment and piping) that would have been charged to such Non-Drilling Party if the well had been Drilled, Deepened, Plugged Back or completed for the account of all parties entitled to participate therein.

However, if a Deepening or Plugging Back is involved (1) any payment made to such Non-Drilling Party as its share of the Salvage Value of the well in accordance with Section 12.2 shall be added to a deemed part of the Costs incurred in operating the well, for the purposes of Subdivision A above, and (2) if such Non-Drilling Party did not participate in the initial Drilling of the well, but the Drilling Party did participate therein, and if the interest relinquished by such Non-Drilling Party upon the initial Drilling of the well had not reverted to it before such Deepening or Plugging Back, then, for the purposes of Subdivision B above, there shall be added to and deemed part of the Costs incurred in the Deepening or Plugging Back, the then unrecovered portion of the Costs incurred in the initial Drilling of the well down to the pool or zone in which such well is completed as a producer.

12.4 EFFECT OF REVERSION. From and after reversion to a Non-Drilling Party of its relinquished interest in a well, such Non-Drilling Party shall share, on an Acreage Basis, in the ownership of the well, the operating rights and working interest therein, the materials and equipment in or pertaining to the well, the Production therefrom and the Costs of operating the well.

12.5 RIGHTS AND OBLIGATIONS OF DRILLING PARTY. The Drilling Party for whom a well is Drilled, Deepened, Plugged Back or completed shall pay and bear all Costs incurred therein, and shall own the well, the materials and equipment in the well or pertaining thereto, and the production therefrom, subject to reversion to each Non-Drilling Party of its relinquished interest in the well. If the well is a Development Well, or results in the establishment or enlargement of a participating area to include the well, then, until reversion to a Non-Drilling Party

of its relinquished interest, the Drilling Party shall pay and bear (a) that portion of the costs incurred in operating the well that otherwise would be chargeable to such Non-Drilling Party, and (b) all Lease Burdens that are payable in respect of that portion of the Production from such well which is allocated to the acreage of such Non-Drilling Party. If the Drilling Party includes two or more Parties, the burdens imposed upon and the benefits accruing to the Drilling Party shall be shared by such Parties on an Acreage Basis among themselves.

ARTICLE 13

ADJUSTMENT ON ESTABLISHMENT OR CHANGE OF PARTICIPATING AREA

13.1 WHEN ADJUSTMENT MADE

A. AS TO ESTABLISHMENT OF A NEW PARTICIPATING AREA OR ENLARGEMENT OF AN EXISTING PARTICIPATING AREA FOLLOWING THE DRILLING OF AN EXPLORATORY WELL, the adjustment in accordance with the provisions of the succeeding sections of this Article 13 shall be made as of the date the resulting area becomes effective in accordance with the terms of the Unit Agreement, providing this effective date meets the Approval of the Parties of the resulting participating area. If this effective date does not receive the Approval of the Parties, then the effective date as to establishment or revision of a participating area resulting from inclusion of any particular Initial Test Well or any particular Exploratory Well within the resulting participating area shall be the first day of the month following the date at which the Drilling Party has recovered from the proceeds or market value of production from the subject Initial Test Well or Exploratory Well (after deducting from such proceeds all Lease Burdens, oil hauling or marketing costs, and all taxes upon or measured by production that are payable up to such time on the production from such well) the total of the following:

- a. 100% of the operating costs of the well from inception until the adjustment is made.
- b. 200% of the costs of Drilling, Testing, Completing, Deepening, Re-Working and Plugging Back.
3. 200% of costs of equipping for production, including but not limited to cost of casing, tubing, stock tanks, separators, treaters, pumping equipment and piping.

B. AS TO REVISION OF A PARTICIPATING AREA BY ENLARGEMENT OR CONTRACTION OR WHENEVER TWO OR MORE PARTICIPATING AREAS ARE COMBINED, all in accord with the Unit Agreement (the participating area resulting from such establishment, revision or combination being hereinafter referred to as a "resulting area") an adjustment shall be made in accordance with the succeeding provisions of this Article 13, as of the date (if not determined by operation of Section 13.1A above) on which the establishment, revision or combination that creates such Resulting Area becomes effective, such date being hereinafter referred to as the "effective date" of such Resulting Area.

13.2 DEFINITIONS. As used in this Article 13:

A. "USEABLE WELL" within a resulting area means a well which is either (1) completed in and capable of producing unitized substances from a pool or zone for which such resulting area is created, or (2) used as a disposal well, injection well or otherwise, in connection with the production of Unitized Substances from such resulting area.

B. "INTANGIBLE VALUE" of a useable well within a resulting area means the amount of Costs incurred in Drilling such well, or deepening it, down to the deepest pool or zone for which such resulting area is created, and which contribute to the Production of Unitized Substances therefrom and which are properly classified as intangible costs in conformity with accounting practices generally accepted in the industry, reduced at the following rates for each month during any part of which such well has been operated prior to the effective date of such resulting area:

- (1) One-half per cent ($\frac{1}{2}\%$) per month for a cumulative total of 150 months, and
- (2) Zero per cent (0%) per month for each month in excess of said cumulative total.

C. "TANGIBLE PROPERTY" serving a resulting area means any kind of tangible property (whether or not in or pertaining to a well) which has been acquired for use in or in connection with the Production of Unitized Substances from such resulting area or any portion thereof, and the cost of which has been charged as Costs pursuant to this agreement.

D. "VALUE" of tangible property means the amount of Costs incurred therefor, including Costs incurred in the construction or installation thereof (excepting installation costs properly classified as part of the intangible costs incurred in connection with a well), reduced, in the case of tangible property which is generally regarded as depreciable, by the following rates:

- (1) One-half per cent ($\frac{1}{2}\%$) per month for a cumulative total of 150 months, and
- (2) Zero per cent (0%) per month for each month in excess of said cumulative total.

13.3 METHOD OF ADJUSTMENT ON ESTABLISHMENT OR ENLARGEMENT. As promptly as reasonably possible after the effective date of a resulting area created by establishment or enlargement of a participating area, and as of such effective date an adjustment shall be made in accordance with the following provisions except to the extent otherwise specified in Sections 13.1 and 13.6:

A. The intangible value of each useable well within such resulting area on the effective date thereof shall be credited to the Party or Parties who own such well immediately prior to such effective date, in proportion to their respective interests in such well immediately prior to such effective date. The total amount so credited as the intangible value of useable wells shall be charged to all Parties within the resulting area on an Acreage Basis.

B. The value of each item of tangible property serving the resulting area on the effective date thereof shall be credited to the Party or Parties who own such item immediately prior to such effective date, in proportion to their respective interests in such item immediately prior to such effective date. The total amount so credited as the value of tangible property shall be charged to all Parties within the resulting area on an Acreage Basis.

C. If a resulting area, on the effective date thereof, is served by any tangible property or useable well, which also serves another participating area or other participating areas, the value of such tangible property and useable well (including intangible value thereof) shall be determined in

accordance with Subdivision D of Section 13.2, and such value may be fairly apportioned between such resulting area and such other participating area or areas, provided that such apportionment receives Approval of the Parties in each participating area concerned. That portion of the value of such tangible property and useable well (including intangible value thereof) which is so apportioned to the resulting area shall be included in the adjustment made as of the effective date of such resulting area in the same manner as the value of tangible property serving only the resulting area.

D. The credits and charges above provided for shall be made by Unit Operator, in such manner that an adjustment shall be made for the intangible value of useable wells separate and apart from an adjustment for the value of tangible property. On each such adjustment, each Party who is charged an amount in excess of the amount credited to it, shall pay to Unit Operator the amount of such excess, which shall be considered as Costs chargeable to such Party for all purposes of this agreement, and such amount, when received by Unit Operator, shall be distributed or credited to the Parties who, in such adjustment, are credited with amounts in excess of the amounts charged to them respectively.

13.4 METHOD OF ADJUSTMENT ON CONTRACTION. As promptly as reasonably possible after the effective date of any contraction of a participating area, an adjustment shall be made with each Party owning a Committed Working Interest in land excluded from the participating area by such contraction (such Committed Working Interest being hereinafter in this section referred to as "excluded interest") in accordance with the following provisions:

A. An adjustment for intangibles shall be made in accordance with Subdivision B hereof and a separate adjustment for tangibles shall be made in accordance with Subdivision C hereof.

B. Such party shall be credited with the sum of (1) the total amount theretofore charged against such Party in respect of its excluded interest in accordance with the accounting procedure set forth in Exhibit 2 as intangible Costs incurred in the development and operation of the participating area prior to the effective date of such contraction, plus (2) the total amount charged against such Party in respect of such excluded interest as intangible value of useable wells in any previous adjustment or adjustments made upon the establishment or revision of such participating area. Such Party shall be charged with the sum of (1) the market value of that portion of the Production from such participating area which, prior to the effective date of such contraction, is delivered to such Party in respect of such excluded interest, less the amount of Lease Burdens and taxes paid or payable on said portion, and (2) the total amount credited to such Party in respect of such excluded interest as intangible value of useable wells, in any previous adjustment or adjustments made upon the establishment or revision of such participating area. Any difference between the amount of said credit and the amount of said charge shall be adjusted as hereinafter provided.

C. Such Party shall be credited with the sum of (1) the total amount theretofore charged against such Party in respect of its excluded interest, in accordance with the accounting procedure set forth in Exhibit 2, as Costs other than intangible Costs incurred in the development and operation of the participating area prior to the effective date of such contraction, plus (2) the total amount charged

against such Party in respect of its excluded interest as value of tangible property in any previous adjustment or adjustments made upon the establishment or revision of such participating area, plus (3) the excess, if any, of the credit provided for in Subdivision B of this Section over the charge provided for in said Subdivision B. Such Party shall be charged with the sum of (1) the excess, if any, of the charge provided for in said Subdivision B, over the credit therein provided for, plus (2) the total amount credited to such Party in respect of its excluded interest as value of tangible property in any previous adjustment or adjustments made upon the establishment or revision of such participating area.

D. If the charge provided for in Subdivision C of this Section is equal to or greater than the credit therein provided for, no adjustment shall be made with such Party. However, if the credit provided for in said Subdivision C is in excess of the charge therein provided for, such excess shall be charged on an Acreage Basis against the Parties who remain in the participating area after such contraction, and shall be paid by said Parties to Unit Operator upon receipt of invoices therefor. Such payments, when received by Unit Operator, shall be paid by it to the Party owning such excluded interest.

13.5 OWNERSHIP OF WELLS AND TANGIBLE PROPERTY. From and after the effective date of a resulting area, all useable wells within such resulting area and all tangible property serving such resulting area shall be owned by the Parties within such area on an Acreage Basis, except that (a) in the case of tangible property serving a participating area or participating areas in addition to the resulting area, only that undivided interest therein which is proportionate to that portion of the value thereof which is included in the adjustment above provided for shall be owned by the Parties within the resulting area on an Acreage Basis, and (b) if a Party within the resulting area was a Non-Drilling Party for a well which is a useable well within such resulting area on the effective date thereof, and if the relinquished interest of such Non-Drilling Party in such well has not reverted to it prior to such effective date, the Drilling Party for such well shall own the interest therein that would otherwise be owned by such Non-Drilling Party, until reversion to such Non-Drilling Party of its relinquished interest in such well; all, however, subject to Section 13.1.

13.6 RELINQUISHED INTERESTS OF NON-DRILLING PARTIES. If the interest relinquished by a Non-Drilling Party in a well which is a useable well within a resulting area on the effective date thereof has not reverted to it prior to such effective date then insofar, and only insofar, as relates to such well, the adjustments provided for in Section 13.3 shall be subject to the following provisions, wherein the sum of the intangible value of such well, plus the value of the tangible property in or pertaining thereto, is referred to as the "value" of such well:

A. The Drilling Party for such well shall be charged with that part of the value of the well that would otherwise be chargeable to such Non-Drilling Party in respect of (1) such Non-Drilling Party's Committed Working Interest or Interests in the participating area in which the well was Drilled, as such participating area existed when the Drilling of the well was commenced, if the well was Drilled as a Development Well, or (2) the Committed Working Interest or Interests of such Non-Drilling Party which entitled it to participate in the Drilling, Deepening, Plugging Back, or Completion of the well, if it was Drilled, Deepened, Plugged Back or Completed otherwise than as a Development Well. However, such Non-Drilling Party shall be charged with such part, if any, of the value of such well as is chargeable to it, in accordance with Subdivisions A and B of Section 13.3, in respect of its Committed Working Interests other than those referred to in (1) or (2) above.

B. If that part of the value of such well which would have been credited to such Non-Drilling Party, if the well had been Drilled, Deppened, Plugged Back or Completed for the account of all Parties entitled to participate therein, exceeds the amount provided in Subdivision A above to be charged against the Drilling Party, such excess shall be applied against the reimbursement to which the Drilling Party is entitled out of Production that would otherwise accrue to such Non-Drilling Party. Any balance of such excess over the amount necessary to complete such reimbursement shall be credited to such non-Drilling Party.

ARTICLE 14

SUPERVISION OF OPERATIONS BY PARTIES

14.1 RIGHT OF SUPERVISION. Each operation conducted by Unit Operator under this agreement or the Unit Agreement shall be subject to supervision and control in accordance with the succeeding provisions of this article by the Parties who are chargeable with the Costs thereof.

14.2 VOTING CONTROL. In the supervision of an operation conducted by Unit Operator, the Parties chargeable with the Costs of such operation shall have the right to vote thereon in proportion to their respective obligations for such Costs. The Parties having the right to vote on any other matter shall vote thereon on an Acreage Basis. Except as provided in the Unit Agreement and except as otherwise specified herein (particular reference being made to Section 25.1, Consent Required to Commence Secondary Recovery and Pressure Maintenance; Section 27.1, Surrender or Release within Participating Area, and that portion of Part 2, Exhibit 4 relating to Abandonment of producing wells outside of a participating area), the affirmative vote of Parties having sixty-five per cent (65%) or more of the voting power on any matter which is proper for action by them shall be binding on all Parties entitled to vote thereon; provided, however, that if one Party voting in the affirmative has sixty-five percent (65%) or more but less than seventy-five percent (75%) of the voting power, the affirmative vote of such Party shall not be binding on the Parties entitled to vote thereon unless its vote is supported by the affirmative vote of at least one additional Party; and provided further, that if one Party voting in the negative or failing to vote has more than thirty-five percent (35%) but less than forty-five percent (45%) of the voting power, the affirmative vote of the Parties or a single Party (without support of another Party) having a majority of the voting power shall be binding on all Parties entitled to vote unless there is a negative vote of at least one additional Party. In the event only two Parties are entitled to vote, the vote of the one with the greater interest shall prevail. If only one Party is entitled to vote, such Party's vote shall control. A Party failing to vote shall not be deemed to have voted either in the affirmative or negative. Any Approval or Direction provided for in this agreement which receives the affirmative vote above specified shall be deemed given by and shall be binding on all Parties entitled to vote thereon, except where the vote of a larger percentage is specifically required.

14.3 MEETINGS. Any matter which is proper for consideration by the Parties or any of them, may be considered at a meeting held for that purpose. A meeting may be called by Unit Operator at any time and a meeting shall be called by Unit Operator upon written request of any Party or Parties having ten percent (10%) or more of the voting power on each matter to be considered at the meeting. At least ten days in advance of each meeting, Unit Operator shall give each Party entitled to vote thereat written notice of the time, place and purpose of the meeting.

14.4 ACTION WITHOUT MEETING. In lieu of calling a meeting, Unit Operator may submit any matter which is proper for consideration by the Parties, or any of them, by giving to each such Party written notice by mail or telegraph (or telephone confirmed in writing not later than the next business day), describing in adequate detail the matter so submitted. Each Party entitled to vote on any matter so submitted shall communicate its vote thereon to Unit Operator by mail or telegraph (or telephone, confirmed in writing not later than the next business day), within such period as may be designated in the notice given by Unit Operator (which period shall not be less than ten days nor more than thirty days), provided, however, that if within ten days after submission of such matter, request is made for a meeting in accordance with Section 14.3, such matter shall be considered only at a meeting called for that purpose. If a meeting is not required, then, at the expiration of the period designated in the notice given by it, Unit Operator shall give to each Party entitled to vote thereon written notice stating the tabulation and result of the vote.

14.5 REPRESENTATIVES. Promptly after execution of this agreement, each Party by written notice to all other Parties shall designate a representative authorized to vote for such Party, and may designate an alternate who is authorized to vote for such Party in the absence of its representative. Any such designation of a representative or alternate representative may be revoked at any time by written notice given to all other Parties, provided such notice designates a new representative or alternate representative, as the case may be. In addition, any corporate Party may vote through its President, or any of its Vice Presidents, and a Party which is a partnership may vote through any of its partners.

14.6 AUDITS. An audit shall be made of Unit Operator's records and books of account pertaining to operations hereunder whenever the making of such audit receives the Approval of the Parties (other than the Party acting as Unit Operator) chargeable with the Costs incurred during the period covered by the audit, except that such audit shall not be made more often than once each six months. Such audit shall be made by auditors in the employ of said Parties, and the allowance to be made to each Party furnishing an auditor shall be determined by the Approval of said Parties; such allowances shall be paid by said Parties in proportion to their respective participations among themselves in Costs incurred during the period covered by the audit. Audits other than those receiving the Approval of the Parties may be made at the sole cost and expense of a Party owning a Committed Working Interest at intervals not less than twelve (12) months following a previous audit.

14.7 EXTRANEIOUS PROJECTS. Nothing contained in this agreement shall be deemed to authorize the Parties, by vote or otherwise, to act on any matter or authorize any expenditure unless such matter or expenditure relates to the conduct of operations authorized by the Unit Agreement or this agreement.

ARTICLE 15

UNIT OPERATOR'S POWERS AND RIGHTS

15.1 IN GENERAL. Subject to the limitations provided for in this agreement, all operations authorized by the Unit Agreement and this agreement shall be managed and conducted by Unit Operator. Unit Operator shall have exclusive custody of all materials, equipment and any other property used in connection with any operation on the Unit Area.

15.2 EMPLOYEES. All individuals employed by Unit Operator in the conduct of operations hereunder shall be the employees of Unit Operator alone, and their working hours, rates of compensation and

all other matters relating to their employment shall be determined solely by Unit Operator.

15.3 NON-LIABILITY. Unit Operator shall not be liable to any other Party for anything done or omitted to be done by it in the conduct of operations hereunder except in case of bad faith.

15.4 FORCE MAJEURE. The obligations of Unit Operator hereunder shall be suspended to the extent that, and only so long as, performance thereof is prevented by fire, action of the elements, strikes or other differences with workmen, acts of civil or military authorities, acts of the public enemy, restrictions or restraints imposed by law or by regulation or order of governmental authority, whether federal, state or local, inability to obtain necessary rights of access, or any other cause reasonably beyond control by Unit Operator, whether or not similar to any cause above enumerated. Whenever performance of its obligations is prevented by any such cause, Unit Operator shall give notice thereof to the other Parties as promptly as reasonably possible.

15.5 LIEN. Each of the other Parties hereby grants to Unit Operator a lien upon its Committed Working Interests, its interest in all jointly owned materials, equipment and other property and its interest in all Production, as security for payment of Costs chargeable to it, together with any interest payable thereon. Unit Operator shall have the right to bring any action at law or in equity to enforce collection of such indebtedness with or without foreclosure of such lien. In addition, upon default by any Party in the payment of Costs chargeable to it, Unit Operator shall have the right to collect and receive from the purchaser or purchasers thereof the proceeds of such Party's share of Production, up to the amount owing by such Party plus interest at the rate of seven percent (7%) per annum until paid; each such purchaser shall be entitled to rely on Unit Operator's statement concerning the existence and amount of any such default.

15.6 ADVANCES. Unit Operator, at its election, shall have the right from time to time to demand and receive from the other Parties chargeable therewith payment in advance of their respective shares of the estimated amount of Costs to be incurred during any month, which right may be exercised only by submission to each such Party of a properly itemized statement of such estimated Costs, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated Costs for any month shall be submitted on or about the twentieth (20th) day of the next preceding month. The amount of each such invoice shall be payable within fifteen (15) days after the mailing thereof, and thereafter shall bear interest at the rate of seven percent (7%) per annum until paid. Proper adjustment shall be made monthly between such advances and Costs, to the end that each Party shall bear and pay its proportionate share of Costs incurred and no more. Unit Operator may request advance payment or security for the total estimated Costs to be incurred in a particular Drilling, Deepening or Plugging Back operation and notwithstanding any other provision of this agreement shall not be obligated to commence such operation unless and until such advance payment is made or Unit Operator is furnished security acceptable to it for the payment thereof by the Party or Parties chargeable therewith.

15.7 USE OF UNIT OPERATOR'S DRILLING EQUIPMENT. Any Drilling, Deepening or Plugging Back operation conducted hereunder may be conducted by Unit Operator by means of its own tools and equipment provided that the rates to be charged and the applicable terms and conditions are set forth in a form of drilling contract which receives the Approval of the Party or Parties chargeable with the Costs incurred in such operation, except that in any case where the Unit Operator alone constitutes the Drilling Party, such form shall receive the approval of the Parties within the participating area, or other designated area for such well, prior to the commencement of such operation.

15.8 RIGHTS AS PARTY. As an owner of Committed Working Interest, the Party acting as Unit Operator shall have the same rights and obligations hereunder as if it were not the Unit Operator. In each instance where this agreement requires or permits a Party to give a notice, consent or approval to the Unit Operator, such notice, consent or approval shall be deemed properly given by the Party acting as Unit Operator if and when given to all other Parties entitled to give or receive such notice, consent or approval.

ARTICLE 16

UNIT OPERATOR'S DUTIES

16.1 SPECIFIC DUTIES. In the conduct of operations hereunder, Unit Operator shall:

A. DRILLING OF WELLS. Drill, Deepen or Plug Back a well or wells only in accordance with the provisions of this agreement.

B. COMPLIANCE WITH LAWS AND AGREEMENTS. Comply with the provisions of the Unit Agreement, all applicable laws and governmental regulations (whether federal, state or local) and Directions by the Parties pursuant to this agreement; in case of conflict between such Directions and the provisions of the Unit Agreement or such laws or regulations, the provisions of the Unit Agreement or such laws or regulations shall govern.

C. CONSULTATION WITH PARTIES. Consult freely with the Parties within the area affected by any operation hereunder, and keep them advised of all matters arising in operations hereunder which Unit Operator deems important, in the exercise of its best judgment.

D. PAYMENT OF COSTS. Pay all Costs incurred in operations hereunder promptly as and when due and payable, and keep the Committed Working Interests and all property used in connection with operations under this agreement free from liens which may be claimed for the payment of such Costs, except any such lien which it disputes, in which event Unit Operator may contest the disputed lien upon giving written notice thereof to the Parties affected thereby.

E. RECORDS. Keep full and accurate records of all Costs incurred, and controllable materials and equipment, which records, and receipts and vouchers in support thereof, shall be available for inspection by authorized representatives of the other Parties at reasonable intervals during usual business hours at the office of Unit Operator.

F. INFORMATION. Furnish to each of the other Parties who makes timely written request therefor (1) copies of Unit Operator's authorizations for expenditure or itemizations of estimated expenditures in excess of five thousand dollars (\$5,000.00), (2) copies of all drilling reports, well logs, basic engineering data, tank tables, gauge reports and run tickets, (3) reports of stock on hand at the first of each month, and (4) samples of cores or cuttings taken from wells Drilled hereunder, to be delivered at the well in containers furnished by the Party requesting same, and (5) such other and additional information or reports as may be required by Direction of the Parties within the area affected.

G. ACCESS TO UNIT AREA. Permit each of the other Parties, through its duly authorized employees or agents,

but at such Party's sole risk and expense, to have access to the Unit Area at all times, and to the derrick floor of each well Drilled or being Drilled hereunder, for the purpose of observing operations conducted hereunder and inspecting materials, equipment or other property used in connection with operations under this agreement, and to have access at reasonable times to information and data in the possession of Unit Operator concerning the Unit Area.

16.2 INSURANCE.

A. UNIT OPERATOR'S. Unit Operator shall comply with the Workmen's Compensation Law of the State of New Mexico. Unit Operator shall also maintain in force at all times with respect to operations hereunder such other insurance, if any, as may be required by law. In addition, Unit Operator shall maintain such other insurance, if any, as is described in Exhibit 5 hereto attached or as receives the Approval of the Parties from time to time. Unit Operator shall carry no other insurance for the benefit of the Parties except as above specified. Upon written request of any Party, Unit Operator shall furnish evidence of insurance carried by it with respect to operations hereunder.

B. CONTRACTOR'S. Unit Operator shall require all contractors engaged in operations under this agreement to comply with the Workmen's Compensation Law of the State of New Mexico and to maintain such insurance as is required by Direction of the Parties.

C. AUTOMOTIVE EQUIPMENT. In the event Automobile Public Liability insurance is specified in said Exhibit 5 or subsequently receives the Approval of the Parties, no direct charge shall be made by Unit Operator for premiums paid for such insurance for Operator's fully owned automotive equipment.

16.3 NON-DISCRIMINATION. In connection with the performance of work under this agreement, the Unit Operator agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising, layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Unit Operator agrees to post hereafter in conspicuous places, available for employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of the non-discrimination clause.

The Unit Operator agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

16.4 DRILLING CONTRACTS. Each Drilling, Deepening or Plugging Back operation conducted hereunder, and not performed by Unit Operator with its own tools and equipment in accordance with Section 15.7 dealing with Use of Unit Operator's Drilling Equipment, shall be performed by a reputable drilling contractor having suitable equipment and personnel under written contract between Unit Operator and the contractor, at the most favorable rates and on the most favorable terms and conditions bid by any such contractor after soliciting bids, if bids are obtainable, but otherwise at rates and on terms and conditions receiving the Approval of the Parties.

16.5 UNINSURED LOSSES. Any and all payments made by Unit Operator in the settlement or discharge of any liability to third persons (whether or not reduced to judgment) arising out of an

operation conducted hereunder and not covered by insurance herein provided to be maintained by Unit Operator shall be charged as Costs and borne by the Party or Parties for whose account such operation was conducted.

ARTICLE 17

LIMITATIONS ON UNIT OPERATOR

17.1 SPECIFIC LIMITATIONS. In the conduct of operations hereunder, Unit Operator shall not, without first obtaining the Approval of the Parties:

A. CHANGE IN OPERATIONS. Make any substantial change in the basic method of operation of any well, except in the case of an emergency.

B. LIMIT ON EXPENDITURES. Undertake any project reasonably estimated to require an expenditure in excess of ten thousand dollars (\$10,000.00); provided, however, that (1) Unit Operator is authorized to make all usual and customary operating expenditures that are required in the normal course of producing operations, (2) whenever Unit Operator is authorized to conduct a Drilling, Deepening or Plugging Back operation, or to undertake any other project, in accordance with this agreement, Unit Operator shall be authorized to make all reasonable and necessary expenditures in connection therewith and (3) in case of emergency, Unit Operator may make such immediate expenditures as may be necessary for the protection of life or property, but notice of such emergency shall be given to all other Parties as promptly as reasonably possible.

C. PARTIAL RELINQUISHMENT. Make any partial relinquishment of its rights as Unit Operator or appoint any sub-operator.

D. SETTLEMENT OF CLAIMS. Pay in excess of five hundred dollars (\$500.00) in the settlement of any claim (other than Workmen's Compensation claims) for injury to or death of persons, or for loss of or damage to property.

E. DETERMINATIONS. Make any of the determinations provided in the Unit Agreement to be made by Unit Operator, except as otherwise specified in this agreement.

ARTICLE 18

TITLES

18.1 REPRESENTATIONS OF OWNERSHIP. Each Party represents to all other Parties that to the best of its knowledge and belief its ownership of Working Interests in the Unit Area is that set out in Exhibit B of the Unit Agreement. If it develops that any such ownership is incorrectly stated, the rights and responsibilities of the Parties shall be governed by the provisions of this Article 18, but such erroneous statement shall not be a cause for cancelling or terminating this agreement.

18.2 TITLE PAPERS TO BE FURNISHED.

A. LEASE PAPERS. Each Party, after executing this agreement, shall upon request promptly furnish Unit Operator, and any other Party requesting same, with photostatic copies of all leases, assignments, options and other contracts which it has in its possession relating to its Committed Working Interests.

B. TITLE PAPERS.

1. Abstracts of title based upon the county records certified to current date.
2. All lease papers, or photostatic copies thereof, mentioned in Section 18.2A which the Party has in its possession, and which have not been previously furnished to Unit Operator.
3. Copies of any title opinions which the Party has in its possession.
4. If federal lands are involved, status reports of current date setting forth the entries found in the district land office and the Washington, D.C. land office of the Bureau of Land Management for the lands involved, and also a certified copy of the serial register for the federal leases involved.
5. If state lands are involved, status reports of current date showing the entries pertaining to the land involved found in the records of such state.
6. If Indian lands are involved, status reports for the land involved showing the entries found in the office of the Superintendent of the Indian Agency and the area office for such Indian lands and in the Bureau of Indian Affairs in Washington, D.C.

C. TITLE PAPERS FOR SUBSEQUENT WELLS. Any Party who proposes the Drilling of a Subsequent Test Well or Exploratory Well shall, at the time of giving notice for such proposed well, designate a title examination area not exceeding 800 acres and not including any lands within a participating area. When the drilling of a Development Well receives the Approval of the Parties within the participating area in which it is located, a title examination area which covers lands outside any participating area may be designated by the Approval of such Parties. Each Party within any such title examination area shall at its own expense and upon request furnish Unit Operator with the title materials listed in Section 18.2B not previously furnished, relating to all lands within such area in which it owns Committed Working Interests.

D. TITLE PAPERS ON ESTABLISHMENT OR ENLARGEMENT OF A PARTICIPATING AREA. Upon the establishment or the enlargement of a participating area, each Party shall promptly at its own expense furnish Unit Operator all the title material listed in Section 18.2B relating to all its Committed Working Interests in the lands lying within such participating area as established or enlarged.

18.3 TITLE EXAMINATION. Promptly after all title papers delivered pursuant to Section 18.2B, C or D have been received, Unit Operator shall deliver such title papers to an attorney or attorneys approved by the Parties. Unit Operator shall arrange to have the same examined promptly by such attorney or attorneys and shall distribute copies of title opinions to all Parties as soon as they are received. After a title examination has been completed and a reasonable time, not exceeding thirty days, has been allowed for any necessary curative work, Unit Operator shall submit to each Party copies of title opinions and a report concerning the title examination with written recommendation for approval or disapproval of the title to each Committed Working Interest involved, and thereafter the Parties shall advise Unit Operator in writing within fifteen days after receipt of such title opinions or reports of approval or disapproval of titles.

18.4 OPTION FOR ADDITIONAL TITLE EXAMINATION. Any Party who furnished materials for title examination pursuant to Section 18.2B, C or D shall have the right to examine all materials furnished Unit Operator. If such additional title examination is elected, it shall be at the sole cost and expense of the Party electing to perform the same and such Party shall bear any expense which may be necessary to reproduce title materials for its use, if required. Whether or not such additional title examination is elected, each Party shall have the right to approve or disapprove title according to the provisions of this Article 18.

18.5 EXPENSE OF TITLE EXAMINATION AND CURATIVE WORK. All expenses incurred at the direction of the Unit Operator in examination of titles to an area designated pursuant to Section 18.2 shall be charged as Costs incurred in Drilling the well for which title examination is made and all expenses incurred in examination of titles upon establishment or enlargement of a participating area shall be charged as Costs incurred in the operation of such participating area as established or enlarged. Such curative work as is performed to meet title requirements concerning a Committed Working Interest shall be performed by and at the expense of the Party claiming such interest.

18.6 WITHDRAWAL FROM DRILLING PARTY. Any Party included in the Drilling Party for a well for which title examination is made as above provided, who has disapproved title to a Committed Working Interest which has been examined in connection with the Drilling of such well may withdraw from the Drilling Party by giving written notice of such withdrawal to all other Parties included in the Drilling Party within fifteen days after the recommendation of the Unit Operator on a title examination made in connection with the Drilling of the well, and the drilling of such well shall not be commenced until the expiration of said fifteen day period.

In the event any Party so withdraws, the proposed well shall not be drilled unless within fifteen days after the giving of such notice of withdrawal, a Party or Parties included in the Drilling Party agrees in writing to bear that proportion of the Costs incurred in Drilling such well that would have been borne by the withdrawing Party.

18.7 APPROVAL OF TITLES ON ESTABLISHMENT OR ENLARGEMENT OF A PARTICIPATING AREA. Within fifteen days after the receipt of the recommendation of the Unit Operator on title examination made upon the establishment or enlargement of a participating area, each Party within the participating area as established or enlarged shall notify each of the other Parties therein whether it accepts or rejects title to each Committed Working Interest within such participating area as established or enlarged. Any Party rejecting title shall state the reasons therefor in writing.

If title to a Committed Working Interest is rejected by any Party by notice given as above provided, the Parties within the participating area as established or enlarged shall vote in accordance with Article 14 dealing with Supervision of Operations by Parties, on the Approval of such title. If, on such vote, the title receives the Approval of the Parties, such title shall be deemed Approved; if not, it shall be deemed disapproved. If no Party has rejected title to a Committed Working Interest by notice given as above provided, then title to such interest shall be deemed Approved without vote of the Parties.

18.8 EFFECT OF DISAPPROVAL OF TITLE ON ESTABLISHMENT OR ENLARGEMENT OF PARTICIPATING AREA. If title to the Committed Working Interest in a tract within a participating area is disapproved as provided in Section 18.7, the Party claiming such Committed Working Interest may, within thirty days after such disapproval, provide indemnity in such terms and in such amount as receives the Approval of the Parties (other than the indemnifying Party) within such participating area, on an Acreage Basis among themselves. In the

absence of such indemnity, the proceeds of the Production from such tract or of the Production allocated thereto (whichever is the greater) to the extent attributable to such Committed Working Interest, after deducting Lease Burdens payable thereon, shall be paid to Unit Operator and held in suspense until title to such Committed Working Interest receives the Approval of the Parties within such participating area or until such time as such Committed Working Interest is lost through title failure; provided, however, that Unit Operator shall apply such proceeds in payment of Costs incurred in the development or operation of such participating area to the extent chargeable in respect of such Committed Working Interest.

18.9 FAILURE OF TITLE TO COMMITTED WORKING INTEREST. If Title to a Committed Working Interest fails in whole or in part, such Committed Working Interest shall no longer be subject to this agreement and the following provisions shall apply:

A. LOSS OF PRODUCTION. The Party whose title has failed shall not be entitled to receive, after the date of such title failure, any Production that would otherwise accrue to such interest. If Unit Operator holds in suspense in accordance with Section 18.8 the proceeds of any Production on account of such Committed Working Interest, such proceeds shall be distributed either to the Parties or to others as their respective interests may appear.

B. LOSS OF OWNERSHIP IN WELLS AND PROPERTY. Such interest as the Party claiming such Committed Working Interest may have in wells, materials, equipment and other property on account of such Committed Working Interest shall pass to and vest in the other Parties owning the same in proportion to their respective interests therein among themselves.

C. LIABILITIES TO THIRD PARTIES. Any liability to account to third parties for prior production of Unitized Substances which arises by reason of such title failure shall be borne by the Parties in the same proportions in which they shared in such prior Production. Any and all other liabilities to third parties shall be borne by the Party claiming the Committed Working Interest title to which has failed.

D. REIMBURSEMENT FOR INVESTMENT. If at the time of such title failure the tract affected thereby is within a participating area, the Party whose Committed Working Interest therein has been lost shall be credited with the same amount as would be credited to it for the interest owned by it, by reason of such Committed Working Interest, in useable wells and tangible property within such participating area (Other than useable wells and tangible property located on the tract affected by the title failure, to the extent affected by the title failure) is at such time an investment adjustment were made for the participating area in accordance with Section 13.3 dealing with Method of Adjustment. If the amount so credited is in excess of the proceeds or market value of that portion of the Production from such participating area which was received by such Party prior to the title failure, by reason of such Committed Working Interest after deducting Lease Burdens paid in respect of said portion, then after such title failure such Party shall (1) be entitled to that portion of the Production from such participating area as then constituted or thereafter revised which it would have received had title to such Committed Working Interest not failed, less Lease Burdens payable on said portion, and (2) be charged with a like portion of its Costs incurred in the operations of wells within such participating area, until such time as the proceeds or market value of said portion of Production, less

said portion of operating Costs, shall equal such excess; provided, however, that such Party shall not have any voice in the conduct or supervision of operations within such participating area or in any revision of such participating area other than such as it may be entitled to by reason of ownership of Committed Working Interests within the participating area that are not affected by the title failure.

18.10 JOINDER BY TRUE OWNER. A true owner of a working interest title to which has failed may join in this Agreement or enter upon a separate operating agreement with the Parties to this agreement upon such terms and conditions as receive the Approval of the Parties within the Unit Area.

ARTICLE 19

UNLEASED INTERESTS

Agreement is silent as to unleased interests.

ARTICLE 20

RENTALS AND LEASE BURDENS

20.1 RENTALS. Each Party shall be obligated to pay any and all rentals and other sums (other than Lease Burdens) payable upon or in respect of its Committed Working Interests, subject, however, to the right of each Party to surrender any of its Committed Working Interest in accordance with Article 27. Upon request, each Party shall furnish to Unit Operator satisfactory evidence of the making of such payments. However, no Party shall be liable to any other Party for unintentional failure to make any such payments provided it has acted in good faith.

20.2 LEASE BURDENS. The Party or Parties entitled to receive the Production allocated to a tract of land within a participating area shall be obligated to make any and all payments, whether in cash or in kind, accruing to any and all Lease Burdens, net profits interests, carried interests and any similar interest payable in respect of such Production or the proceeds thereof, except as provided in Article 22 dealing with Withdrawal of Tracts and Uncommitted Interests. The Party or Parties entitled to receive the Production from a well completed as a producer but not included within a participating area shall be obligated to pay all Lease Burdens payable in respect of such Production and each such Party shall be obligated to pay any net profits interest, carried interest and similar interests payable in respect of its share of such production.

20.3 LOSS OF COMMITTED WORKING INTEREST. If a Committed Working Interest is lost through failure to make any payment above provided to be made by the Party owning the same, such loss shall be borne entirely by such Party; provided, however, if the Committed Working Interest so lost covers land within a participating area the provisions of Subdivisions A, B, C and D of Section 18.9 dealing with Failure of Title to Committed Working Interest shall apply.

ARTICLE 21

TAXES

21.1 PAYMENT. Any and all ad valorem taxes payable upon the Committed Working Interests (and upon Lease Burdens which are not payable by the owners thereof) or upon materials, equipment, or other property acquired and held by Unit Operator hereunder, and any and all taxes (other than income taxes) upon or measured by Unitized

Substances produced from the Unit Area which are not payable by the purchaser or purchasers thereof or by the owner of Lease Burdens, shall be paid by Unit Operator as and when due and payable.

21.2 APPORTIONMENT. Taxes upon materials, equipment and other property acquired and held by Unit Operator hereunder shall be charged to and borne by the Parties owning the same in proportion to their respective interests therein. All other taxes paid by Unit Operator shall be charged to and borne by the Parties in proportion to their ownership in the Committed Working Interests or Unitized Substances (as the case may be) upon which or in respect of which such taxes are paid. All reimbursements from owners of Lease Burdens, whether obtained in cash or by deduction from Lease Burdens, on account of any taxes paid for such owners shall be paid or credited to the Parties in the same proportions as such taxes were charged to such Parties.

21.3 TRANSFER OF INTERESTS. In the event of a transfer by one Party to another under the provisions of this agreement of any Committed Working Interest or of any interest in any well or in the materials and equipment in any well, or in the event of the reversion of any relinquished interest as in this agreement provided the taxes above mentioned assessed against the interest transferred or reverted for the taxable period in which such transfer or reversion occurs shall be apportioned between such Parties so that each shall bear the percentage of such taxes which is proportionate to that portion of the taxable period during which it owned such interest.

21.4 NOTICES AND RETURNS. Each Party shall promptly furnish Unit Operator with copies of notices, assessments, levies or tax statements received by it pertaining to the taxes to be paid by Unit Operator. Unit Operator shall make such returns, reports and statements as may be required by law in connection with any taxes above provided to be paid by it and shall furnish copies to the parties upon request. It shall notify the Parties of any tax which it does not propose to pay before such tax becomes delinquent.

ARTICLE 22

WITHDRAWAL OF TRACTS AND UNCOMMITTED INTERESTS

22.1 LIMITATION ON RIGHT OF WITHDRAWAL. Not less than five days before filing the Unit Agreement for final Departmental approval, Unit Operator shall notify each Party in writing of intention to file, specifying in such notice, to the best of Unit Operator's knowledge, the status of ownership of unitized lands and Lease Burdens on Production therefrom. If the owner of any substantial interest in a tract within the Unit Area has then failed or refused to join in the Unit Agreement, the Party or Parties owning Committed Working Interests in such tract shall have the right to withdraw such tract from the Unit Area in accordance with the Unit Agreement; provided, however, that such right shall not be exercised until after at least ten days prior written notice to all other Parties within the Unit Area and such right shall not be exercised if within said period of ten days the non-withdrawal of such tract receives the Direction of the Parties who at the time of the giving of such notice have executed this agreement.

22.2 THE EFFECT OF NON-WITHDRAWAL AT DIRECTION OF PARTIES. If the non-withdrawal of a tract receives the Direction of the Parties as above provided and if such tract is included within a participating area, the following provisions shall apply:

A. Any and all payments and liabilities to the owners of uncommitted interests in such tract that are in excess of the payments that would accrue to such owners had they executed the Unit Agreement shall be borne and shared on an

Acreage Basis by the Parties within the participating area in which the tract is located.

B. If the payments that would accrue to the owners of uncommitted interests in such tract if they had joined in the Unit Agreement are in excess of the payments actually accruing to them such excess shall be shared by all Parties within the participating area on an Acreage Basis.

22.3 VOLUNTARY NON-WITHDRAWAL. If the Party or Parties owning Committed Working Interests in a tract voluntarily fails to exercise the right to withdraw such tract in accordance with the Unit Agreement, all payments and liabilities accruing to the owners of uncommitted interests in such tract shall be paid and borne by such Party or Parties.

ARTICLE 23

COMPENSATORY ROYALTIES

23.1 NOTICE. Whenever demand is made in accordance with the Unit Agreement for the payment of compensatory royalties, Unit Operator shall give written notice thereof to each Party affected by the demand, as hereinafter provided.

23.2 DEMAND FOR FAILURE TO DRILL A DEVELOPMENT WELL. If the demand for compensatory royalty results from the failure to Drill a Development Well and such well is not Drilled, then Unit Operator shall pay such compensatory royalty. Such payment shall be charged as Costs incurred in operations within such participating area.

23.3 DEMAND FOR FAILURE TO DRILL A WELL OTHER THAN A DEVELOPMENT WELL. If the demand for compensatory royalty results from the failure to Drill a well other than a Development Well and an election to Drill in order to avoid payment of Compensatory Royalties is not made by any Party owning a Committed Working Interest in the tract upon which such a well may be Drilled, then Unit Operator shall pay such compensatory royalty. Such payment shall be chargeable to and borne by the Parties who would be obligated to bear the Costs of such well if the well were Drilled as a Required Well in accordance with Section 10.4B.

ARTICLE 24

SEPARATE MEASUREMENT AND SALVAGE

24.1 SEPARATE MEASUREMENT. If a well completed as a producer of Unitized Substances is in or included in a participating area but is not owned on an Acreage Basis by all the Parties within such participating area and if, within thirty days after request by any interested Party, a method of measuring the Production from such well without necessitating additional facilities does not receive the Approval of the Parties, then Unit Operator shall install such additional tankage, flow lines or other facilities for separate measurement of the Unitized Substances produced from such well as Unit Operator may deem suitable. The Costs of such facilities for separate measurement shall be charged to and borne by the Drilling Party for such well and treated as Costs incurred in operating such well notwithstanding any other provisions of this agreement.

24.2 SALVAGED MATERIALS. If any materials and equipment are salvaged from a well completed as a producer after being Drilled, Deepened or Plugged Back otherwise than for the account of all the Parties entitled to participate therein before reversion to the Non-Drilling Parties of their relinquished interests in the well, the proceeds derived from sale thereof, or, if not sold, the Salvage

value thereof, shall be treated in the same manner as proceeds of Production from such well for the purpose of determining reversion to Non-Drilling Parties of their relinquished interests in such well.

ARTICLE 25

SECONDARY RECOVERY AND PRESSURE MAINTENANCE

25.1 CONSENT REQUIRED. Unit Operator shall not undertake any program of secondary recovery or pressure maintenance involving injection of gas, water or other substance by any method, whether now known or hereafter devised, without first obtaining the consent of not less than two Parties in the aggregate owning not less than sixty-five per cent (65%) of the Committed Working Interests on an Acreage Basis in the participating area affected by any such program. After the Parties have voted to undertake a program of secondary recovery or pressure maintenance in accordance with this section, the conduct of such a program shall be subject to supervision by the Parties by vote as set forth in Article 14.

25.2 ABOVE GROUND FACILITIES. This agreement shall not be deemed to require any Party to participate in the construction or operation of any gasoline plant, sulphur recovery plant, dewaxing plant or other above ground facilities to process or otherwise treat Production, other than such facilities as may be required for treating Production in ordinary lease operations and such facilities as may be required in the conduct of operations authorized under Section 25.1.

ARTICLE 26

TRANSFERS OF INTEREST

26.1 SALE BY UNIT OPERATOR. If Unit Operator sells all its Committed Working Interests, it shall resign and a new Unit Operator shall be selected as provided in the Unit Agreement.

26.2 ASSUMPTION OF OBLIGATIONS. No transfer of any Committed Working Interests shall be effective unless the same is made expressly subject to the Unit Agreement and this agreement and the transferee agrees in writing to assume and perform all obligations of the transferor under the Unit Agreement and this agreement insofar as relates to the interest assigned, except that such assumption of obligations shall not be required in case of a transfer by mortgage or deed of trust as security for indebtedness.

26.3 EFFECTIVE DATE. A transfer of Committed Working Interests shall not be effective as between the Parties until the first day of the month next following the delivery to Unit Operator of the original or a certified copy of the instrument of transfer conforming to the requirements of Section 26.2. In no event shall a transfer of Committed Working Interests relieve the transferring Party of any obligations accrued hereunder prior to said effective date, for which purpose any obligation assumed by the transferor to participate in the Drilling, Deepening or Plugging Back of a well prior to such effective date shall be deemed an accrued obligation.

ARTICLE 27

RELEASE FROM OBLIGATIONS AND SURRENDER

27.1 SURRENDER OR RELEASE WITHIN PARTICIPATING AREA. A Committed Working Interest covering land within a participating area shall not be surrendered except with the consent of all Parties

within such participating area. However, a Party who owns a Committed Working Interest in land within a participating area and who is not at the time committed to participate in the Drilling, Deepening or Plugging Back of a well within such participating area may be relieved of further obligations of any particular Committed Working Interest or Interests with respect to such participating area as then constituted by executing and delivering to Unit Operator an assignment conveying to all other Parties within such participating area the particular Committed Working Interest or Interests owned by such Party in lands within the participating area, together with the specific interest of such Party's Committed Working Interest in any and all wells, materials, equipment and other property applicable to such surrendered interest or interests.

27.2 PROCEDURE ON SURRENDER OUTSIDE PARTICIPATING AREA. Whenever a Party desires to surrender its Committed Working Interest in any tract which is not within any participating area, such Party shall give to all other Parties written notice thereof describing such Committed Working Interest. The Parties receiving such notice, or any of them, shall have the right at their option to take from the Party desiring to surrender an assignment of such Committed Working Interest by giving to the Party desiring to surrender written notice of election so to do within thirty days after receipt of the notice of the desire to surrender. If such election is made as above provided, the Party or Parties taking the assignment (which shall be taken by them in proportion to the acreage of their Committed Working Interests among themselves in the Unit Area) shall pay to the assigning Party its share of the Salvage Value of any wells owned by the Parties and then located on the land covered by such Committed Working Interest, which payment shall be made on receipt of the assignment. If no Party elects to take such assignment within such thirty day period, then the Party or Parties owning such Committed Working Interest may surrender the same if surrender thereof can be made in accordance with the Unit Agreement.

27.3 ACCRUED OBLIGATIONS. A Party making an assignment or surrender in accordance with Section 27.1 or 27.2 shall not be relieved of its liability for any obligation accrued hereunder at the time the assignment or surrender is made, or of obligation to bear its share of the Costs incurred in any Drilling, Deepening or Plugging Back operation in which such Party has elected to participate prior to the making of such assignment or surrender, except to the extent that the Party or Parties receiving such assignment shall assume, with the Approval of the Parties, any and all obligations of the assigning Party hereunder and under the Unit Agreement.

ARTICLE 28

SEVERAL, NOT JOINT LIABILITY

28.1 LIABILITY. The liability of the Parties hereunder shall be several and not joint or collective. Each Party shall be responsible only for its obligations as herein set out.

28.2 NO PARTNERSHIP CREATED. It is not the intention of the Parties to create, nor shall this agreement or the Unit Agreement be construed as creating a mining or other partnership of association between the Parties, or to render them liable as partners or associates.

28.3 ELECTION. Each of the Parties hereby elects to be excluded from the application of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954 or such portion or portions thereof as may be permitted or authorized by the Secretary of the Treasury of the United States or his delegate insofar as such Subchapter or any portion or portions thereof may be applicable to the Parties. If any present or future income tax laws of the State of New Mexico, or any future income tax law of the United States, contain, or shall

hereafter contain, provisions similar to those contained in the Subchapter of the Internal Revenue Code of 1954 above referred to under which a similar election is permitted, each of the Parties hereby elects to be excluded from the application of such laws. Accordingly, each Party hereby authorizes and directs Unit Operator to execute such an election or elections on its behalf and file the same with the proper administrative office or agency. If requested by Unit Operator, each Party agrees to execute and join in such instruments as are necessary to make such election effective.

ARTICLE 29

NOTICES

29.1 GIVING AND RECEIPT. Except as otherwise specified herein, any notice, consent or statement herein provided or permitted to be given by Unit Operator or a Party to the Parties shall be given in writing by United States mail or by telegraph, properly addressed to each Party to whom given, with postage or charges prepaid, or by delivery thereof in person to the Party to whom given; however, if delivered to a corporate Party, it shall not be deemed given unless delivered personally to an executive officer of such Party or to its representative designated pursuant to Section 14.5 dealing with Representatives. A notice given under any provision hereof shall be deemed given only when received by the Party to whom such notice is directed, except that any notice given by United States registered mail or by telegraph, properly addressed to the Party to whom given with all postage and charges prepaid, shall be deemed given to and received by the Party to whom directed forty-eight (48) hours after such notice is deposited in the United States mails or twenty-four (24) hours after such notice is filed with an operating telegraph company for immediate transmission by telegraph, and also except that a notice to Unit Operator shall not be deemed given until actually received by it.

29.2 PROPER ADDRESSES. Each Party's proper address shall be deemed to be the address set forth under or opposite its signature hereto unless and until such Party specifies another post office address within the continental limits of the United States by not less than ten days prior written notice to all other Parties.

ARTICLE 30

EXECUTED IN COUNTERPARTS AND RATIFICATION

30.1 COUNTERPARTS. This agreement may be executed in counterparts and all such counterparts taken together shall be deemed to constitute one and the same instrument.

30.2 RATIFICATION. This agreement may be executed by the execution and delivery of a good and sufficient instrument of ratification, adopting and entering into this agreement. Such ratification shall have the same effect as if the Party executing it had executed this agreement or a counterpart hereof.

ARTICLE 31

SUCCESSORS AND ASSIGNS

31.1 COVENANTS. This agreement shall be binding on and inure to the benefit of all Parties signing the same, their heirs, devisees, personal representatives, successors and assigns and their successors in interest, whether or not it is signed by all the Parties listed below. The terms hereof shall constitute a covenant running with the lands and the Committed Working Interests of the Parties.

ARTICLE 32

HEADINGS FOR CONVENIENCE

32.1 HEADINGS. The table of contents and the headings used in this agreement are inserted for convenience only, and unless used in the text of the subject section or subsection shall be disregarded in construing this agreement.

ARTICLE 33

RIGHT OF APPEAL

33.1 NOT WAIVED. Nothing contained in this agreement shall be deemed to constitute the waiver by any Party of any right it would otherwise have to contest the validity of any law or any order or regulation of governmental authority (whether federal, state or local) relating to or affecting the conduct of operations within the Unit Area or to appeal from any such order.

ARTICLE 34

SUBSEQUENT JOINDER

34.1 PRIOR TO COMMENCEMENT OF OPERATIONS. Prior to the commencement of operations under the Unit Agreement, all owners of Working Interests in the Unit Area who have joined in the Unit Agreement shall be privileged to execute or ratify this agreement.

34.2 AFTER COMMENCEMENT OF OPERATIONS. After commencement of operations under the Unit Agreement, any Working Interest in land within the Unit Area which is not then committed hereto may be committed to this agreement and to the Unit Agreement upon such reasonable terms and conditions as may receive the Approval of the Parties.

ARTICLE 35

CARRIED INTERESTS

35.1 TREATMENT OF. If any working interest shown on Exhibit B of the Unit Agreement and committed thereto is a carried working interest, such interest shall, if the carrying party executes this agreement be deemed to be, for the purpose of this agreement, a Committed Working Interest owned by the carrying party.

ARTICLE 36

EFFECTIVE DATE AND TERM

36.1 EFFECTIVE DATE. This agreement shall become effective on the effective date of the Unit Agreement except that the provisions of Section 22.1 dealing with Limitation on Right of Withdrawal shall be operative prior to such effective date.

36.2 TERM. The term of this agreement shall be the same as the term of the Unit Agreement and shall terminate concurrently therewith.

36.3 EFFECT OF TERMINATION. Termination of this agreement shall not relieve any Party of its obligations then accrued hereunder. Notwithstanding termination of this agreement the provisions hereof relating to the charging and payment of Costs and the disposition of materials and equipment shall continue in force until all materials and equipment owned by the Parties have been disposed of and until

final accounting between Unit Operator and the Parties. Termination of this agreement shall automatically terminate all rights and interests acquired by virtue of this agreement in lands within the Unit Area except such transfers of Committed Working Interests as have been evidenced by formal written instruments of transfer.

36.4 EFFECT OF SIGNATURE. When this agreement is executed by two Parties, execution by each shall be deemed consideration for execution by the other and each Party theretofore or thereafter executing this agreement shall thereupon become and remain bound hereby until the termination of this agreement. However, if the Unit Agreement does not become effective within twelve months from and after the date of this agreement, then at the expiration of said period, this agreement shall terminate.

ARTICLE 37

OTHER PROVISIONS

37.1 CLASSIFICATION OF PRODUCING WELLS AS OF THE DATE (JUNE 1, 1968) OF THIS AGREEMENT. As of June 1, 1968, the Parties recognize that two wells in the Unit Area are capable of producing oil or gas. These two wells and their classifications are:

1. BENSON-MONTIN-GREER DRILLING CORP. NO. M-5 STANDARD OF TEXAS, located 566 feet from the south line and 1604 feet from the west line of Section 5, Township 31 North, Range 13 West. In the interpretation of this Unit Operating Agreement this well shall be considered an EXPLORATORY WELL.
2. LLOYD B. TAYLOR NO. 1 VIC WALKER, located 850 feet from the north line and 1020 feet from the west line of Section 6, Township 31 North, Range 13 West. In the interpretation of this Unit Operating Agreement this well shall be considered an EXPLORATORY WELL.

37.2 This agreement shall not be construed to provide that any party is obligated to represent any other party hereto before the Federal Power Commission.

37.3 NONDISCRIMINATION: In connection with the performance of work under this agreement, the 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.

37.4 The provisions of this Agreement notwithstanding, and except as to the test well or wells provided in this Agreement, and wells required to be drilled under the expressed or implied covenants of the Oil and Gas Leases subject to this Agreement, and wells which have been proposed for a period of six months, it is hereby understood and agreed that no other wells shall be drilled upon said leases without the express written mutual consent of the parties hereto being first obtained; as to said required wells the provisions of Paragraph 12 hereof shall apply.

37.5 In the event a relinquishment of interest by a Non-Drilling Party occurs according to the provisions of this agreement as to any well and production is had from such well, the Unit Operator, or other Party conducting the operation which resulted in the relinquishment, shall furnish each Non-Drilling Party upon its request all the information referred to in Section 16.1F and in addition shall include the following:

- a. An itemized statement of the Costs of the operation in which the Non-Drilling Party did not participate; and
- b. Until reversion occurs, a monthly itemized statement of the Costs incurred in the operation of the said well, the

quantity of production therefrom, the amount of proceeds received from the sale of the same, and the Lease Burdens paid with respect to Production.

37.6 Notwithstanding anything to the contrary herein contained, it is understood and agreed that if any Party hereto should create any overriding royalty, production payment, or other burden against its working interest share of production and if any other Party or Parties should conduct non-consent operations pursuant to any provision of this agreement and as a result become entitled to receive the working interest production belonging to the Non-Consenting Party, the Consenting Party or Parties entitled to receive the working interest production of the Non-Participating Party shall receive such production free and clear of burdens against such production and the Non-Consenting Party creating such burden shall save the Consenting Party or Parties harmless with respect to the receipt of such working interest production.

IN WITNESS WHEREOF, the parties hereto have executed
this Agreement as of the day and year first above written.

UNIT OPERATOR AND WORKING INTEREST
OWNER:

BENSON-MONTIN-GREER DRILLING CORP.

ATTEST:

Assistant Secretary

By: _____
President

UNION OIL COMPANY OF CALIFORNIA

BY: _____

EXHIBIT 1

ATTACHED TO AND MADE A PART OF
THAT CERTAIN AGREEMENT ENTITLED

UNIT OPERATING AGREEMENT, LA PLATA MANCOS UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

DATED JUNE 1, 1968

DESCRIPTION OF UNIT AREA

TOWNSHIP 31 NORTH, RANGE 13 WEST

Section 4: West half
Section 5: All
Section 6: All
Section 7: All
Section 8: All
Section 9: West half

TOWNSHIP 31 NORTH, RANGE 14 West

Section 1: All
Section 11: All
Section 12: All

TOWNSHIP 32 NORTH, RANGE 13 WEST

Section 19: All
Section 20: All
Section 21: All
Section 22: All
Section 27: All
Section 28: All
Section 29: All
Section 30: All
Section 31: All
Section 32: All
Section 33: All
Section 34: North half

TOWNSHIP 32 NORTH, RANGE 14 WEST

Section 36: All

totalling 12,517.27 acres more or less

EXHIBIT " 2 "

Recommended by the
Council of Petroleum
Accountants Societies of
North America.

Attached to and made a part of that certain agreement entitled
Unit Operating Agreement, La Plata Mancos Unit Area
San Juan County, New Mexico

ACCOUNTING PROCEDURE (JOINT OPERATIONS)

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this "Accounting Procedure" is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the nonoperating parties, whether one or more.

"Joint Account" shall mean the account showing the charges and credits accruing because of the Joint Operations and which are to be shared by the Parties.

"Parties" shall mean Operator and Non-Operators.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. Conflict with Agreement

In the event of a conflict between the provisions of this Accounting Procedure and the provisions of the agreement to which this Accounting Procedure is attached, the provisions of the agreement shall control.

3. Collective Action by Non-Operators

Where an agreement or other action of Non-Operators is expressly required under this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the agreement or action of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

4. Statements and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of costs and expenses, for the preceding month. Such bills will be accompanied by statements reflecting the total charges and credits as set forth under Subparagraph B below:

A. Statement in detail of all charges and credits to the Joint Account.

B. Statement of all charges and credits to the Joint Account, summarized by appropriate classifications indicative of the nature thereof.

C. Statement of all charges and credits to the Joint Account summarized by appropriate classifications indicative of the nature thereof, except that items of Controllable Material and unusual charges and credits shall be detailed.

5. Payment and Advances by Non-Operators

Each Non-Operator shall pay its proportion of all such bills within fifteen (15) days after receipt thereof. If payment is not made within such time, the unpaid balance shall bear interest at the rate of ~~XXX~~ per cent (~~XXX~~) per annum until paid.

seven

7%

6. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operators to protest or question the correctness thereof; provided however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of the Joint Property as provided for in Section VII.

7. Audits

A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided however, the making of an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Paragraph 6 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator.

II. DIRECT CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Delay or other rentals and royalties when such rentals and royalties are paid by Operator for the Joint Account of the Parties.

2. Labor

A. Salaries and wages of Operator's employees directly engaged on the Joint Property in the conduct of the Joint Operations, and salaries or wages of technical employees who are temporarily assigned to and directly employed on the Joint Property.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to the employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III; except that in the case of those employees only a pro rata portion of whose salaries and wages are chargeable to the Joint Account under Paragraph 1 of Section III, not more than the same pro rata portion of the benefits and allowances herein provided for shall be charged to the Joint Account. Cost under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's labor cost of salaries and wages chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.

D. Reasonable personal expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and for which expenses the employees are reimbursed under Operator's usual practice.

3. Employee Benefits
Operator's current cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost; provided however, the total of such charges shall not exceed ten percent (10%) of Operator's labor costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.
4. Material
Material purchased or furnished by Operator for use on the Joint Property. So far as it is reasonably practical and consistent with efficient and economical operation, only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use; and the accumulation of surplus stocks shall be avoided.
5. Transportation
Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store or railway receiving point where like material is available, except by agreement with Non-Operators.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store or railway receiving point, except by agreement with Non-Operators. No charge shall be made to Joint Account for moving Material to other properties belonging to Operator, except by agreement with Non-Operators.

C. In the application of subparagraphs A and B above, there shall be no equalization of actual gross trucking costs of \$100 or less.
6. Services
A. The cost of contract services and utilities procured from outside sources other than services covered by Paragraph 3 of this Section II and Paragraph 2 of Section III.
- B. Use and service of equipment and facilities furnished by Operator as provided in Paragraph 5 of Section IV.
7. Damages and Losses to Joint Property
All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or any other cause, except to the extent that the damage or loss could have been avoided through the exercise of reasonable diligence on the part of Operator. Operator shall furnish Non-Operators written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.
8. Legal Expense
All costs and expenses of handling, investigating and settling litigation or claims arising by reason of the Joint Operations or necessary to protect or recover the Joint Property, including, but not limited to, attorneys' fees, court costs, cost of investigation or procuring evidence and amounts paid in settlement or satisfaction of any such litigation or claims; provided, (a) no charge shall be made for the services of Operator's legal staff or other regularly employed personnel (such services being considered to be Administrative Overhead under Section III), except by agreement with Non-Operators, and (b) no charge shall be made for the fees and expenses of outside attorneys unless the employment of such attorneys is agreed to by Operator and Non-Operators.
9. Taxes
All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.
10. Insurance Premiums
Premiums paid for insurance required to be carried on the Joint Property for the protection of the Parties.
11. Other Expenditures
Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator for the necessary and proper conduct of the Joint Operations.

III. INDIRECT CHARGES

Operator may charge the Joint Account for indirect costs either by use of an allocation of district expense items plus a fixed rate for administrative overhead, and plus the warehousing charges, all as provided for in Paragraphs 1, 2, and 3 of this Section III OR by combining all three of said items under the fixed rate provided for in Paragraph 4 of this Section III, as indicated next below:

OPERATOR SHALL CHARGE THE JOINT ACCOUNT UNDER THE TERMS OF:

- ☐ Paragraphs 1, 2 and 3. (Allocation of district expense plus fixed rate for administrative overhead plus warehousing.)
- ☐ Paragraph 4. (Combined fixed rate)

1. District Expense
Operator shall charge the Joint Account with a pro rata portion of the salaries, wages and expenses of Operator's production superintendent and other employees serving the Joint Property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Operator's office located at or near (or a comparable office if location changed), and necessary sub-offices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees if required, used in connection with the operations of the Joint Property and other properties in the same operating area. The expense of, less any revenue from, such facilities may, at the option of Operator, include depreciation of investment or a fair monthly rental in lieu of depreciation. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice.
2. Administrative Overhead
Operator shall charge administrative overhead to the Joint Account at the following rates, which charge shall be in lieu of the cost and expense of all offices of the Operator not covered by Paragraph 1 of this Section III, including salaries, wages and expenses of personnel assigned to such offices. Such charges shall be in addition to the salaries, wages and expenses of employees of Operator authorized to be charged as direct charges as provided in Paragraphs 2 and 3 of Section II.

WELL BASIS (RATE PER WELL PER MONTH)

Well Depth	DRILLING WELL RATE (Use Total Depth)	PRODUCING WELL RATE (Use Current Producing Depth)		
	Each Well	First Five	Next Five	All Wells Over Ten
.....
.....
.....

The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting, or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in this Paragraph 2 of Section III, unless such cost and expense are agreed upon between Operator and Non-Operators as a direct charge to the Joint Account.

3. Operator's Fully Owned Warehouse Operating and Maintenance Expense
(Describe fully the agreed procedure to be followed by the Operator.)

4. Combined Fixed Rates

Operator shall charge the Joint Account for the services covered by Paragraph 1, 2 and 3 of this Section III, the following fixed per well rates:

WELL BASIS (RATE PER WELL PER MONTH)

Well Depth	DRILLING WELL RATE (Use Total Depth)	PRODUCING WELL RATE (Use Current Producing Depth)		
	Each Well	First Five	Next Five	All Wells Over Ten
0-4000'	\$325.00	\$ 65.00	\$ 60.00	\$45.00
4000 - 8000'	475.00	95.00	80.00	65.00

Said fixed rate ~~XXXX~~ (shall not) include salaries and expenses of production foremen.

5. Application of Administrative Overhead or Combined Fixed Rates

The following limitations, instructions and charges shall apply in the application of the per well rates as provided under either Paragraph 2 or Paragraph 4 of this Section III:

- A. Charges for drilling wells shall begin on the date each well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during the suspension of drilling operations for fifteen (15) or more consecutive days.

- B. The status of wells shall be as follows:

- (1) Producing gas wells, injection wells for recovery operations, water supply wells utilized for water flooding operations and salt water disposal wells shall be considered the same as producing wells.
- (2) Wells permanently shut down but on which plugging operations are deferred shall be dropped from the well schedule at the time the shutdown is effected. When such a well is plugged a charge shall be made at the producing well rates.
- (3) Wells being plugged back, drilled deeper, converted to a source or input well, or which are undergoing any type of workover that requires the use of a drilling or workover rig shall be considered the same as drilling wells.
- (4) Temporarily shut-down wells, which are not produced or worked upon for a period of a full calendar month, shall not be included in the well schedule, provided however, wells shut in by governmental regulatory body shall be included in the well schedule only in the event the allowable production is transferred to some other well or wells on the Joint Property. In the event of a unit allowable, all wells capable of producing will be counted in determining the charge.
- (5) Gas wells shall be included in the well schedule if directly connected to a permanent sales outlet even though temporarily shut in due to overproduction or failure of purchaser to take the allowed production.
- (6) Wells completed in multiple horizons, in which the production is not commingled down hole, shall be considered as a producing well for each separately producing horizon.

- C. The well rates shall apply to the total number of wells being drilled or operated under the agreement to which this Accounting Procedure is attached, irrespective of individual leases.

- D. The well rates shall be adjusted on the first day of April of each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the preceding calendar year as shown by "The Index of Average Weekly Earnings of Crude Petroleum and Gas Production Workers" as published by the United States Department of Labor, Bureau of Labor Statistics. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

6. For the construction of compressor plants, water stations, secondary recovery systems, salt water disposal facilities, and other such projects, as distinguished from the more usual drilling and producing operations, Operator in addition to the Administrative Overhead or Combined Fixed Rates provided for in Paragraph 2 and 4 of this Section III, shall charge the Joint Account with an additional overhead charge as follows:

- Total cost less than \$25,000, no charge.
 - Total cost more than \$25,000 but less than \$100,000, 3 % of total cost.
 - Total cost of \$100,000 or more, 3 % of the first \$100,000 plus 2 % of all over \$100,000 of total cost.
- Total cost shall mean the total gross cost of any one project. For the purpose of this Paragraph the component parts of a single project shall not be treated separately and the cost of drilling wells shall be excluded.
7. The specific rates provided for in this Section III may be amended from time to time by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. BASIS OF CHARGES TO JOINT ACCOUNT

Subject to the further provisions of this Section IV, Operator will procure all Material and services for the Joint Property. At the Operator's option, Non-Operator may supply Material or services for the Joint Property.

1. Purchases

Material purchased and service procured shall be charged at the price paid by Operator after deduction of all discounts actually received.

2. Material furnished from Operator's Warehouse or Other Properties

A. New Material (Condition "A")

- (1) Tubular goods, two inch (2") and over, shall be priced on Eastern Mill base (i. e. Youngstown, Ohio; Lorain, Ohio; and Indiana Harbor, Indiana) on a minimum carload basis effective at date of movement and f. o. b. railway receiving point nearest the Joint Property, regardless of quantity. In equalized hauling charges, Operator is permitted to include ten cents (10c) per hundred-weight on all tubular goods furnished from his stocks in lieu of loading and unloading costs sustained.
- (2) Other Material shall be priced at the current replacement cost of the same kind of Material, effective at date of movement and f. o. b. the supply store or railway receiving point nearest the Joint Property where Material of the same kind is available.
- (3) The Joint Account shall not be credited with cash discounts applicable to prices provided for in this Paragraph 2 of Section IV.

B. Used Material (Condition "B" and "C")

- (1) Material in sound and serviceable condition and suitable for reuse without reconditioning, shall be classified as Condition "B" and priced at seventy-five per cent (75%) of the current price of new Material.
- (2) Material which cannot be classified as Condition "B" but which,
 - (a) After reconditioning will be further serviceable for original function as good secondhand Material (Condition "B"), or
 - (b) Is serviceable for original function but substantially not suitable for reconditioning, shall be classified as Condition "C" and priced at fifty per cent (50%) of current new price.
- (3) Obsolete Material or Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use. Material no longer suitable for its original purpose but usable for

some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose.

- (4) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at prices specified in Paragraphs 1 and 2 of this Section IV because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in procuring such Material, in making it suitable for use, and in moving it to the Joint Property, provided, that notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within 10 days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

5. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of equipment and facilities at rates commensurate with cost of ownership and operation. Such rates shall include cost of maintenance, repairs, other operating expense, insurance, taxes, depreciation and interest on investment not to exceed six per cent (6%) per annum, provided such rates shall not exceed those currently prevailing in the immediate area within which the Joint Property is located. Rates for automotive equipment shall generally be in line with the schedule of rates adopted by the Petroleum Motor Transport Association, or some other recognized organization, as recommended uniform charges against Joint Property operations. Rates for laboratory services shall not exceed those currently prevailing if performed by outside service laboratories. Rates for trucks, tractors and well service units may include wages and expenses of operator.

B. Whenever requested, Operator shall inform Non-Operators in advance of the rates it proposes to charge.

C. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.

V. DISPOSAL OF MATERIAL

The Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus Condition "A" or "B" Material. The disposition of surplus Controllable Material, not purchased by Operator, shall be subject to agreement between Operator and Non-Operators, provided Operator shall dispose of normal accumulations of junk and scrap Material either by transfer or sale from the Joint Property.

1. Material Purchased by the Operator or Non-Operators

Material purchased by either the Operator or Non-Operators shall be credited by the Operator to the Joint Account for the month in which the Material is removed by the purchaser.

2. Division in Kind

Division of Material in kind, if made between Operator and Non-Operators, shall be in proportion to the respective interests in such Material. The Parties will thereupon be charged individually with the value of the Material received or receivable. Proper credits shall be made by the Operator in the monthly statement of operations.

3. Sales to Outsiders

Sales to outsiders of Material from the Joint Property shall be credited by Operator to the Joint Account at the net amount collected by Operator from vendee. Any claim by vendee related to such sale shall be charged back to the Joint Account if and when paid by Operator.

VI. BASIS OF PRICING MATERIAL TRANSFERRED FROM JOINT ACCOUNT

Material purchased by either Operator or Non-Operators or divided in kind, unless otherwise agreed to between Operator and Non-Operators shall be priced on the following basis:

1. New Price Defined

New price as used in this Section VI shall be the price specified for New Material in Section IV.

2. New Material

New Material (Condition "A"), being new Material procured for the Joint Property but never used, at one hundred per cent (100%) of current new price (plus sales tax if any).

3. Good Used Material

Good used Material (Condition "B"), being used Material in sound and serviceable condition, suitable for reuse without reconditioning:

A. At seventy-five per cent (75%) of current new price if Material was charged to Joint Account as new, or

B. At sixty-five per cent (65%) of current new price if Material was originally charged to the Joint Account as secondhand at seventy-five percent (75%) of new price.

4. Other Used Material

Used Material (Condition "C"), at fifty per cent (50%) of current new price, being used Material which:

A. Is not in sound and serviceable condition but suitable for reuse after reconditioning, or

B. Is serviceable for original function but not suitable for reconditioning.

5. Bad-Order Material

Material (Condition "D"), no longer suitable for its original purpose without excessive repair cost but usable for some other purpose at a price comparable with that of items normally used for such other purpose.

6. Junk Material

Junk Material (Condition "E"), being obsolete and scrap Material, at prevailing prices.

7. Temporarily Used Material

When the use of Material is temporary and its service to the Joint Property does not justify the reduction in price as provided for in Paragraph 3 B of this Section VI, such Material shall be priced on a basis that will leave a net charge to the Joint Account consistent with the value of the service rendered.

VII. INVENTORIES

The Operator shall maintain detailed records of Material generally considered controllable by the Industry.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, inventories shall be taken by Operator of the Joint Account Material, which shall include all such Material as is ordinarily considered controllable. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator, who shall in that event furnish Non-Operators with a copy thereof.

2. Reconciliation and Adjustment of Inventories

Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be jointly determined by Operator and Non-Operators. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable to Non-Operator only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

EXHIBIT 3

ATTACHED TO AND MADE A PART OF
THAT CERTAIN AGREEMENT ENTITLED

UNIT OPERATING AGREEMENT, LA PLATA MANCOS UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

DATED JUNE 1, 1968

INITIAL TEST WELLS

The three initial test wells called for in Section 9 of the Unit Agreement shall be drilled at locations approved by the Supervisor and to the depths specified in said Section 9. The costs of drilling these test wells shall be borne by the following corporations and individuals in accordance with specific provisions contained in the agreements among them:

Benson-Montin-Greer Drilling Corp.
Mobil Oil Corporation
Pan American Petroleum Corporation
Frank O. Elliott
Ora R. Hall, Jr.
Ernest A. Hansen

It is not intended that a liability to other parties in interest in the Unit Area be created through failure of the herein listed parties to comply with the requirements to drill the three test wells. Should the above listed parties fail to cause the test wells called for in Section 9 of the Unit Agreement to be drilled, owners of other Committed Working Interests shall have the option, but not the obligation, to cause any of the remaining test wells to be drilled at their own expense. Failure of all parties to cause the test wells to be drilled with resulting termination of the Unit Agreement, or contraction of the unit area according to unit terms, shall not be cause for action of any party hereto against another, and no liability shall be created thereby.

In addition to the first three test (obligation) wells called for in Section 9 of the Unit Agreement, other "initial test wells" may be drilled in event the three obligation wells result in dry holes. Any such additional wells, classified as "test wells" under Section 9 of the Unit Agreement, shall also be considered as "test wells" under the terms of this Unit Operating Agreement.

EXHIBIT 4

ATTACHED TO AND MADE A PART OF
THAT CERTAIN AGREEMENT ENTITLED

UNIT OPERATING AGREEMENT, LA PLATA MANCOS UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

DATED JUNE 1, 1968

PART 1

DRILLING OF EXPLORATORY WELLS

1. NOTICE OF PROPOSED DRILLING. Any Party desiring the drilling of an Exploratory Well on land in which it owns a Committed Working Interest shall designate an area, herein called a proposed Drilling Block, comprising an area of not less than 240 acres nor more than 800 acres (unless modified as required by Section 8 of this Part 1) which, on the basis of available geological information will, in its judgment, be proved productive by the drilling of such well. Unit Operator and each Party within the proposed Drilling Block shall be furnished with a plat and description of the area so designated, together with written notice of the location, objective formation, maximum depth, and estimated cost of the proposed well. The location of the proposed well shall conform to any applicable spacing pattern then existing or an authorized exception thereto. The proposed Drilling Block shall include no land in an established participating area for the objective formation for the well to be drilled thereon nor any land included in a proposal theretofore filed with the Director, nor any land within an active, previously designated Drilling Block for such formation.

2. EXCLUSION OF LAND FROM PROPOSED DRILLING BLOCK AND ESTABLISHMENT OF DRILLING BLOCK. Within thirty days after receipt of notice of proposal to form a Drilling Block, any part of the land included in the proposed Drilling Block may be excluded therefrom at the Direction of the Parties therein, provided, however, that the authority to reduce the size of the block granted under the Direction of the Parties is limited in that the reduced area must contain not less than 240 acres. In such event the proposed Drilling Block as reduced by the exclusion of such land shall be established as a Drilling Block. In the absence of any such Direction to reduce the size of the proposed Drilling Block, then at the expiration of said period, the proposed Drilling Block shall be established as the Drilling Block. The Drilling Block shall be considered active for ninety (90) days after the designation thereof and if a well is commenced thereon within such period until either:

- A. The completion of the well, if it is completed otherwise than as a producer of unitized substances in paying quantities, or
- B. The filing with the Director of a proposal for the establishment or revision of a participating area if the drilling of the well results in the filing of such proposal.

3. BASIS OF PARTICIPATION. Each Party within the Drilling Block shall be entitled to participate in the Costs of the proposed well on an Acreage Basis, but shall be required to do so only if it notifies the other Parties of its willingness so to participate as hereinafter in this Article provided.

4. PRELIMINARY NOTICE TO JOIN IN DRILLING. Within ten days after the establishment of the Drilling Block each Party within such Drilling Block shall in writing advise all other Parties therein whether or not it wishes to participate in the Drilling of the proposed well. If any Party fails to give such advice within the prescribed time, it shall be deemed to have elected not to participate in Drilling such proposed well. If all the Parties within the

Drilling Block so advise that they wish to participate therein, the Unit Operator shall Drill the proposed well for the account of all such Parties.

5. NOTICE OF ELECTION TO DRILL. Unless all Parties within the Drilling Block agree to participate in Drilling such well, then, within fifteen days after the expiration of the ten day period last above provided in Section 4, each Party within the Drilling Block then desiring to have the proposed well Drilled, shall give to all other Parties therein written notice of its election to proceed with the Drilling of said well. Failure to give such notice shall be deemed an election not to participate in Drilling the well.

6. EFFECT OF ELECTION TO DRILL. If one or more, but not all of the Parties, elect to proceed with the Drilling of the well, Unit Operator shall drill the well for the account of such Party or Parties on an Acreage Basis among themselves who shall constitute the Drilling Party.

Any Party within the Drilling Block who has not previously elected to participate in the proposed well may do so by written notice given to all other Parties within the Drilling Block at any time before operations for the Drilling of the well are commenced, in which event such Party shall be included in the Drilling Party. However, such Party shall be bound by any and all Directions and Approvals theretofore given by the Drilling Party concerning the Drilling of the well.

7. RIGHTS AND OBLIGATIONS OF DRILLING PARTY AND NON-DRILLING PARTY. Whenever an Exploratory Well is drilled otherwise than for the account of all Committed Working Interests within the Drilling Block, the provisions of Article 12 dealing with Rights and Obligations of Drilling Party and Non-Drilling Parties shall be applicable.

8. REQUIRED DRILLING. If an Exploratory Well is Drilled as a required well in accordance with Section 10.4B, the Drilling Block for such well shall consist of all forty acre subdivisions and lots of the Public Land Survey of which more than one-half of the surface area is within a distance of 1980 feet from the proposed bottom hole location of such well, but excluding therefrom all lands within a participating area theretofore established for the pool or zone to which the well is to be Drilled.

PART 2

ATTEMPTED COMPLETION, DEEPENING, PLUGGING BACK AND ABANDONMENT

1. WELLS NOT COMPLETED AS PRODUCERS. The attempted completion, Deepening or Plugging Back of wells not completed as producers at their projected depths, shall be governed by the following provisions, except that said provisions shall not apply to a particular well if every Party entitled to the notice provided for in Sub-division A hereof has consented to abandonment and plugging of such well:

A. NOTICE BY UNIT OPERATOR. Before abandoning a Development Well which has been Drilled to its projected depth but not completed as a producer, Unit Operator shall give notice thereof to each Party within the participating area involved. After a well other than a Development Well has reached its projected depth and been tested, but before production pipe has been set therein, Unit Operator shall give notice thereof to each Party who participated in Drilling the well, and to each additional Party, if any, who was entitled to participate therein, but elected not to do so. Each notice provided for in this section shall be given by telegraph or telephone.

B. RIGHT TO ATTEMPT COMPLETION, DEEPEN OR PLUG BACK. Each Party who participated in the Drilling of a well concerning which notice is given in accordance with Subdivision A hereof, and any other Party owning a Committed Working Interest in the tract of land on which the well is located, may initiate a proposal to attempt the completion of, or to Deepen or Plug Back such well; provided, however, that if the well was Drilled as a Development Well, a proposal to Deepen or Plug Back the well may be initiated only by a Party owning a Committed Working Interest in the tract of land on which the well is located. In order to be entitled to participate in a proposed operation, a Party must have the right to initiate the same or must own a Committed Working Interest in the Drilling Block theretofore established for such well, or, if no Drilling Block has theretofore been established for such well, in the Drilling Block established for such Deepening or Plugging Back operation as provided in the following paragraph C.

C. TIME AND MANNER OF INITIATING PROPOSAL. A period of twenty-four hours (exclusive of Saturdays, Sundays and holidays) from and after receipt of the notice referred to in Subdivision A of this paragraph 1 shall be allowed within which a Party may initiate a proposal to complete, Deepen or Plug Back, and, except in the case of a proposal to complete a well Drilled as a Development Well, designate a Drilling Block for such proposed operation, if one has not previously been designated for such well. Any such proposal shall be initiated by giving notice thereof by telephone or telegraph to each Party entitled to participate in the proposed operation. If no such proposal is initiated within the period allowed therefor, Unit Operator shall abandon and plug the well.

D. ELECTION. If a proposal is initiated each Party entitled to participate in any completing, Deepening or Plugging Back operations proposed in accordance with Subdivision C above shall have a period of twenty-four hours (exclusive of Saturdays, Sundays and holidays) from and after receipt of notice of the initiation of any such operation within which (either at a meeting or by telephone) to establish a Drilling Block if the establishment of a Drilling Block is necessary for the proposed operations (following the same procedures in establishing a Drilling Block as the procedures provided for in Part 1 of the Exhibit 4 for the establishment of a Drilling Block for an Exploratory Well) and to notify Unit Operator by telephone or telegraph whether or not it elects to participate in the proposed operation. The failure of a Party to signify its election within the time required shall be deemed to constitute an election not to participate in the proposed operation.

E. EFFECT OF ELECTION. The Party or Parties electing to participate in an attempt to complete, or to Deepen or Plug Back, a well as above provided shall constitute the Drilling Party for such operation. Each Party who is entitled to make such election but fails to do so as above provided, shall be deemed to have elected not to participate in such operation, and shall be a Non-Drilling Party in respect of such operation. Such operation shall be conducted by Unit Operator for the account of the Party or Parties constituting the Drilling Party on an acreage basis among themselves, subject, however, to the provisions of paragraph 4 of Part 2 of this Exhibit 4, dealing with Conflicts, and paragraph 5 of Part 2 of this Exhibit 4 dealing with Deepening or Plugging Back to Participating Area.

F. STAND-BY RIG TIME. Stand-by time paid for the rig on a well until expiration of the period of forty-eight hours

allowed for the initiation of and election to participate in an attempt to complete, or to Deepen or Plug Back, such well, shall be charged and borne as part of the Costs incurred in Drilling the well. Thereafter such stand-by time shall be charged to and borne by the Party or Parties who elect to participate in the attempt to complete, or to Deepen or Plug Back, the well, whether or not such Party or Parties shall proceed with such operation. However, if the Party or Parties making such election do not proceed with the operation, the Costs incurred in plugging the well shall be charged and borne as part of the Costs incurred in Drilling the well.

2. ABANDONMENT OF PRODUCING WELLS. A well completed as a producer of Unitized Substances within a participating area shall be abandoned for plugging if and when abandonment thereof receives the Approval of the Parties within such participating area, subject, however, to the provisions of paragraph 3 hereof concerning Deepening, or Plugging Back Abandoned Producing Wells. The abandonment of a well completed as a producer but not included in a participating area shall be governed by the following provisions:

A. CONSENT REQUIRED. Such a well shall not be abandoned for production from the pool or zone in which it is completed except with the consent of all Parties then owning the well.

B. ABANDONMENT PROCEDURE. If the abandonment of such a well receives the Approval of the Parties who own the well, but is not consented to by all such Parties, Unit Operator shall give written notice thereof to each Party then having an interest in the well who did not join in such Approval. Any such non-joining Party who objects to abandonment of the well (herein called the non-abandoning Party) may give written notice thereof to all other Parties (herein called abandoning Parties) then having interests in the well, provided such notice is given within thirty days after receipt of the notice given by Unit Operator. If such objection is so made, the non-abandoning Party or Parties shall forthwith pay to the abandoning Parties their respective shares of the Salvage Value of the well. Upon the making of such payment, the abandoning Parties shall be deemed to have relinquished unto the non-abandoning Party or Parties all their operating rights and working interest in the well, but only with respect to the pool or zone in which it is then completed, and all their interest in the materials and equipment in or pertaining to the well. If there is more than one non-abandoning Party, the interest so relinquished shall be owned by the non-abandoning Parties, each in the proportion that its interest in the well bears to the combined interest therein of all non-abandoning Parties immediately prior to such relinquishment.

C. RIGHTS AND OBLIGATIONS OF NON-ABANDONING PARTY. After the relinquishment above provided for, such well shall be operated by Unit Operator for the account of the non-abandoning Party or Parties, who shall own all Production therefrom and shall bear all Costs, Lease Burdens and other burdens thereafter incurred in operating the well and plugging it when abandoned (unless the well is taken over for Deepening or Plugging Back as hereinafter provided), and also the Costs of any additional tankage, flow lines or other facilities needed to measure separately the Unitized Substances produced from the well; said operating Costs shall include an overhead charge computed at the highest per well rate applicable to the operation of a single producing well in accordance with Exhibit 2, if such rate is provided.

D. OPTION TO REPURCHASE MATERIALS. If a well taken over by the non-abandoning Party or Parties as above provided is abandoned for plugging within six months after relinquishment

by the abandoning Parties of their interests therein, each abandoning Party shall have the right at its option to repurchase that portion of the materials and equipment salvaged from the well equal to the interest relinquished by it to the non-abandoning Party or Parties, at the value fixed therefor in accordance with Subdivision B of this section. Said option may be exercised only by written notice given to Unit Operator and the non-abandoning Party or Parties within fifteen days after receipt of the notice given by Unit Operator pursuant to paragraph 3 hereof.

3. DEEPENING OR PLUGGING BACK ABANDONED PRODUCING WELLS. Before abandoning for plugging any well completed as a producer of Unitized Substances, Unit Operator shall, (A) if the well is within a Participating Area, give written notice thereof to the Party or Parties owning Committed Working Interests in the tract of land on which the well is located, or (B) if the well is not within a Participating Area, give written notice thereof to each Party then owning an interest in the well and to each additional Party, if any, owning Committed Working Interests in the tract of land upon which the well is located. If no Drilling Block has previously been established for such well and a Party receiving such notice desires the Deepening or Plugging Back thereof, it shall, within fifteen days after receipt of such notice, proceed with the establishment of a Drilling Block for such well as provided in paragraphs 1 and 3 of Part 1 of this Exhibit 4. Within ten days after receipt of such notice, if a Drilling Block has previously been established for such well, or, if not previously established, within ten days after a Drilling Block is established for such well, the Party desiring the Deepening or Plugging Back of such well shall give notice thereof in accordance with paragraph 4 of Part 1 of this Exhibit 4 and all of the provisions of paragraphs 4, 5 and 6 of Part 1 of this Exhibit 4 shall apply in the same manner as if the proposed Deepening or Plugging Back were the Drilling of an Exploratory Well, subject, however, to the provisions of paragraph 4 of Part 2 of this Exhibit 4, dealing with Conflicts, and paragraph 5 of Part 2 of this Exhibit 4, dealing with Deepening or Plugging Back to a Participating Area. If no Party gives notice of desire to Deepen or Plug Back such well within said period of ten days, or if such notice is given but no Party elects to proceed with the Deepening or Plugging Back of the well within the time limited therefor, Unit Operator shall abandon and plug the well for the account of the Party or Parties owning the well.

4. CONFLICTS. If conflicting elections to attempt completion, Deepen, or Plug Back are made in accordance with the preceding provisions of Part 2 of this Exhibit 4, preference shall be given first to a completion attempt and then to Deepening. However, if a completion attempt, a Deepening or Plugging Back does not result in completion of the well as a producer, Unit Operator shall again give notice in accordance with Subdivision A of paragraph 1 of Part 2 of this Exhibit 4 before abandoning the well for plugging.

5. DEEPENING OR PLUGGING BACK TO PARTICIPATING AREA. If a well within the surface boundaries of a participating area is to be Deepened or Plugged Back to a pool or zone for which such participating area has been established, such operation may be conducted only if it receives the Approval of the Parties within such participating area, and upon such terms and conditions as may be specified in such Approval.

6. RIGHTS AND OBLIGATIONS OF DRILLING PARTY AND NON-DRILLING PARTIES. Whenever an attempt to complete a well Drilled as a Development Well is made otherwise than for the account of all Parties entitled to participate therein, the provisions of Article 12 dealing with Rights and Obligations of Drilling Party and Non-Drilling Parties shall apply.

Whenever either (1) an attempted completion of a well which was not Drilled as a Development well is made, or (2) a well is Deepened or Plugged Back, otherwise than for the account of all Parties entitled to participate therein, the provisions of paragraph 7 of Part 1 of this Exhibit 4 dealing with Rights and Obligations of Drilling Party and Non-Drilling Parties shall apply to the operations conducted the same as if such operations comprised Drilling operations.

EXHIBIT 5

ATTACHED TO AND MADE A PART OF
THAT CERTAIN AGREEMENT ENTITLED

UNIT OPERATING AGREEMENT, LA PLATA MANCOS UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

DATED JUNE 1, 1968

INSURANCE

In addition to the insurance covering set out in Article 16 hereof, Unit Operator shall carry the following insurance for the benefit and protection of the joint account:

1. Comprehensive General Public Liability Insurance with limits, (a) as to Bodily Injury of not less than One Hundred Thousand Dollars (\$100,000.00) for each person and not less than Two Hundred Thousand Dollars (\$200,000.00) for each accident, and (b) as to Property Damage of not less than Fifty Thousand Dollars (\$50,000.00) for each claim arising out of one accident and One Hundred Thousand Dollars (\$100,000.00) for any number of claims arising out of one accident.
2. Comprehensive Automobile Public Liability Insurance with limits, (a) as to Bodily Injury of not less than One Hundred Thousand Dollars (\$100,000.00) for each person and not less than Two Hundred Thousand Dollars (\$200,000.00) for each accident, and (b) as to Property Damage of not less than Ten Thousand Dollars (\$10,000.00) for each accident.

The premiums for all such insurance shall be charged to the joint account, except that in respect to Unit Operator's fully owned automotive equipment used in connection with the joint operations, applicable premiums shall not be charged specifically to the joint account. It is understood and agreed that Unit Operator shall not carry insurance covering loss by fire, windstorm, explosion, or tornado, or any other insurance for the joint account except by mutual agreement of the parties hereto.

#3967

COMMERCIAL RESOURCES
Phone (505) 827-5724
Fax (505) 827-6157

ADMINISTRATION
Phone (505) 827-5700
Fax (505) 827-5853

MINERAL RESOURCES
Phone (505) 827-5744
Fax (505) 827-4739

GENERAL COUNSEL
Phone (505) 827-5713
Fax (505) 827-4262

ROYALTY MANAGEMENT
Phone (505) 827-5772
Fax (505) 827-4739

PUBLIC AFFAIRS
Phone (505) 827-1245
Fax (505) 827-5766

SURFACE RESOURCES
Phone (505) 827-5793
Fax (505) 827-5711

**New Mexico State Land Office
Commissioner of Public Lands
Ray Powell, M.S., D.V.M.**

April 15, 2002

Benson-Montin-Greer Drilling Corporation
4900 College Boulevard
Farmington, New Mexico 87402

Attn: Mr. Albert R. Greer

2002 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

Dear Mr. Greer:


The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

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

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
xc: Reader File

OCD

BLM

March 5, 2003

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Attention: Jami Bailey, Director
Oil, Gas and Minerals Division

✓ New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87504
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
2003 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 2002 and Operator's Plan of Development for 2003 for the La Plata Mancos Unit.

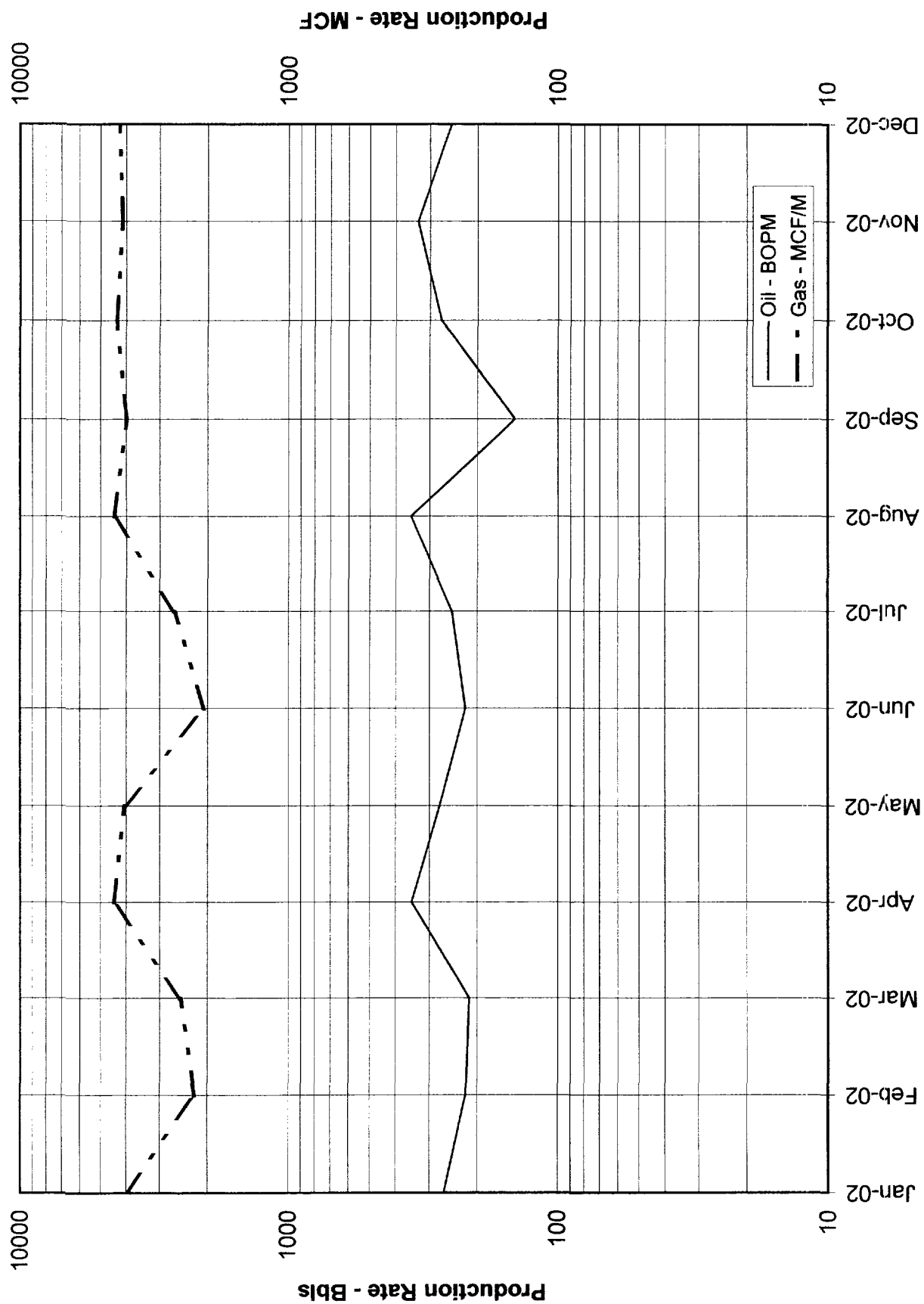
1. Summary of Operations:

No changes have been made in the geologic interpretations or participating area boundaries, so no new maps are submitted.

SCHEDULE I
LA PLATA MANCOS UNIT
STATUS OF WELLS

#1 (P-31)	SE/SE 31-32N-13W	Producing
#2 (I-6)	NE/SE 6-31N-13W	Plugged & Abandoned 1997
#3 (G-32)	SW/NE 32-32N-13W	Producing
#4 (N-31)	NE/SW 31-32N-13W	Plugged & Abandoned 2002
#6 (C-6)	NW/NW 6-31N-13W	Plugged & Abandoned
#7 (M-29)	SW/SW 29-32N-13W	Producing

La Plata Mancos Unit 2002 Production



SCHEDULE II
LA PLATA MANCOS UNIT
2002 PRODUCTION STATISTICS

	Oil (BOPM)	Gas (MCF/M)	Water (BWPM)	Gas Injection (MCF/M)
January	265	4017	0	0
February	220	2231	0	0
March	214	2515	0	0
April	349	4455	0	0
May	275	4068	0	0
June	221	2059	0	0
July	248	2650	0	0
August	352	4462	0	0
September	145	3980	60	0
October	272	4362	0	0
November	322	4136	0	0
December	250	4244	0	0
Totals	3133	43179	60	0
Cumulative	388614	549732	347	308386



BENSON-MONTIN-GREER DRILLING CORP.

March 22, 2002

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Attention: Jami Bailey, Director
Oil and Gas Minerals Division

✓ New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87504
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
2002 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 2001 and Operator's Plan of Development for 2002 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I. Plans are to plug injection well #4 (N-31) some time the fall of 2002 when the service company is available.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 2002, however these matters are always under continuous review and should circumstances warrant we will file an amended Plan of Development requesting such changes as seem appropriate

5. Effectiveness of enhanced recovery project:

Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 2002 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY: _____


Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I
LA PLATA MANCOS UNIT
STATUS OF WELLS

P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Plugged & Abandoned 1997
G-32	SW/NE 32-32N-13W	Producing
N-31	NE/SW 31-32N-13W	Gas Injection
C-6	NW/NW 6-31N-13W	Plugged & Abandoned
M-29	SW/SW 29-32N-13W	Producing

SCHEDULE II
LA PLATA MANCOS UNIT
2001 PRODUCTION STATISTICS

	Oil (BOPM)	Gas (MCF/M)	Water (BWPM)	Gas Injection (MCF/M)
January	165	6416	0	0
February	171	5202	0	0
March	205	6146	0	0
April	116	5000	0	0
May	153	5292	0	0
June	256	4056	0	0
July	185	3788	0	0
August	245	4516	0	0
September	193	4091	0	0
October	165	3900	0	0
November	260	3809	0	0
December	268	4197	0	0
Totals	2382	56413	0	0
Cumulative	385481	506553	287	308386

#3967



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)-827-5713

PLANNING
(505)-827-5752

December 15, 1998

Benson-Montin-Greer Drilling Corporation
4900 College Boulevard
Farmington, New Mexico 87402

Attn: Mr. Albert R. Greer

Re: 1998 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

Dear Mr. Greer:

The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

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

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: *Fox Anthony H. Bailey*
JAMI BAILEY, Director
Oil, Gas and Minerals Division
(505) 827-5744

RP/JB/cpm
xc: Reader File

OCD

BLM

BMG

file *OK 2/20/98*
BENSON-MONTIN-GREER DRILLING CORP.

February 19, 1998

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Attention: Larry Kehoe, Director
Oil and Gas Division

New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
1998 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1997 and Operator's Plan of Development for 1998 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations or participating area boundaries, so no new maps are submitted. One well was plugged, the I-6 in the SE/4 of Section 6, Township 31 North, Range 13 West. the gas injection compressor went down for repairs in July, 1997. Back pressure has been held on the producing wells in order to minimize gas production. A new compressor has been ordered and we anticipate increasing the gas production and resuming gas injection in April, 1998.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

February 19, 1998
Page No. 2

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1998, however these matters are always under continuous review and should circumstances warrant we will file an amended Plan of Development requesting such changes as seem appropriate. Still under consideration is possible acquisition of seismic data that could lead to drilling of a new well, or wells.

5. Effectiveness of enhanced recovery project:

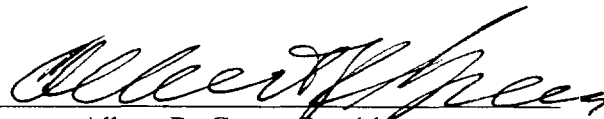
Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1998 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY: _____


Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

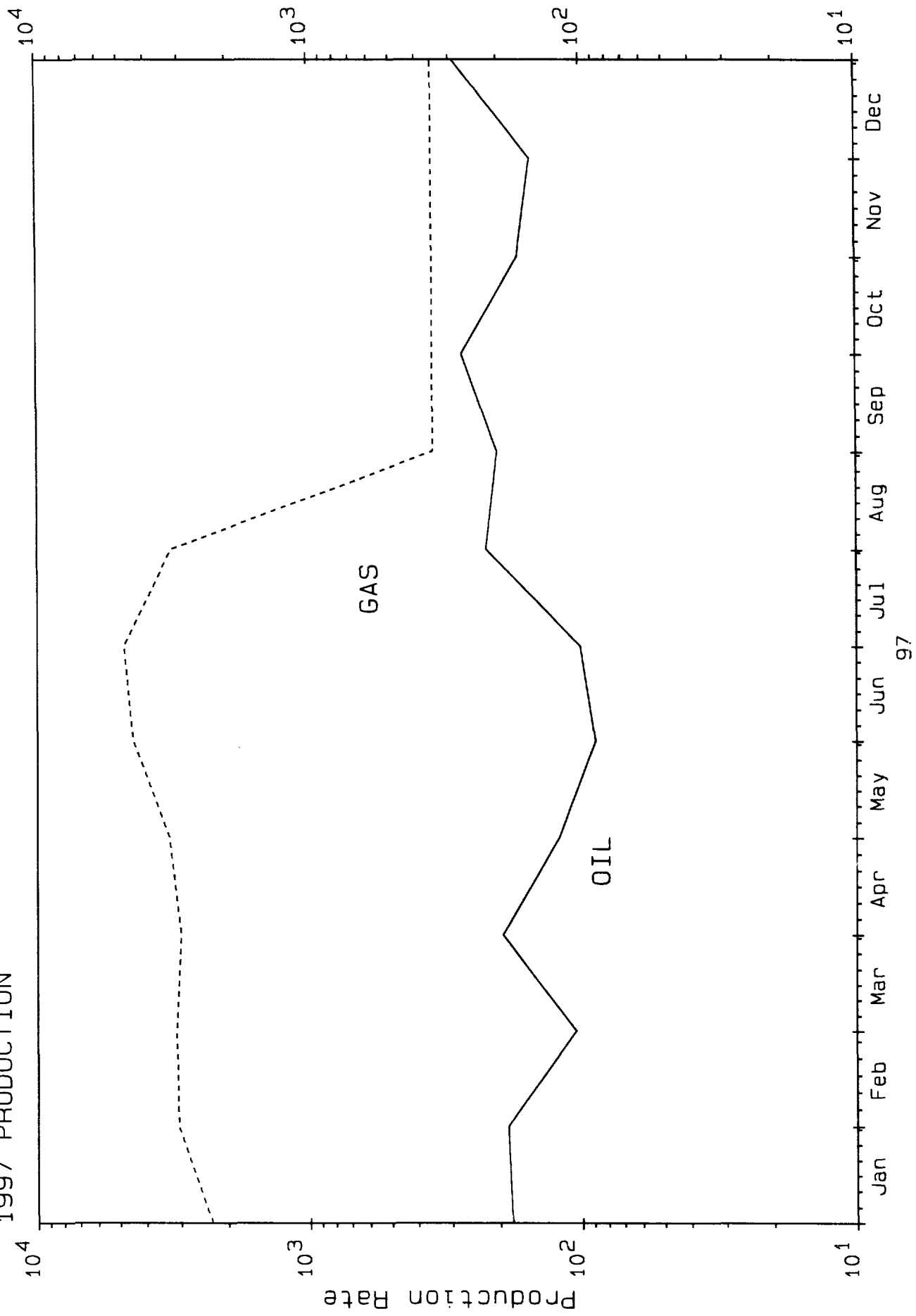
P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Plugged and Abandoned 1997
G-32	SW/NE 32-32N-13W	Producing intermittently
N-31	NE/SW 31-32N-13W	Gas Injection
C-6	NW/NW 6-31N-13W	Plugged & Abandoned
M-29	SW/SW 29-32N-13W	Producing

SCHEDULE II

LA PLATA MANCOS UNIT
1997 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	Gas <u>Injection</u> (MCF/M)
January	187	3053	0	2703
February	105	3096	0	2746
March	195	2981	0	2631
April	121	3284	0	2934
May	89	4453	0	4103
June	101	4791	0	4441
July	223	3227	0	2877
August	203	350	0	0
September	272	350	0	0
October	170	350	0	0
November	152	350	0	0
December	<u>290</u>	<u>350</u>	<u>0</u>	<u>0</u>
Totals	2108	26635	0	22435
Cumulative	376169	269580	287	152111

LA PLATA MANCOS UNIT
1997 PRODUCTION



3967



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)-827-5713

PLANNING
(505)-827-5752

March 12, 1997

Benson-Montin-Greer Drilling Corporation
4900 College Boulevard
Farmington, New Mexico 87402

Attn: Mr. Albert R. Greer

Re: 1997 Plan of Development
La Plata Mancos Unit
Rio Arriba County, New Mexico

Dear Mr. Greer:

The Commissioner of Public Lands has, of this date, approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.


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

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

cc: Reader File

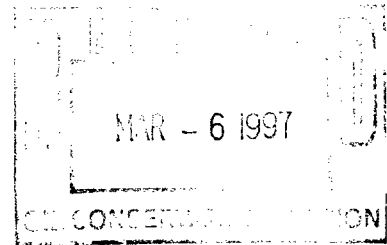
OCD

BLM

BMG**BENSON-MONTIN-GREER DRILLING CORP.**

February 27, 1997

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401



Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Attention: Larry Kehoe, Director
Oil and Gas Division

3-7-97
D-Unit letters
Thx R

→ New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
1997 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1996 and Operator's Plan of Development for 1997 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I. Unit well C-6 was

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

February 27, 1997
Page No. 2

plugged in June, 1996.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1997, however these matters are always under continuous review and should circumstances warrant we will file an amended Plan of Development requesting such changes as seem appropriate. Presently under consideration is possible acquisition of seismic data that could lead to drilling of a new well, or wells.

5. Effectiveness of enhanced recovery project:


Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1997 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

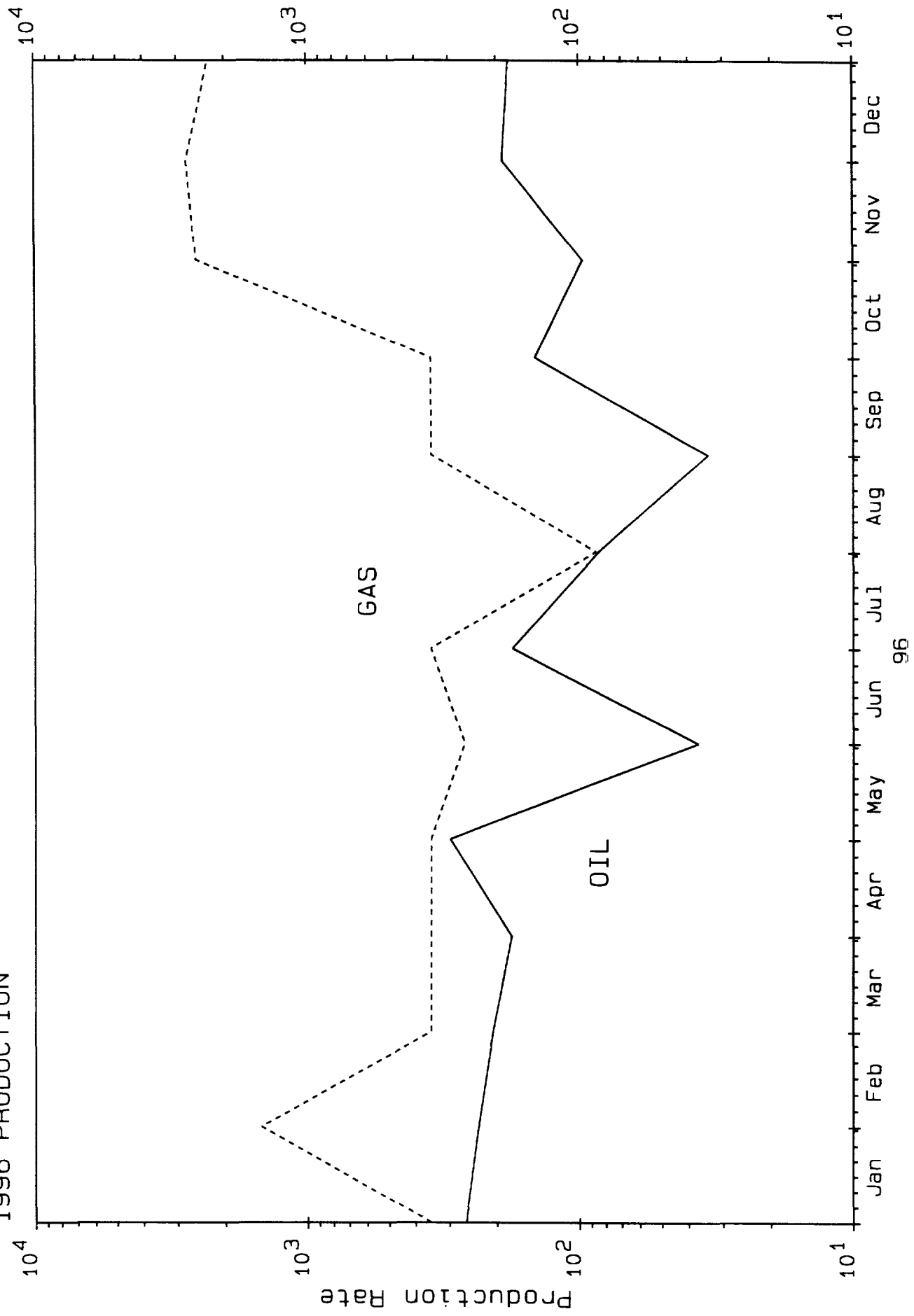
P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Shut in August, 1994
G-32	SW/NE 32-32N-13W	Shut in
N-31	NE/SW 31-32N-13W	Gas Injection
C-6	NW/NW 6-31N-13W	Plugged & Abandoned
M-29	SW/SW 29-32N-13W	Producing

SCHEDULE II

LA PLATA MANCOS UNIT
1996 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	234	1481	0	1131
February	207	350	0	0
March	177	350	0	0
April	297	350	0	0
May	37	263	0	0
June	176	350	0	0
July	85	350	0	0
August	34	350	87	0
September	145	350	0	0
October	97	2546	0	2283
November	190	2761	0	2411
December	<u>180</u>	<u>2292</u>	<u>0</u>	<u>1942</u>
Total	1859	11530	87	7767
Cumulative	374061	242945	287	129676

LA PLATA MANCOS UNIT
1996 PRODUCTION



3967 2-3-96
D-unit letter
The Rg

BENSON-MONTIN-GREER DRILLING CORP.

501 AIRPORT DRIVE, SUITE 221, FARMINGTON, NM 87401 505-325-8874 FAX: 505-327-9207

February 19, 1996

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Attention: Floyd O. Prando, Director
Oil and Gas Division

✓ New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
1996 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1995 and Operator's Plan of Development for 1996 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

February 19, 1996

Page No. 2

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as
Schedule I.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in
calendar year 1996, however these matters are always under
continuous review and should circumstances warrant we will file an
amended Plan of Development requesting such changes as seem
appropriate.

5. Effectiveness of enhanced recovery project:

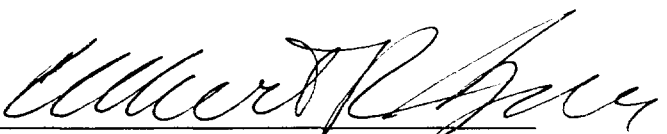
Enclosed Schedule II shows current and cumulative
oil and gas production.

We hereby respectfully request your approval of this
1996 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

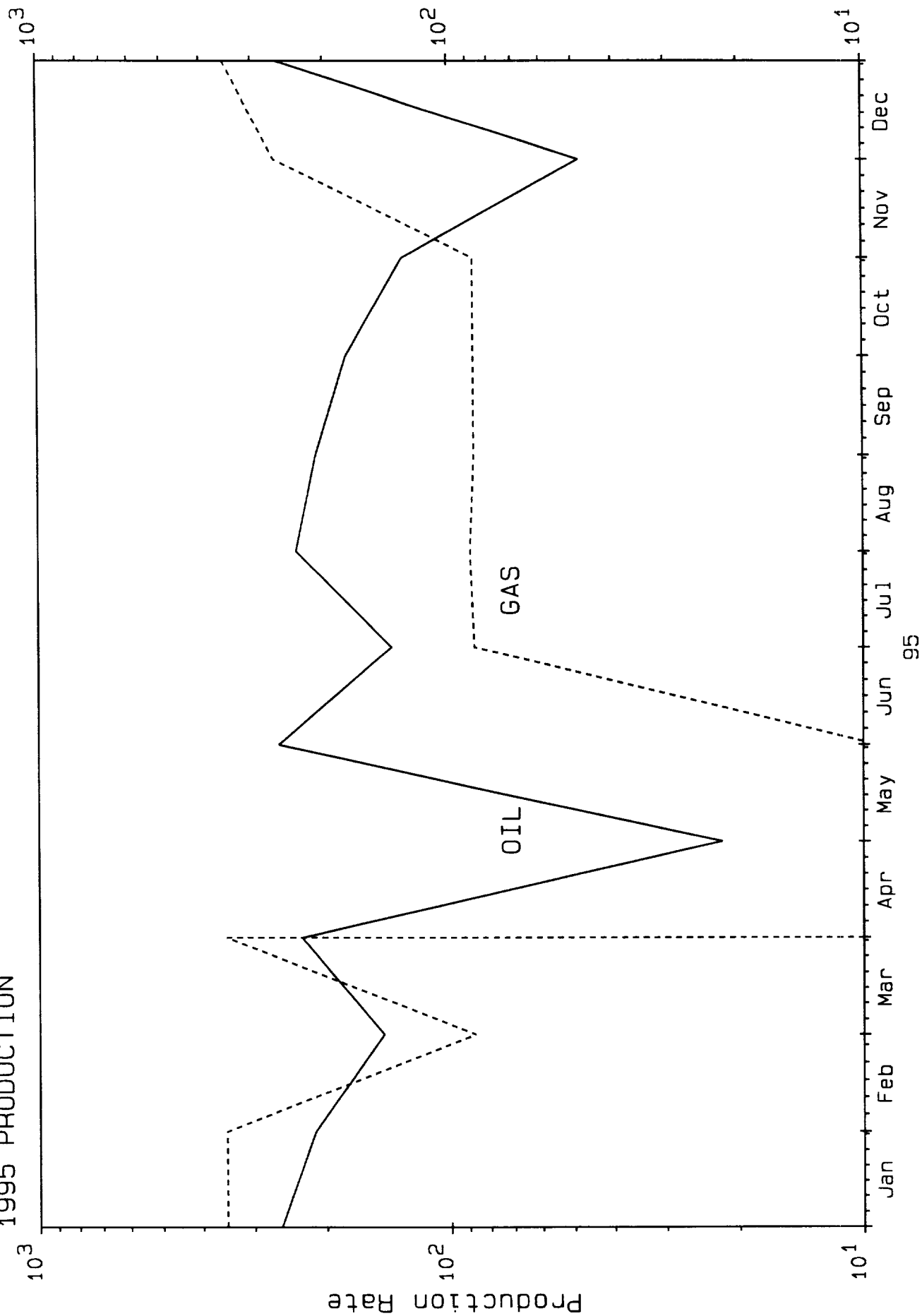
P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Shut in August, 1994
G-32	SW/NE 32-32N-13W	Shut in
N-31	NE/SW 31-32N-13W	Gas Injection - SI
C-6	NW/NW 6-31N-13W	Gas Injection - SI
M-29	SW/SW 29-32N-13W	Producing

SCHEDULE II

LA PLATA MANCOS UNIT
1995 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	213	350	0	0
February	145	87	0	0
March	229	350	0	0
April	22	0	0	0
May	260	0	0	0
June	138	87	0	0
July	235	89	0	0
August	210	87	0	0
September	177	87	0	0
October	129	87	0	0
November	48	263	0	0
December	<u>260</u>	<u>350</u>	<u>0</u>	<u>1617</u>
Total	2066	2137	0	1617
Cumulative	372202	231415	200	121909

LA PLATA MANCOS UNIT
1995 PRODUCTION



501 AIRPORT DRIVE, SUITE 221, FARMINGTON, NM 87401 505-325-8874 FAX: 505-327-9207

MAY 26 1995

BENSON-MONTIN-GREER DRILLING CORP.

May 26, 1995

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87501
Attention: Floyd O. Prando, Director
Oil and Gas Division

✓ New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
1995 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1994 and Operator's Plan of Development for 1995 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

May 26, 1995
Page No. 2

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1995 however these matters are always under continuous review and should circumstances warrant we will file an amended Plan of Development requesting such changes as seem appropriate.

5. Effectiveness of enhanced recovery project:

Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1995 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

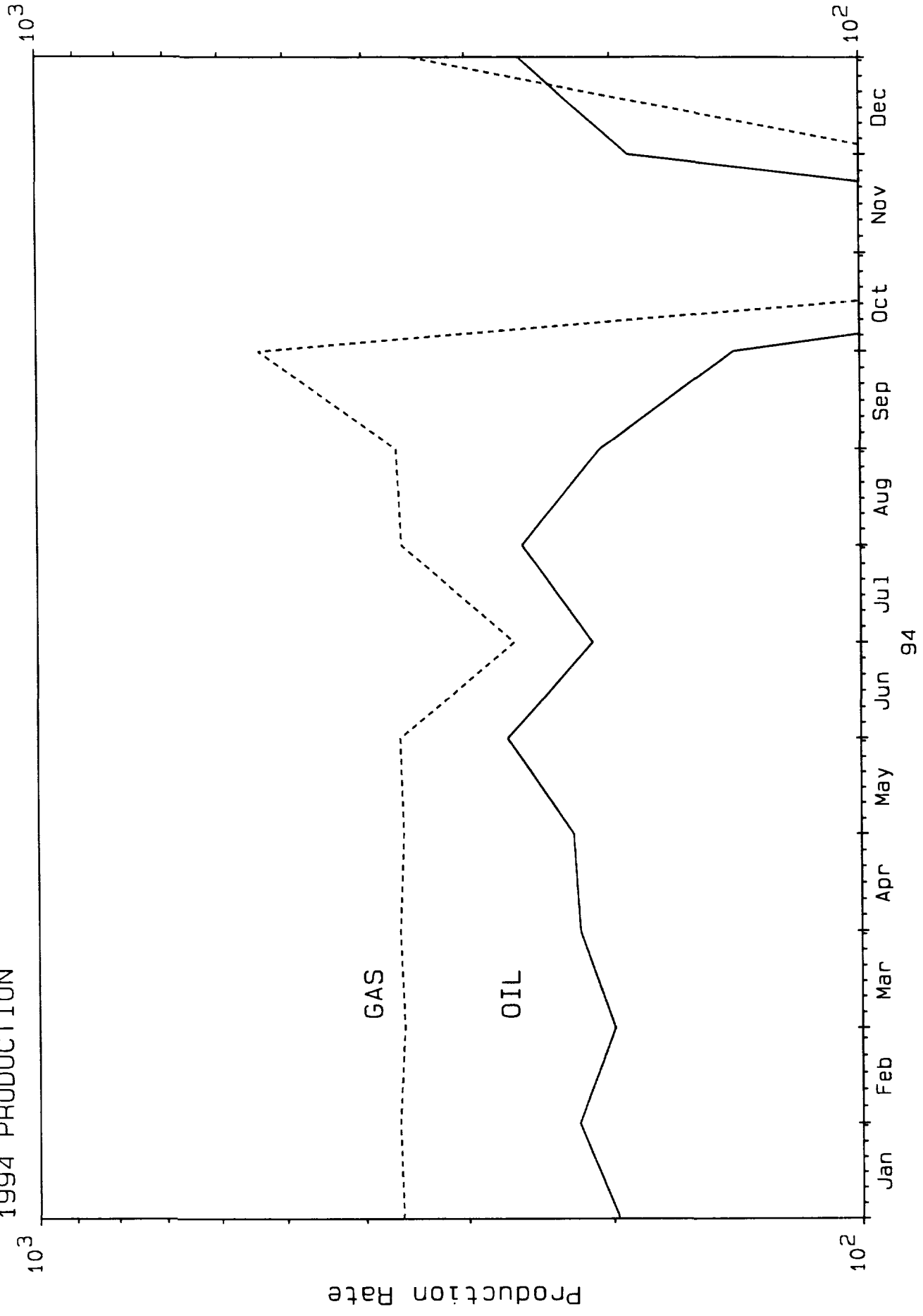
Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Shut in August, 1994
G-32	SW/NE 32-32N-13W	Producing
N-31	NE/SW 31-32N-13W	Gas Injection - SI
C-6	NW/NW 6-31N-13W	Gas Injection - SI
M-29	SW/SW 29-32N-13W	Producing

LA PLATA MANCOS UNIT
1994 PRODUCTION



SCHEDULE II

LA PLATA MANCOS UNIT
1994 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	220	364	0	0
February	199	359	0	0
March	219	363	0	0
April	223	359	0	0
May	268	362	0	0
June	211	263	0	0
July	257	360	0	0
August	206	365	0	0
September	142	537	0	0
October	19	20	0	0
November	190	87	0	0
December	<u>258</u>	<u>350</u>	<u>0</u>	<u>0</u>
<u>Total</u>	2412	3789	0	0
Cumulative	370136	229278	200	120292



OIL/GAS AND MINERALS DIVISION
JUL 7 1995

95 JUL 7 10 8 52

RAY POWELL, M.S., D.V.M.
COMMISSIONER

State of New Mexico
Commissioner of Public Lands

310 OLD SANTA FE TRAIL P.O. BOX 1148

SANTA FE, NEW MEXICO 87504-1148

(505) 827-5760
FAX (505) 827-5766

June 5, 1995

Benson-Montin-Greer Drilling Corporation
501 Airport Drive
Suite 221
Farmington, New Mexico 87401

Attention: Mr. Albert R. Greer

Re: 1995 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

Dear Mr. Greer:

The Commissioner of Public Lands has this date approved the above-captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

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

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:

A handwritten signature in cursive script, appearing to read "Jami Bailey".

JAMI BAILEY, Deputy Director
Oil/Gas and Minerals Division
(505) 827-5745

Enclosure

RP/JB/cpm

cc: Reader File

BLM

OCD-Roy Johnson

#3967

LAND CONSERVATION DIVISION
RECEIVED

BENSON-MONTIN-GREER DRILLING CORP.

STING 4 88 8 50

501 AIRPORT DRIVE, SUITE 221, FARMINGTON, NM 87401 505-325-8874 FAX: 505-327-9207

May 5, 1994

5-10-94
D- Unit letter
THX
Ry

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401
Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87501
Attention: Floyd O. Prando, Director
Oil and Gas Division

✓ New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
1994 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1993 and Operator's Plan of Development for 1994 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

May 5, 1994
Page No. 2

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1994; however these matters are always under continuous review and should circumstances warrant we will file an amended Plan of Development requesting such changes as seem appropriate.

5. Effectiveness of enhanced recovery project:

Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1994 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

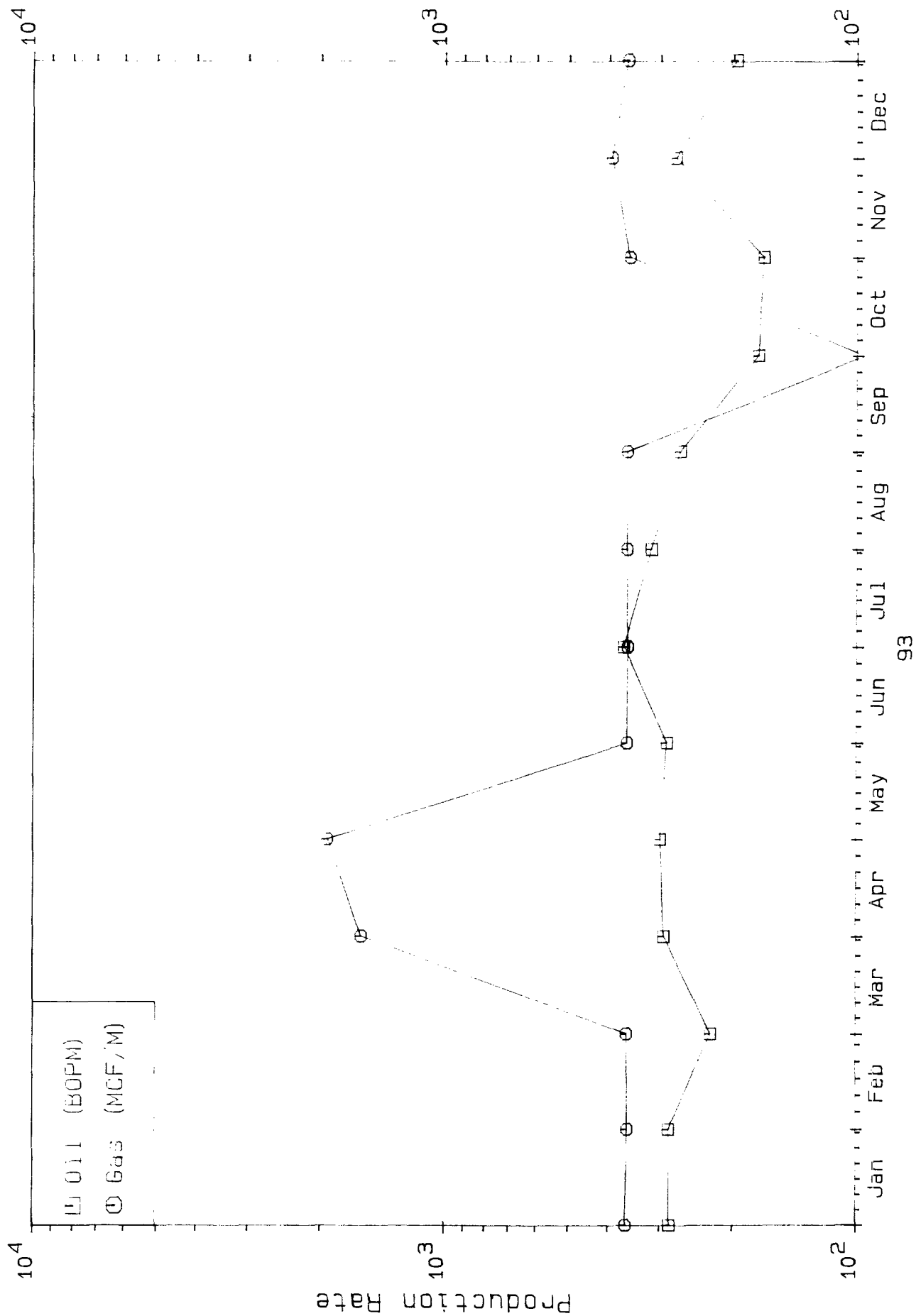
Enclosures

SCHEDULE II

LA PLATA MANCOS UNIT
1993 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	285	359	0	0
February	226	361	0	0
March	294	1593	0	1214
April	300	1921	0	1545
May	289	361	0	0
June	369	361	0	0
July	316	362	40	0
August	269	361	0	0
September	174	96	0	0
October	169	357	0	0
November	276	395	80	0
December	<u>197</u>	<u>361</u>	<u>0</u>	<u>0</u>
<u>Total</u>	3164	6888	120	2759
Cumulative	367724	225489	200	120292

LA PLATA MANCOS UNIT 1993 PRODUCTION



SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

P-31	SE/SE	31-32N-13W	Producing
I-6	NE/SE	6-31N-13W	Producing
G-32	SW/NE	32-32N-13W	Producing
N-31	NE/SW	31-32N-13W	Gas Injection - SI
C-6	NW/NW	6-31N-13W	Gas Injection - SI
M-29	SW/SW	29-32N-13W	Producing

3967

OIL CONSERVATION DIVISION
REC'D REC

MAR 12 1993

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM 87401 505-325-8874 FAX: 505-327-9207

March 12, 1993

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401
Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87501
Attention: Floyd O. Prando, Director
Oil and Gas Division

✓ New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
1993 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1992 and Operator's Plan of Development for 1993 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

March 12, 1993
Page No. 2

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1993.

5. Effectiveness of enhanced recovery project:

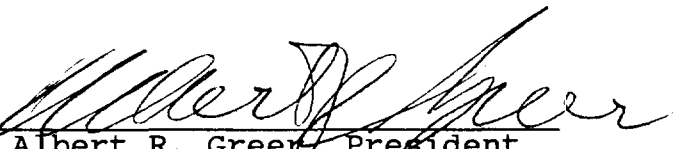
Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1993 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

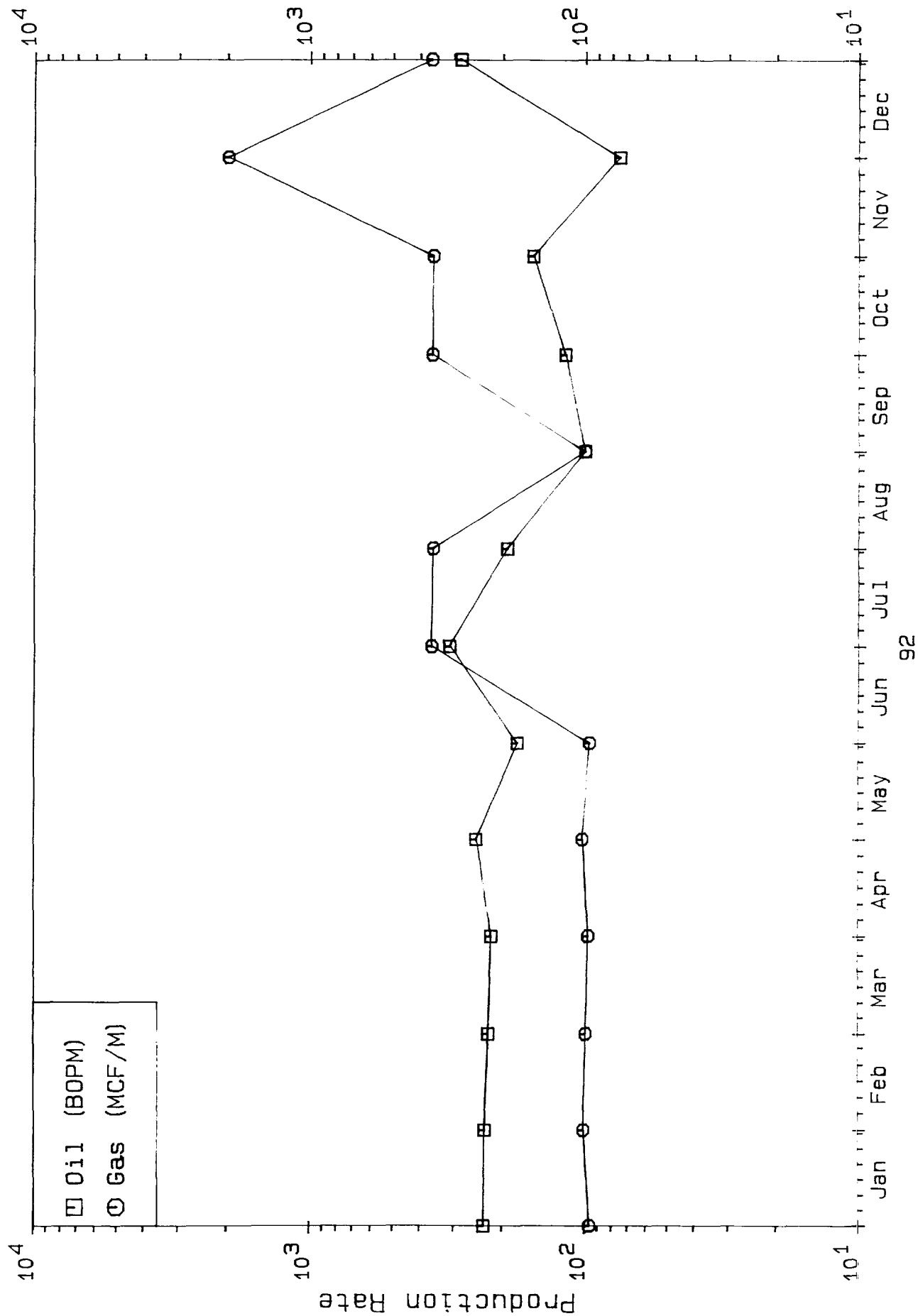
Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

P-31	SE/SE	31-32N-13W	Producing
I-6	NE/SE	6-31N-13W	Producing
G-32	SW/NE	32-32N-13W	Producing
N-31	NE/SW	31-32N-13W	Gas Injection - SI
C-6	NW/NW	6-31N-13W	Gas Injection - SI
M-29	SW/SW	29-32N-13W	Producing

LA PLATA MANCOS UNIT 1992 PRODUCTION



SCHEDULE II

LA PLATA MANCOS UNIT
1992 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	231	101	0	0
February	224	99	0	0
March	219	97	0	0
April	248	102	0	0
May	176	96	0	0
June	311	362	0	0
July	192	357	80	0
August	100	100	0	0
September	118	359	0	0
October	155	357	0	0
November	75	1982	0	0
December	<u>284</u>	<u>363</u>	<u>0</u>	<u>0</u>
<u>Total</u>	2333	4375	80	0
Cumulative	364560	218601	80	117533



JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

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

SLO REF NO. OG-1276

March 22, 1993

Benson-Montin-Greer Drilling Corporation
221 Petroleum Center Building
Farmington, New Mexico 87401

Attn: Mr. Albert R. Greer

Re: 1993 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

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

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

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

JB/FOP/pm
cc: OCD
BLM



RAY B. POWELL
COMMISSIONER

4429

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

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

June 21, 1993

Meridian Oil Company
P.O. Box 51810
Midland, Texas 79710-1810

Attention: Mr. Larry Crowder

Re: Resignation/Designation of Successor Unit Operator
Langlie Jal Unit
Lea County, New Mexico

Dear Mr. Crowder:

This office is in receipt of a designation of successor unit operator, wherein Union Texas Petroleum Corporation has resigned as unit operator of the Langlie Jal Unit and designated Meridian Oil Company as the successor unit operator.

The Commissioner of Public Lands has this date approved the resignation of Union Texas Petroleum Corporation and the designation of Meridian Oil Company as the successor unit operator of this unit. This change in operators is effective September 17, 1991. In accordance with this approval, Meridian Oil Company, is now responsible for all operations and the reporting of all production from the unit.

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 B. POWELL
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*

FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
RBP/FOP/pm
encls.

cc: Reader File
OCD
BLM
Union Texas Petroleum Corporation



State of New Mexico

OFFICE OF THE

Commissioner of Public Lands

Santa Fe

JIM BACA
COMMISSIONER

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

May 6, 1993

Meridian Oil Company
P.O. Box 51810
Midland, Texas 79710-1810

Attn: Ms. Maria L. Perez

Re: Resignation of Successor Unit Operator
Langlie Jal Unit
Lea County, New Mexico

Dear Ms. Perez:

The New Mexico Oil Conservation Division records reflect that Meridian Oil Company has been designated as the successor unit operator of the Langlie Jal Unit Area, Lea County, New Mexico.

Our records reflect that Union Texas Petroleum Corporation is still the operator of record for this unit. Pursuant to the terms of the State 32-7-33 Unit Agreement, any change in unit operators must also be approved by the Commissioner of Public Lands.

In view of the above, please submit a resignation/designation of successor unit operator to this office for approval. If the change of operator has not been filed with and approved by this office, you are operating the Langlie Jal Unit without authority.

Please submit the appropriate documents for designation of successor operator of the Langlie Jal Unit within thirty (30) days from receipt of this letter. Failure to timely submit the requested documents may jeopardize the state leases committed to this unit agreement.

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil/Gas and Minerals Division
(505) 827-5744
JB/FOP/pm
encls.
cc: Reader File
OCD

#3967

OIL CONSERVATION DIVISION
RECEIVED

BENSON-MONTIN-GREER DRILLING CORP.

'91 MAR 27 AM 9 30

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

March 18, 1991

3-21-91
D-Unit letter
Tux 2y

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401
Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87501
Attention: Floyd O. Prando, Director
Oil and Gas Division

✓ New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
1991 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1990 and Operator's Plan of Development for 1991 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

March 18, 1991
Page No. 2

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1991.

5. Effectiveness of enhanced recovery project:

Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1991 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

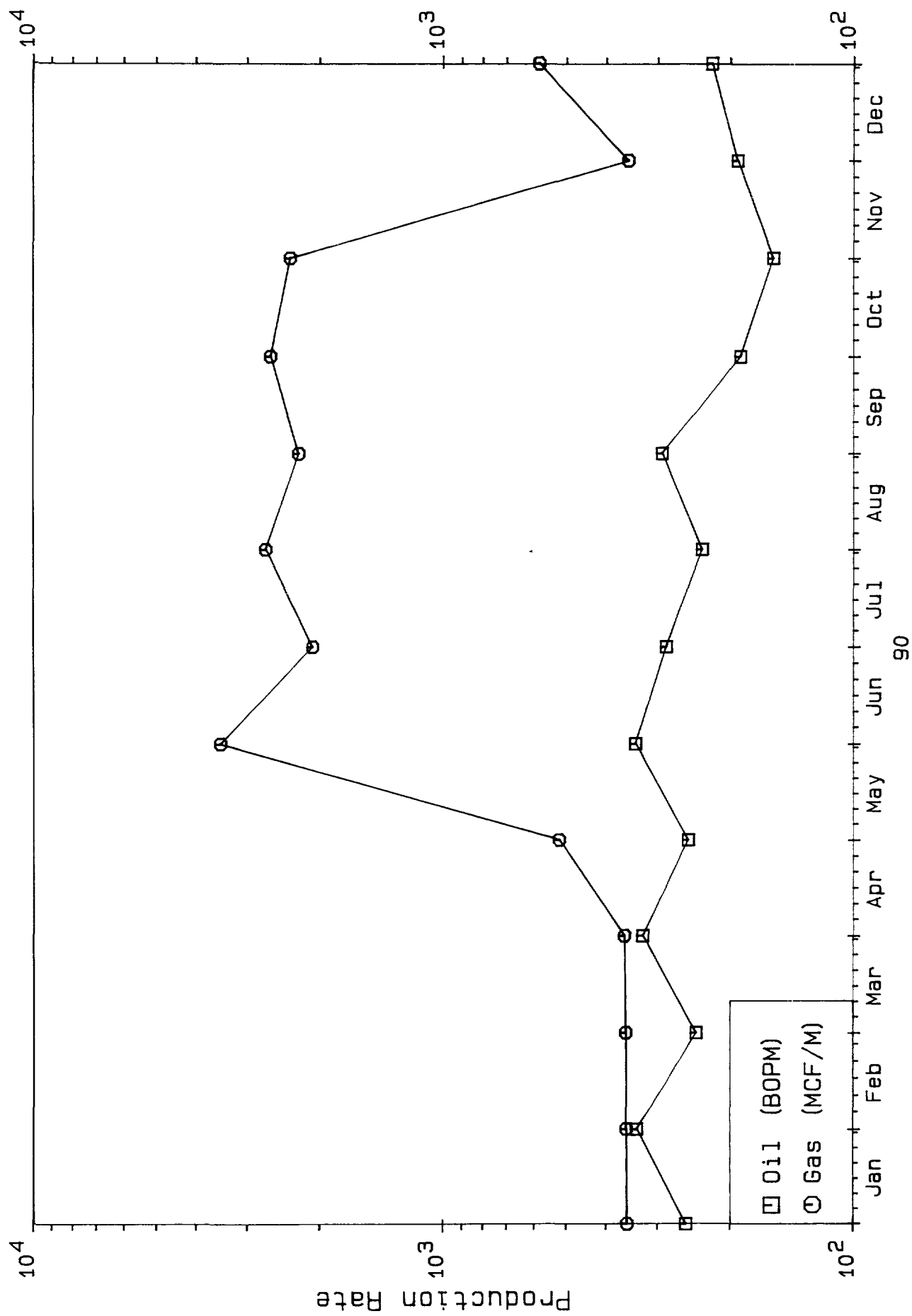
P-31	SE/SE	31-32N-13W	Producing
I-6	NE/SE	6-31N-13W	Producing
G-32	SW/NE	32-32N-13W	Producing
N-31	NE/SW	31-32N-13W	Gas Injection - SI
C-6	NW/NW	6-31N-13W	Gas Injection - SI
M-29	SW/SW	29-32N-13W	Producing

SCHEDULE II

LA PLATA MANCOS UNIT
1990 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	337	357	0	0
February	242	358	0	0
March	326	361	0	0
April	253	521	0	0
May	340	3485	0	0
June	286	2080	0	0
July	234	2710	0	0
August	293	2248	0	0
September	189	2636	0	0
October	157	2357	0	0
November	192	354	0	0
December	<u>222</u>	<u>585</u>	<u>0</u>	<u>0</u>
<u>Total</u>	3071	18052	0	0
Cumulative	360479	207661	0	117533

LA PLATA MANCOS UNIT
1990 PRODUCTION



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

#3967

GARREY CARRUTHERS
GOVERNOR

March 1, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Benson-Montin-Greer
Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401


Attention: Albert R. Greer

Re: La Plata Mancos Unit
1990 Plan of Development

Gentlemen:

The above-referenced submittal has been approved by the New Mexico Oil Conservation Division effective this date. Such approval is contingent upon like approval by the New Mexico Commissioner of Public Lands and the Bureau of Land Management.

Sincerely,



ROY E. JOHNSON,
Senior Petroleum Geologist

REJ/dr

cc: Commissioner of Public Lands
Bureau of Land Management

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

February 28, 1990

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

→ New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Re: LA PLATA MANCOS UNIT
1990 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations and Operator's proposed Plan of Development for 1990.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1990.

...

3-1-90
D-unit letter
Tx
Ry

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

Page No. 2
February 28, 1990

5. Effectiveness of enhanced recovery project:

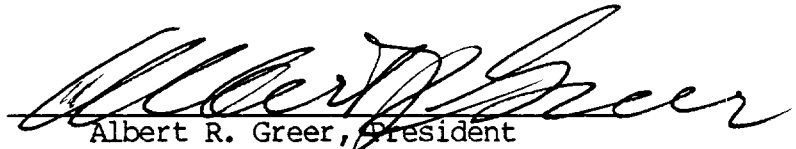
Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1990 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

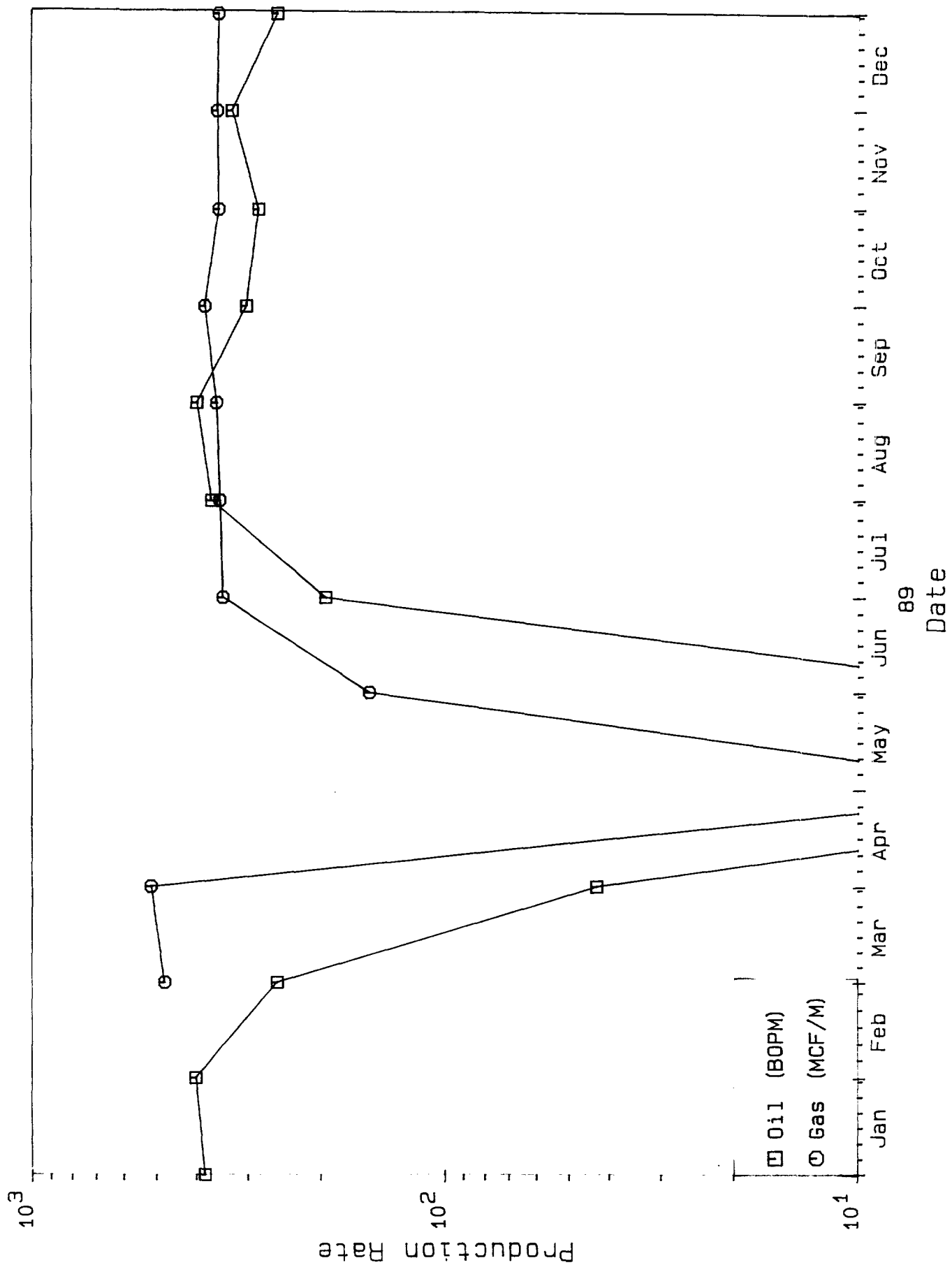
P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Producing
G-32	SW/NE 32-32N-13W	Producing
N-31	NE/SW 31-32N-13W	Gas Injection - SI
C-6	NW/NW 6-31N-13W	Gas Injection - SI
M-29	SW/SW 29-32N-13W	Producing

SCHEDULE II

LA PLATA MANCOS UNIT
1989 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	402	1166	0	0
February	255	479	0	0
March	43	517	0	0
April	1	3	0	0
May	3	153	0	0
June	195	346	0	0
July	369	352	0	0
August	401	359	0	0
September	304	384	0	0
October	284	355	0	0
November	330	358	0	0
December	<u>256</u>	<u>356</u>	<u>0</u>	<u>0</u>
Total	2843	4828	0	0
Cumulative	357408	189609	0	117533

LA PLATA MANCOS UNIT 1989 PRODUCTION



Van Houten

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

July 8, 1989

#3967

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

RECEIVED

JUL 12 1989
OIL CONSERVATION DIV.
SANTA FE

✓ New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

Re: LA PLATA MANCOS UNIT
1989 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations and Operator's proposed Plan of Development for 1989.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as
Schedule I.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1989.

...

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

Page No. 2
July 8, 1989

5. Effectiveness of enhanced recovery project:

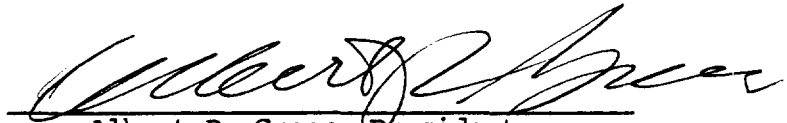
Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1989 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

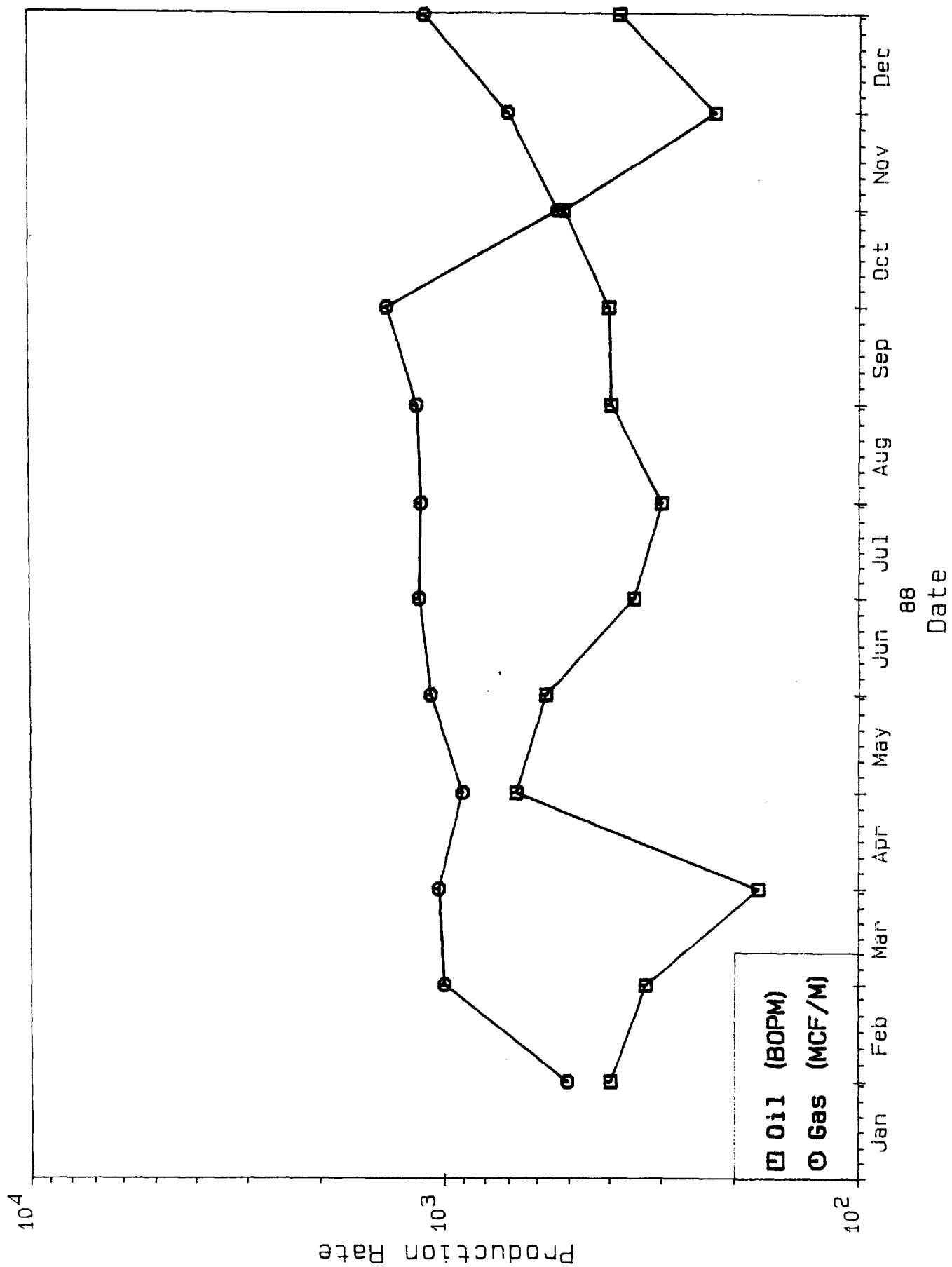
P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Producing
G-32	SW/NE 32-32N-13W	Producing
N-31	NE/SW 31-32N-13W	Gas Injection - SI
C-6	NW/NW 6-31N-13W	Gas Injection - SI
M-29	SW/SW 29-32N-13W	Producing

SCHEDULE II

LA PLATA MANCOS UNIT
1988 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	398	506	0	0
February	327	1004	0	0
March	175	1037	0	0
April	674	910	0	0
May	572	1087	0	0
June	350	1161	0	0
July	300	1149	0	0
August	398	1179	0	0
September	404	1397	0	0
October	520	539	0	0
November	223	712	0	0
December	<u>382</u>	<u>1138</u>	<u>0</u>	<u>0</u>
Total	4723	11819	0	0
Cumulative	354565	184781	0	117533

LA PLATA MANCOS UNIT 1988 PRODUCTION



BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

July 8, 1989

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

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

Re: LA PLATA MANCOS UNIT
1989 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations and Operator's proposed Plan of Development for 1989.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1989.

...

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

Page No. 2
July 8, 1989

5. Effectiveness of enhanced recovery project:

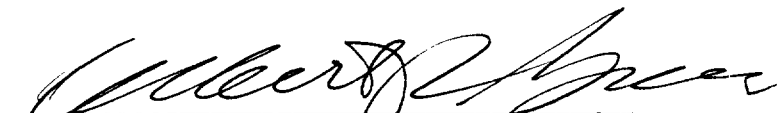
Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1989 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

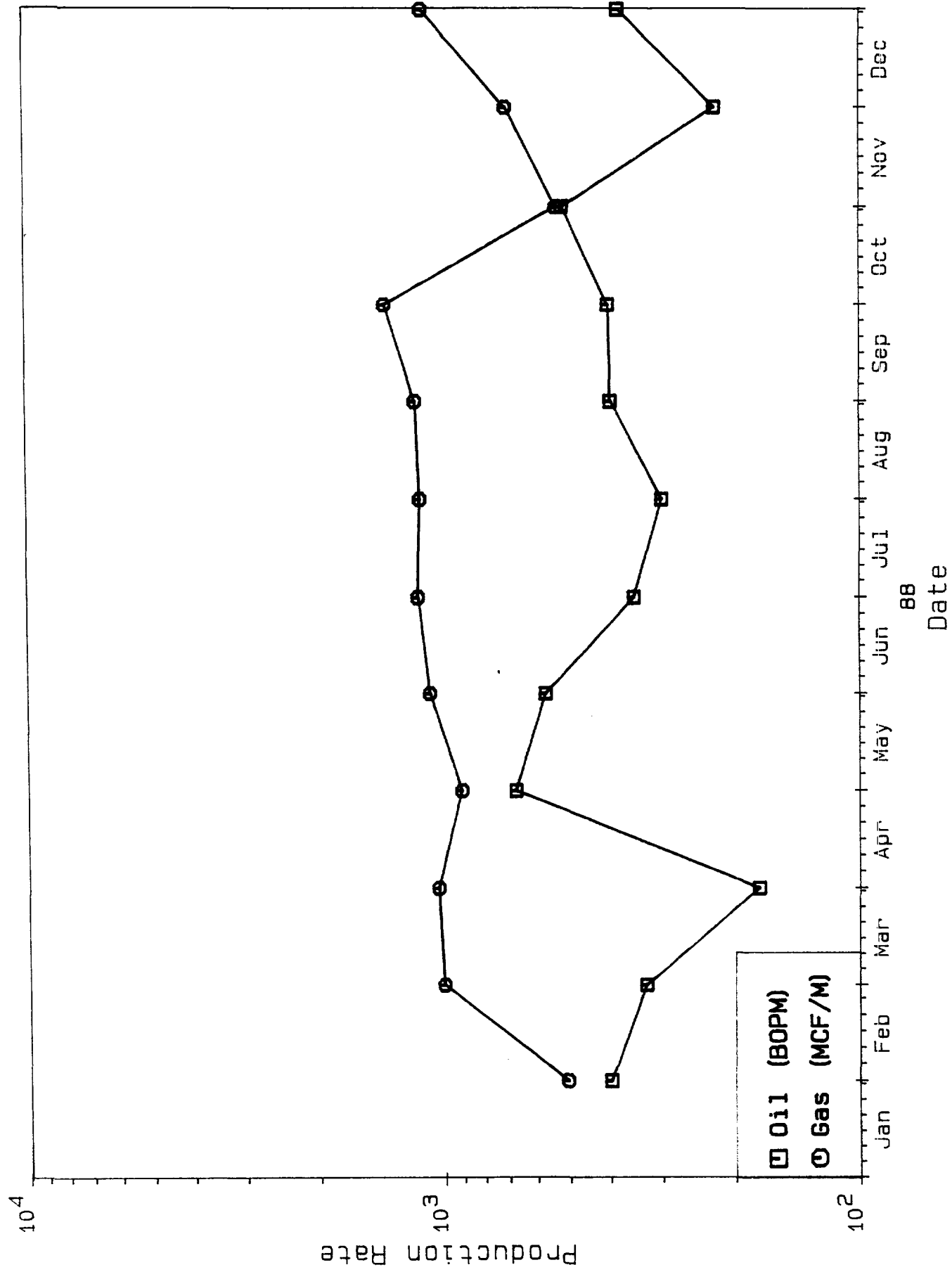
P-31	SE/SE	31-32N-13W	Producing
I-6	NE/SE	6-31N-13W	Producing
G-32	SW/NE	32-32N-13W	Producing
N-31	NE/SW	31-32N-13W	Gas Injection - SI
C-6	NW/NW	6-31N-13W	Gas Injection - SI
M-29	SW/SW	29-32N-13W	Producing

SCHEDULE II

LA PLATA MANCOS UNIT
1988 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	398	506	0	0
February	327	1004	0	0
March	175	1037	0	0
April	674	910	0	0
May	572	1087	0	0
June	350	1161	0	0
July	300	1149	0	0
August	398	1179	0	0
September	404	1397	0	0
October	520	539	0	0
November	223	712	0	0
December	<u>382</u>	<u>1138</u>	<u>0</u>	<u>0</u>
Total	4723	11819	0	0
Cumulative	354565	184781	0	117533

LA PLATA MANCOS UNIT 1988 PRODUCTION



RECEIVED

JUL 26 1989

OIL CONSERVATION DIV. La Plata Mancos Unit (POB)
SANTA FE 3180 (019)

JUL 18 1989

Benson-Moutin-Greer Drilling Corporation
Attn: Albert R. Greer
221 Petroleum Center Building
Farmington, NM 87401

Gentlemen:

One approved copy of your 1989 Plan of Development for the La Plata Mancos Unit area, San Juan County, New Mexico is enclosed. Such plan, proposing no new wells be drilled in calendar year 1989 was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

The possibility of drainage by wells outside of the unit boundary may exist. You will be contacted at a later date about this possibility.

If you have any questions, please contact Gail Keller at the above address or telephone (505) 327-5344.

Sincerely,

/s/ John L. Keller

John Keller
Chief, Branch of Minerals

Enclosure

cc: New Mexico Oil Conservation Division, State Land Office Building,
P. O. Box 2088, Santa Fe, NM 87504
Commissioner of Public Lands, State of New Mexico, P. O. Box 1146,
Santa Fe, NM 87504
Navajo Nation Minerals Department, P. O. Box 146, Window Rock, AZ 86615

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

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

July 13, 1989

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

ATTN: Albert R. Greer

RE: 1989 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

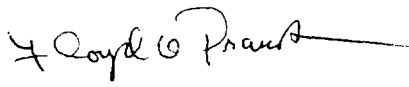
Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned 1989 Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files. If we may be of further help, please do not hesitate to contact us.

Very truly yours,

W.R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5749

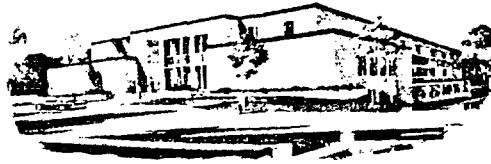
cc: OCD - Santa Fe, New Mexico
BLM
Unit Correspondence File

WRH/FOP/SMH

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

August 15, 1988

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

Benson-Montin-Greer Drilling Corp.
Attn: Mr. Albert R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: La Plata Mancos Unit
First Expansion to Unit Area
NE/4 Sec. 32-32N-13W
San Juan County, New Mexico

Gentlemen:

This office is in receipt of your letter of July 6, 1988, requesting our final approval to the first expansion to the La Plata Mancos Unit Area, San Juan County, New Mexico. Your letter mentioned that an updated copy of Exhibits "A" and "B" should have been enclosed. We received only Exhibits "A" and "C" but have not received revised Exhibit "B".


Upon reviewing your Exhibit "C" we find that Tract No. 20, erroneously shows the W $\frac{1}{2}$ NW $\frac{1}{4}$ of section 32 as containing 76.4 acres and the W $\frac{1}{2}$ SW $\frac{1}{4}$ containing 76.2 acres. Upon reviewing State of New Mexico Lease No. L-738-2 we find that it was issued on March 19, 1968 for lands described as the SE $\frac{1}{4}$ NE $\frac{1}{4}$, W $\frac{1}{2}$ W $\frac{1}{2}$ of Section 32-32N-13W containing 200.00 acres. Our telephone conversation with Mr. Jack Savalan of the Bureau of Land Management's cadastral Survey section, advised that their records indicate that there has been no approved resurvey of Section 32-32N-13W and their records show the section still contains 640.00 acres. In order to expedite our first expansion approval, please submit a revised Exhibit "C" reflecting the W $\frac{1}{2}$ NW $\frac{1}{4}$ containing 80.00 acres and the W $\frac{1}{2}$ SW $\frac{1}{4}$ containing 80.00 acres. The SE $\frac{1}{4}$ NE $\frac{1}{4}$ containing 40.00 acres as shown on your exhibit is correct. The tract participation should also be changed to 4.153135. Enclosed is a copy of your Exhibit "C" schedule reflecting the changes to be made.

Benson-Montin-Greer Drilling Corp.
August 15, 1988
page 2

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

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.
cc: OCD
BLM

AUG 04 1988

La Plata Mancos
Unit (GC))
3180 (015)

Benson-Montin-Greer Drilling Corp.
ATTN: Albert R. Greer
221 Petroleum Center Bldg.
Farmington, NM 87401

Gentlemen:

Expansion of the La Plata Mancos Unit Area, San Juan County, New Mexico was given preliminary approval by the Department of the Interior by letter of January 6, 1987. The unit area presently contains 2,993.30 acres. This expansion will add 160.00 acres; 40.00 acres of Federal land, 80.00 acres of Fee land and 40.00 acres of State land, to the unit areas and will be included in the Participating Area. The area covered by this expansion is the NE 1/4 Section 32, T. 32 N., R. 13 W. The unit area will be increased to 3153.30 acres.

The expansion is necessary for unit operations. All working interest owners, lessees and the lessors whose interests were affected have been notified.

Therefore, we hereby, approve the expansion of the La Plata Mancos Unit Area, effective October 1, 1979. This approval is subject to like approval by the appropriate officials of the State of New Mexico.

If you have any questions, please contact Gail Keller at the above address or telephone (505) 761-4609.

Sincerely,

[s] Gary A. Stephens

Assistant District Manager
Mineral Resources

cc:

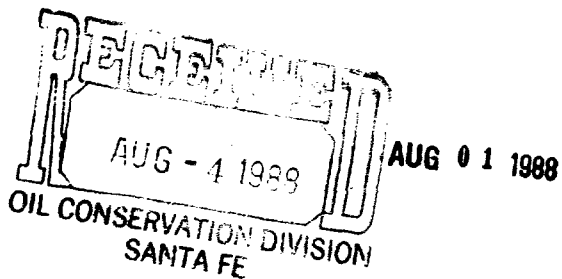
MMS

NMOCD (w/o encl)

Comm. Pub. Lands (w/o encl)

NM-019

015:GK:ja:8/1/88:0265M



La Plata Mancos (POD)
3180 (015)

Benson-Montin-Greer Drilling Corp.
ATTN: Albert R. Greer
221 Petroleum Center Building
Farmington, NM 87401

Gentlemen:

One approved copy of your 1988 Plan of Development for the La Plata Mancos Unit area, San Juan County, New Mexico is enclosed. Such plan, proposing that no new wells be drilled in 1988, was approved this date subject to like approval by the appropriate officials of the State of New Mexico.

Starting with the 1989 Plan of Development, please provide the following information in your annual Plan of Development.

1. A summary of operations for the past year which should include up-to-date maps showing the latest geologic interpretations, all wells and participating area boundaries. Should there be no changes from one year to another, reference may be made to the most recent map submitted.
2. A list showing the status of all wells.
3. Performance curves covering the productive life of each horizon under a participating area, including injectivity curves.
4. Your plans for development within the unit area for the next year.
5. Pertinent data as to the effectiveness of the enhanced recovery project (if applicable). This information should include data on current and cumulative water injection rates, current and cumulative water, gas, and oil production and current water-oil ratios. A short discussion as to the general progress of the flood and any significant changes in any phase of the project should also be included.

All plans of development are to be filed in triplicate.

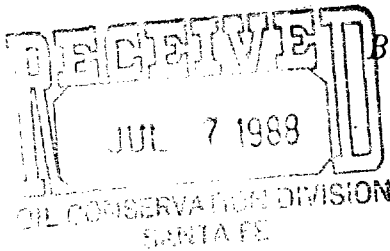
If you have any questions, please contact Gail Keller at the above address or telephone (505) 761-4503.

Sincerely,

/s/ Gary A. Stephens
Assistant District Manager
Mineral Resources

cc: NMOC, Santa Fe Comm. of Pub. Lands, Santa Fe
NM-019 015:GKeller:ja:7/28/88:0259M

Enclosure



BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

July 6, 1988

White Her

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

U.S. Department of the Interior
Bureau of Land Management
435 Montano Road NE
Albuquerque, NM 87107

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

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

Re: LA PLATA MANCOS UNIT
1988 PLAN OF DEVELOPMENT

Gentlemen:

Benson-Montin-Greer Drilling Corp., as Unit Operator of the La Plata Mancos Unit, hereby submits for your consideration our proposed Plan of Development for the year 1988.

Unit Operator proposes that no new wells be drilled in calendar year 1988.

Statistical information submitted at this time for your records includes the following:

1. Plat of Exhibit A which shows all wells in the La Plata Mancos Unit. Solid colored wells are oil recovery wells; wells with triangles are gas injection wells. All wells are completed in the Niobrara member of the Mancos formation. Current status of the wells: all oil wells are in producing status; some of the smaller producers are operated only intermittently. The gas injection wells are temporarily suspended.

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

Page No. 2
July 6, 1988

2. Schedule of production by wells by months for all wells for the years 1985, 1986 and 1987 are shown on the production schedule enclosed.

We hereby request your approval of this 1988 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

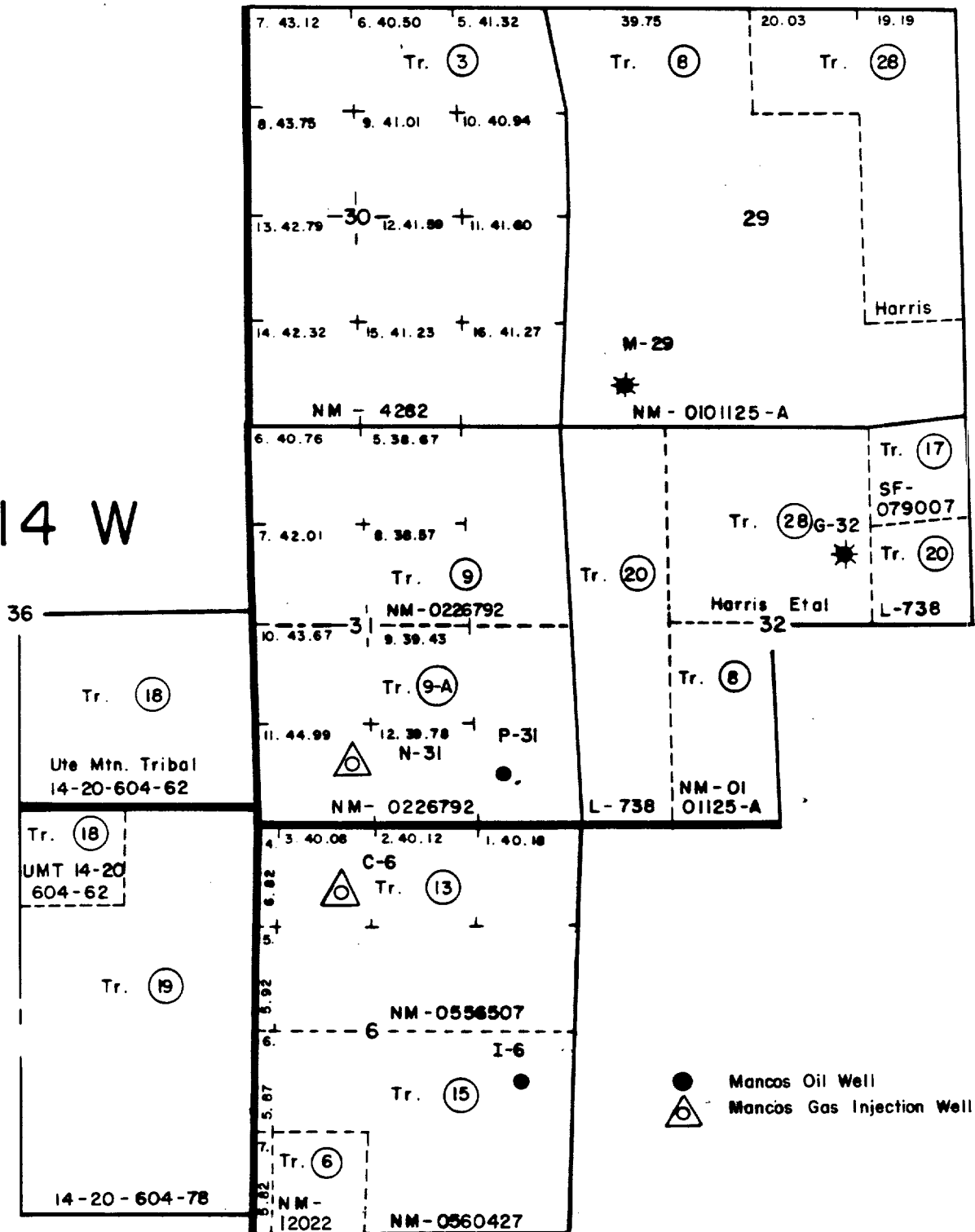
Enclosures

R 13 W

R 14 W

T
32
N

T
31
N



BENSON - MONTIN - GREER DRILLING CORP.

EXHIBIT "A"

LA PLATA MANCOS UNIT

SAN JUAN COUNTY, NEW MEXICO

Scale: 1" = 2,000'

Revised: 4-23-85, 2-29-88

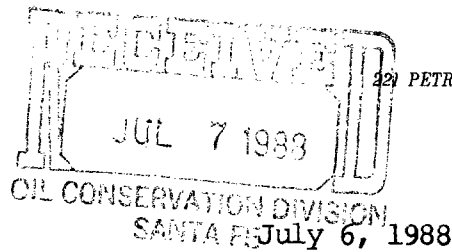
March, 1982

LA PLATA MANCOS UNIT

SCHEDULE OF PRODUCTION BY WELLS BY MONTHS

<u>DATE</u>	<u>P-31</u>	<u>I-6</u>	<u>G-32</u>	<u>M-29</u>	<u>Total</u>
<u>1985</u>					
January	265	4	2	321	592
February	261	4	4	254	523
March	280	37	3	297	617
April	253	17	2	263	535
May	241	5	1	299	546
June	254	3	20	325	602
July	241	1	2	286	530
August	225	1	2	233	461
September	141	1	1	401	544
October	149	2	3	424	578
November	216	2	4	300	522
December	202	2	3	249	456
<u>1986</u>					
January	210	4	3	329	546
February	249	1	1	224	475
March	223	3	2	264	492
April	73	1	2	61	137
May	198	1	1	134	334
June	343	3	4	269	619
July	200	2	2	236	440
August	171	1	1	221	394
September	0	0	0	0	0
October	0	0	0	0	0
November	384	4	2	317	707
December	140	1	2	140	283
<u>1987</u>					
January	250	1	1	219	471
February	138	1	1	149	289
March	228	2	4	124	358
April	213	2	1	278	494
May	160	2	2	165	329
June	228	2	3	247	480
July	138	1	1	130	270
August	148	2	3	135	288
September	100	1	3	100	204
October	2	0	0	2	4
November	220	1	1	252	474
December	101	1	1	105	208

BENSON-MONTIN-GREER DRILLING CORP.



22 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

D. J. White

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

U.S. Department of the Interior
Bureau of Land Management
435 Montano Road NE
Albuquerque, NM 87107

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

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

Re: LA PLATA MANCOS UNIT
SAN JUAN COUNTY, NEW MEXICO:
APPLICATION FOR APPROVAL OF FIRST
EXPANSION TO UNIT AREA

Gentlemen:

By application dated September 28, 1987; and amended by application dated August 8, 1985 Benson-Montin-Greer Drilling Corp., operator of the La Plata Mancos Unit, requested preliminary concurrence for first expansion of the unit area to include the NE/4 of Section 32, Township 32 North, Range 13 West.

By letter dated January 6 preliminary concurrence was given by the Department of the Interior and by letter dated January 15, 1988 preliminary concurrence was given by the Commissioner of Public Lands.

In accordance with the terms of the Unit Agreement, notice of the proposed expansion was mailed to each working interest owner, lessee and lessor whose interests are affected.

...

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

Page No. 2
July 6, 1988

No objections to the expansion have been received. Copies of the receipts showing certified mailings are enclosed.

Copy of joinders of the affected working interest owners are enclosed.

Also enclosed are updated copies of Exhibits A and B.


In accordance with the request for preliminary concurrence and the notice of proposed expansion, we recommend that the effective date of the expansion be the first of October, 1979.

Further with respect to this date, we agree that communitization agreement SRM-1315 should be terminated as of that time. We hereby agree to such termination.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Goldie Frame
805 Mossman Drive
Farmington, NM 87401

4. Type of Service: Article Number
☐ Registered ☐ Insured
☒ Certified ☐ COD P-017-191-287
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X *Goldie Frame*

6. Signature - Agent
X

7. Date of Delivery

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Bureau of Indian Affairs
P.O. Box 26567
Albuquerque, NM 87125

4. Type of Service: Article Number
☐ Registered ☐ Insured
☒ Certified ☐ COD P-017-191-295
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X

6. Signature - Agent
X *[Signature]*

7. Date of Delivery
1-19-88

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Bonnie Luther
3817 N. Dustin
Farmington, NM 87401

4. Type of Service: Article Number
☐ Registered ☐ Insured
☒ Certified ☐ COD P-017-191-292
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X *Bonnie Luther*

6. Signature - Agent
X

7. Date of Delivery
1-6-88

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
New Mexico Oil Conservation Div.
P.O. Box 2088
Santa Fe, NM 87501

4. Type of Service: Article Number
☐ Registered ☐ Insured
☒ Certified ☐ COD P-058-344-930
☐ Express Mail

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
X *[Signature]*

6. Signature - Agent
X

7. Date of Delivery
JAN 6 1988

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.
2. ☐ Restricted Delivery.

3. Article Addressed to:
New Mexico Commissioner of Public
P.O. Box 1148 Land
Santa Fe, NM 87504-1148

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	<input type="checkbox"/> Insured <input type="checkbox"/> COD P-058-344-929

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *[Signature]*

6. Signature - Agent
X

7. Date of Delivery
JAN 8 1988

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.
2. ☐ Restricted Delivery.

3. Article Addressed to:
Ute Mountain Ute Tribe
Philip Coyote Senior Memorial Hall
Towaoc, CO 81334

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	<input type="checkbox"/> Insured <input type="checkbox"/> COD P-017-191-293

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *[Signature]*

6. Signature - Agent
X

7. Date of Delivery
D 105-88

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.
2. ☐ Restricted Delivery.

3. Article Addressed to:
Stanley Norris Harris
P.O. Box 1843
Durango, CO 81301

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	<input checked="" type="checkbox"/> Insured <input type="checkbox"/> COD P-017-191-291

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *[Signature]*

6. Signature - Agent
X

7. Date of Delivery
JAN 8 1988

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.
2. ☐ Restricted Delivery.

3. Article Addressed to:
Mildred Taylor
9627 N. 32nd Street
Phoenix, AZ 85028

4. Type of Service:	Article Number
<input type="checkbox"/> Registered <input checked="" type="checkbox"/> Certified <input type="checkbox"/> Express Mail	<input type="checkbox"/> Insured <input type="checkbox"/> COD P-058-344-931

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *[Signature]*

7. Date of Delivery
1-6-88

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Grace Pyeatt
1220 McCoy Avenue
Aztec, NM 87410

4. Type of Service: Article Number
☐ Registered ☐ Insured
☒ Certified ☐ COD P-017-191-290
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *R. D. [Signature]*

6. Signature - Agent
X

7. Date of Delivery
JAN 5 1988

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Hansen-McBride Petroleum Co.
P.O. Box 1515
Roswell, NM 88202

4. Type of Service: Article Number
☐ Registered ☐ Insured
☒ Certified ☐ COD P-017-191-288
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *[Signature]*

7. Date of Delivery
1-6-88

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
Bureau of Land Management
435 Montano Road NE
Albuquerque, NM 87107

4. Type of Service: Article Number
☐ Registered ☐ Insured
☒ Certified ☐ COD P-058-344-928
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *Donald P. Knapp*

6. Signature - Agent
X

7. Date of Delivery
JAN 5 1988

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

SENDER: Complete items 1, 2, 3 and 4.

Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.

1. ☐ Show to whom, date and address of delivery.

2. ☐ Restricted Delivery.

3. Article Addressed to:
John E. Harris, Jr.
P.O. Box 328
La Plata, NM 87418

4. Type of Service: Article Number
☐ Registered ☐ Insured
☒ Certified ☐ COD P-017-191-289
☐ Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X *A. Jay Harris*

6. Signature - Agent
X

7. Date of Delivery
1-5-88

8. Addressee's Address (ONLY if requested and fee paid)

DOMESTIC RETURN RECEIPT

PS Form 3811, July 1983

<p>SENDER: Complete items 1, 2, 3 and 4.</p> <p>Put your address in the "RETURN TO" space on the reverse side. Failure to do this will prevent this card from being returned to you. <u>The return receipt fee will provide you the name of the person delivered to and the date of delivery.</u> For additional fees the following services are available. Consult postmaster for fees and check box(es) for service(s) requested.</p>	
<p>1. <input type="checkbox"/> Show to whom, date and address of delivery.</p> <p>2. <input type="checkbox"/> Restricted Delivery.</p>	
<p>3. Article Addressed to:</p> <p>Nell Brodie P.O. Box 762 Farmington, NM 87401</p>	
<p>4. Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail</p>	<p>Article Number</p> <p>P-058-344-932</p>
<p>Always obtain signature of addressee or agent and <u>DATE DELIVERED.</u></p>	
<p>5. Signature — Addressee</p> <p>X <i>Nell Brodie</i></p>	
<p>6. Signature — Agent</p> <p>X</p>	
<p>7. Date of Delivery</p> <p><i>1-2-88</i></p>	
<p>8. Addressee's Address (ONLY if requested and fee paid)</p>	

DOMESTIC RETURN RECEIPT

RATIFICATION AND JOINDER OF THE UNIT AGREEMENT FOR
THE DEVELOPMENT AND OPERATION OF THE
LA PLATA MANCOS UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

In consideration of the execution of the UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE LA PLATA MANCOS UNIT AREA, SAN JUAN COUNTY, NEW MEXICO, dated June 1, 1968, in form approved on behalf of the Secretary of the Interior, the undersigned owner or owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement, hereby severally each to the extent of his ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, join, approve, ratify and adopt the terms and provisions of said Unit Agreement to the same extent as if he had signed the original agreement, and any modifications thereof approved by the Secretary of the Interior or his duly authorized representative, as applicable to said several lands and interest, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall become effective and be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby upon the approval of said Unit Agreement by the Secretary of the Interior, or his duly authorized representative, or otherwise as provided in the Unit Agreement for subsequent joinder, and when so executed shall be binding upon the undersigned, his heirs, devisees, assigns or successors in interest.

Date: February 29, 1988

BENSON-MONTIN-GREER DRILLING CORP.

Albert R. Greer
Albert R. Greer, President

Address: 221 Petroleum Center Building

Farmington, NM 87401

STATE OF NEW MEXICO }
COUNTY OF SAN JUAN } SS.

The foregoing instrument was acknowledged before me this

29 day of February, 1988, by Albert R. Greer, President of
BENSON-MONTIN-GREER DRILLING CORP. a corporation, on behalf of said corporation.
Witness my hand and official seal.

My Commission Expires:
6/20/90

Theresa L. Pacheco
Notary Public

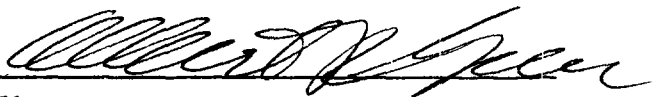
RATIFICATION AND JOINDER IN AND OF
UNIT OPERATING AGREEMENT UNDER
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION
OF THE LA PLATA MANCOS UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

In consideration of the execution of the UNIT OPERATING AGREEMENT dated June 1, 1968, under the UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE LA PLATA MANCOS UNIT, SAN JUAN COUNTY, NEW MEXICO, the undersigned by his signature affixed hereto does hereby join in and become a party of said Unit Operating Agreement as owner or owners of working interests, and does hereby adopt, ratify and confirm said Unit Operating Agreement and each and every term, stipulation and provision thereof to the same extent and in the same manner and for all purposes as if said signature or signatures were affixed to the original or counterpart copy of said Unit Operating Agreement.

For the same considerations, the undersigned agrees that at any time upon request of the Unit Operator, its heirs and assigns, he will execute and deliver to said Unit Operator the original or a counterpart copy of said Unit Operating Agreement.

BENSON-MONTIN-GREER DRILLING CORP.

Date: February 29, 1988


Albert R. Greer, President

Address: 221 Petroleum Center Building

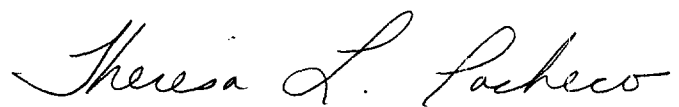
Farmington, New Mexico 87401

STATE OF NEW MEXICO }
COUNTY OF SAN JUAN } SS.

The foregoing instrument was acknowledged before me this
29 day of February, 1988, by Albert R. Greer, President of
BENSON-MONTIN-GREER DRILLING CORP., a corporation, on behalf of said corporation.
Witness my hand and official seal.

My Commission Expires:

6/20/90


Notary Public

RATIFICATION AND JOINDER IN AND OF
UNIT OPERATING AGREEMENT UNDER
UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION
OF THE LA PLATA MANCOS UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

In consideration of the execution of the UNIT OPERATING AGREEMENT dated June 1, 1968, under the UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE LA PLATA MANCOS UNIT, SAN JUAN COUNTY, NEW MEXICO, the undersigned by his signature affixed hereto does hereby join in and become a party of said Unit Operating Agreement as owner or owners of working interests, and does hereby adopt, ratify and confirm said Unit Operating Agreement and each and every term, stipulation and provision thereof to the same extent and in the same manner and for all purposes as if said signature or signatures were affixed to the original or counterpart copy of said Unit Operating Agreement.

For the same considerations, the undersigned agrees that at any time upon request of the Unit Operator, its heirs and assigns, he will execute and deliver to said Unit Operator the original or a counterpart copy of said Unit Operating Agreement.

Date: Feb 26, 1988

Michael B. Taylor

Address: 9627 N 32nd St.

Phoenix, AZ 85028

STATE OF ARIZONA }
COUNTY OF MARICOPA } SS.

The foregoing instrument was acknowledged before me this 26 day of February, 1988, by Mildred B. Taylor.

Witness my hand and official seal.

My Commission Expires:
6-30-90

Bobbie Ann Kueh
Notary Public

RATIFICATION AND JOINDER OF THE UNIT AGREEMENT FOR
THE DEVELOPMENT AND OPERATION OF THE
LA PLATA MANCOS UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

In consideration of the execution of the UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE LA PLATA MANCOS UNIT AREA, SAN JUAN COUNTY, NEW MEXICO, dated June 1, 1968, in form approved on behalf of the Secretary of the Interior, the undersigned owner or owners of lands or leases, or interests therein or royalties presently held or which may arise under existing option agreements, or other interests in production covered by said Unit Agreement, hereby severally each to the extent of his ownership or interest, consent to the inclusion of said lands within the Unit Area therein defined, join, approve, ratify and adopt the terms and provisions of said Unit Agreement to the same extent as if he had signed the original agreement, and any modifications thereof approved by the Secretary of the Interior or his duly authorized representative, as applicable to said several lands and interest, agree that the term of any lease given by the undersigned or under which the undersigned claims an interest herein is extended and modified to the extent necessary to make the same conform to the term of said Unit Agreement, agree that the drilling, development and producing requirements of all leases and other contracts in which their several rights and interests are created or defined shall be deemed fully performed by performance of the provisions of said Unit Agreement, and agree that payment for or delivery of (whichever may be required under prior agreements) oil and gas duly made upon the basis of production allocated under said Unit Agreement to the particular lands to which such rights or interests do or shall apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases or other contracts.

This Ratification and Joinder of Unit Agreement may be executed in any number of counterparts with the same force and effect as if all parties had signed the same document and shall become effective and be binding upon all those who execute a counterpart hereof, regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands affected hereby upon the approval of said Unit Agreement by the Secretary of the Interior, or his duly authorized representative, or otherwise as provided in the Unit Agreement for subsequent joinder, and when so executed shall be binding upon the undersigned, his heirs, devisees, assigns or successors in interest.

Date: Feb. 26, 1988

Mildred B. Taylor

Address: 9627 N. 32nd St.

Phoenix, Az. 85028

STATE OF AZ }
COUNTY OF Maricopa } SS.

The foregoing instrument was acknowledged before me this
26 day of Feb, 1988, by Mildred B. Taylor

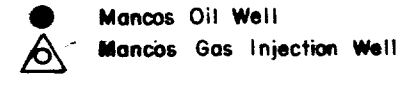
Witness my hand and official seal.

My Commission Expires:
6-30-90

Bobby Jean Kury
Notary Public

T
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March , 1982

EXHIBIT C
(FIRST EXPANSION)
LA PLATA MANCOS UNIT
PARTICIPATING AREA
PROPOSED EFFECTIVE OCTOBER 1, 1979

TRACT NO.	DESCRIPTION	TRACT GROSS ACRES	WEIGHTING FACTOR	TRACT WEIGHTED ACRES	TRACT PARTICIPATION	SERIAL NO. & EXPIRATION DATE	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
<u>FEDERAL LAND</u>								
3	T-32N, R-13W Sec. 30: All	501.4	1/3	167.1	10.450935	NM-4282	R. M. and/or M. A. Barton La Plata, Ltd.	5.0% 7.5% La Plata, Ltd. 90.767871 Lloyd B. Taylor 9.232129
6	T-31N, R-13W Sec. 6: SE/4SW/4	39.5	1/3	13.2	0.825568	NM-12022 10-1-75	R. M. and/or M. A. Barton	12.5% Same as above
8	T-32N, R-13W Sec. 29: SW/4NE/4, NW/4 Sec. 32: E/2SW/4 Sec. 29: SW/4, W/2SE/4, SE/4SE/4	277.6	1/3	92.5		NM-0101125-A	La Plata, Ltd. George Freyer Estate of Ernest A. Hansen	8.5% 3.0% 1.0% Same as above
9	T-32N, R-13W Sec. 31: E/2NE/4, Lots 5, 6, 7, 8	236.9	1/3	79.0	4.940897	NM-0226792	The Masi Company Virginia S. Rutter (assigned Rutter- Wilbanks Corp.)	9.5% 3.0% Same as above
9-A	T-32N, R-13W Sec. 31: E/2SE/4, Lots 9, 10, 11, 12	247.2	1	247.2	15.460629	NM-0226792	The Masi Company Virginia S. Rutter	9.5% 3.0% Same as above
13	T-31N, R-13W Sec. 6: Lots 1, 2, 3, 4, 5, S/2NE/4, SE/4NW/4	253.2	1	253.2	15.835887	NM-0556507 3-31-70	Skyline Oil Co. (not committed to unit)	12.5% Same as above

TRACT NO.	DESCRIPTION	TRACT GROSS ACRES	WEIGHTING FACTOR	TRACT WEIGHTED ACRES	TRACT PARTIAL-PATTON	SERIAL NO. & EXPIRATION DATE	OVERRIDING ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
15	T-31N, R-13W Sec. 6: SE/4 Sec. 6: Lots 6, 7, NE/4SE/4	157.7 50.8 208.5	1/3 1/3	52.6 17.0 69.6	 4.352993	NM-0560427	The Masi Company	12.5% Same as above
17	T-32N, R-13W Sec. 32: NE/4NE/4	40.0	1/3	13.3	0.831822	SF-079007	Rincon Oil and Gas Corp.	12.5% Same as above
<u>INDIAN LAND</u>								
18	T-32N, R-14W Sec. 36: SE/4 T-31N, R-14W Sec. 1: NW/4NE/4	190.4 40.0 230.4	1/3 1/3	63.5 13.3 76.8	 4.803303	14-20-604-62	La Plata, Ltd.	12.5% Same as above
19	T-31N, R-14W Sec. 1: NE/4NE/4, S/2NE/4 Sec. 1: SE/4	145.3 183.2 328.5	1/3 1/3	48.4 61.1 109.5	 6.848458	14-20-604-78	La Plata, Ltd.	12.5% Same as above
<u>STATE LAND</u>								
20	T-32N, R-13W Sec. 32: W/2NW/4 Sec. 32: W/2SW/4 Sec. 32: SE/4NE/4	76.4 76.2 40.0 192.6	1/3 1/3 1/3	25.5 25.4 13.3 64.2	 4.015260	L-738-2 3-19-73	La Plata, Ltd. Estate of Ernest A. Hansen	11.5% Same as above 1.0%

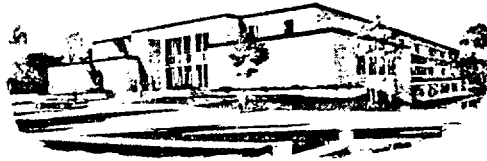
EXHIBIT C
(FIRST EXPANSION)
LA PLATA MANCOS UNIT PARTICIPATING AREA

TRACT NO.	DESCRIPTION	TRACT GROSS ACRES	WEIGHTING FACTOR	TRACT WEIGHTED ACRES	TRACT PARTICIPATION	SERIAL NO. & EXPIRATION DATE	OVERRIDE ROYALTY & PERCENTAGE	WORKING INTEREST & PERCENTAGE
<u>PATENTED LAND</u>								
28	T-32N, R-13W							
	Sec. 29: E/2NE/4, NW/4NE/4	196.3	1/3	65.4			Harris, et al 4.375%	Same as above
	Sec. 32: E/2NW/4						La Plata, Ltd. 7.125%	
							Estate of Ernest A. Hansen 1.000%	
	Sec. 32: W/2NE/4	80.0	1/3	26.7				
	Sec. 29: NE/4SE/4	40.0	1	40.0				
		<u>316.3</u>		<u>132.1</u>				
					<u>8.261930</u>			
TOTALS:		3,153.3		1,598.9	100.000000			

Note: working interests changed from the first expansion to this expansion concurrently with effective date of expansion.

EXHIBIT C
(FIRST EXPANSION)
LA PLATA MANCOS UNIT PARTICIPATING AREA

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER

Commissioner of Public Lands

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

July 21, 1988

Marathon Oil Company
Attn: Mr. S. C. Schraub
P. O. Box 552
Midland, Texas, 79702

Re: 1988 Plan of Development
Lea Unit
Lea County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1988 Plan of Development for the above captioned unit area.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

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

Very truly yours,

W. R. HUMPHRIES
COMMISSIONER OF PUBLIC LANDS

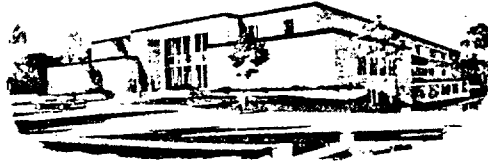
BY: *Floyd O. Prando*
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm
encls.
cc: OCD
BLM

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

July 21, 1988

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

Benson, Montin-Greer Drilling Corp.
Attn: Mr. Albert R. Greer
221 Petroleum Center Building
Farmington, new Mexico 87401

Re: 1988 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved your 1988 Plan of Development for the above captioned unit area.

Our approval is subject to like approval by all other appropriate agencies.

Enclosed is an approved copy for your files.

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

Very truly yours,

W. 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
BLM

State of New Mexico



'68 DEC 19 AM 8 25

Commissioner of Public Lands



November 13, 1968

P. O. BOX 1148
SANTA FE, NEW MEXICO

GUYTON B. HAYS
COMMISSIONER

Benson-Montin-Greer Drilling Corporation
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: La Plata Mancos Unit
San Juan County, New Mexico

ATTENTION: Mr. Albert R. Greer

Gentlemen:

The Commissioner of Public Lands has this date approved your La Plata Mancos Unit, San Juan County, New Mexico, subject to like approval by the United States Geological Survey.

Enclosed are five (5) Certificates of Approval.

This Unit Agreement is effective upon approval by the United States Geological Survey, therefore, please furnish us a copy of their Certificate of Effectiveness immediately so we can process this unit.

Enclosed is your Official Receipt No. I 37696 in the amount of One Hundred and Ten (\$110.00) Dollars which covers the filing fee.

Very truly yours,

GUYTON B. HAYS
COMMISSIONER OF PUBLIC LANDS

BY:
Malcolm L. Long, Supervisor
Unit Division

GBH/TE/ML/s
encl.

cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico

GOVERNOR
DAVID F. CARGO
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

November 27, 1968

Mr. William J. Cooley
Burr & Cooley
Attorneys at Law
152 Petroleum Center Building
Farmington, New Mexico 87401

Re: Case No. 3967
Order No. R-3610
Applicant:
Benson-Montin-Greer Drlg. Corp.

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.
Secretary-Director

ALP/ir

Carbon copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC x

Other Unit Division - State Land Office

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO 87401
PHONE: 325-8874

April 18, 1969

MAILED
69 APR 21 10 36

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Re: PROPOSED LA PLATA
MANCOS UNIT

Gentlemen:

Pursuant to Section 7 of the Unit Agreement for the La Plata Mancos Unit Area, we transmit herewith one true copy of the Unit Operating Agreement.

Upon final approval of the Unit Agreement by the U.S.G.S. we will forward you one copy of the completely executed Unit Agreement for your files.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY: 

Albert R. Greer, President

ARG:ney

DRAFT

GMH/esr
March 27, 1969

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

*Amendment
to 3967*

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

ma *Wice* CASE No. 4075

Order No. R-3610-A

APPLICATION OF BENSON-MONTIN-GREER
DRILLING CORPORATION FOR AMENDMENT
OF THE LA PLATA MANCOS UNIT AGREE-
MENT, SAN JUAN COUNTY, NEW MEXICO. *ADP*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 a.m. on March 5, 1969,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of April, 1969, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That by Order No. R-3610, dated November 27, 1968, the
Commission approved the La Plata Mancos Unit Agreement comprising
12,517.27 acres, more or less, of State, Federal, Indian, and Fee
lands in San Juan County, New Mexico.

(3) That the applicant, Benson-Montin-Greer Drilling Corp-
oration, seeks to amend the form of said unit agreement to
permit inclusion ⁱⁿ ~~of~~ the participating area of any and all lands
necessary for unit operations.

(4) That approval of the amended unit agreement as proposed
should promote the prevention of waste and the protection of cor-
relative rights within the unit area.

IT IS THEREFORE ORDERED:

(1) That the La Plata Mancos Unit Agreement/^{as amended,} is hereby approved.

(2) That the plan contained in said unit agreement/^{as amended,} for the development and operation of the unit area is hereby approved in principle as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, ^{as amended} 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 Commission to supervise and control operations for the exploration and development of any lands committed to the unit and production of oil or gas therefrom.

(3) That the unit operator shall file with the Commission an executed original or executed counterpart of the unit agreement, ^{as amended,} within 30 days after the effective date thereof; that in the event of subsequent joinder by any party or expansion or contraction of the unit area, the unit operator shall file with the Commission within 30 days thereafter counterparts of the unit agreement, ^{as amended,} reflecting the subscription of those interests having joined or ratified.

(4) That this order shall become effective upon the approval ^{as amended} of said unit agreement by the Commissioner of Public Lands for the State of New Mexico and the Director of the United States Geological Survey; that this order shall terminate ipso facto upon the termination of said unit agreement, ^{as amended} and that the last unit operator shall notify the Commission immediately in writing of such termination.

(5) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

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

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO,
~~COMMISSIONER~~ Member

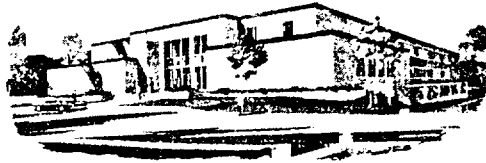
A. L. PORTER, Jr., Member & Secretary

S E A L

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

3967

SLO REF NO. OG-648

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

January 15, 1988

Benson-Montin-Greer Drilling Corp.
ATTENTION: Mr. Albert R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: La Plata Mancos Unit
Notice of Proposed Expansion of
Unit Area to Include NE/4 Sec.
32, T-32N, R-13W
San Juan County, New Mexico

Gentlemen:

This office is in receipt of your letter of January 4, 1988, advising this office of the proposed expansion of the La Plata Mancos Unit to include the La Plata Com Well No. 3 (G-32) well which was completed on September 28, 1978 in the La Plata Gallup Oil pool. This land is currently communitized in the NE/4 of Section 32, Township 32 North, Range 13 West containing State (25%), Federal (25%) and Fee (50%) lands.

In your letter dated August 8, 1984, to the Bureau of Land Management, you requested preliminary concurrence for the first expansion of the unit area and expressed the concern that the gas injection program of the participating area could be thwarted by gas produced from this well if it is not returned to the reservoir in the Unit Operator's gas injection plan; and accordingly this well should be included in the participating area.

In our letter of August 22, 1985, a copy of which has been enclosed, the Commissioner of Public Lands granted you preliminary approval as to the First Expansion with the understanding that our equity factor will be fifty percent value to the participating tracts and also stated that, we do not have any objections to the effective date being retroactive to October 1, 1979.

When submitting your request for final approval please follow closely all the conditions as set out in our letter of August 22, 1985.

Benson-Montin-Greer Drilling Corp.
January 15, 1988
Page 2

Our records also indicate that on May 13, 1986, June 11, 1986, and October 2, 1987, we requested that you submit to this office a copy of your current plan of development for approval. Article 10 of the La Plata Mancos Unit Agreement specifies that a Plan of Development for this unit will be submitted to the Land Commissioner for approval, "before the expiration of any existing plan." According to our records the last plan of development approved by the Commissioner was dated April 23, 1985 and covered the calender year 1985. It is the unit operators responsibility to submit yearly plans of development, of which you are in default.

Please submit a current plan of development as soon as possible. Also, please include with this plan a map of the unit showing the current status of all unit wells and their zone(s) of completion, together with a complete unit production history-by-well by month for the past two years. Please also note that, a map and production history will be required on all subsequent plans.

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: 

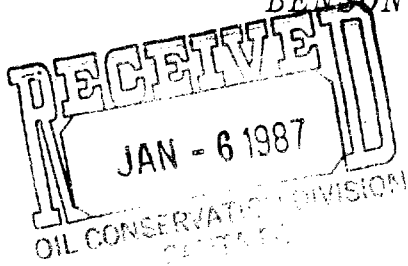
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

WRH/FOP/pm

encls. **Please refer to enclosed attachments**

cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico
GULRAM

BENSON-MONTIN-GREER DRILLING CORP.



221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325 8874

January 4, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

U.S. Department of the Interior
Bureau of Land Management
435 Montano Road NE
Albuquerque, NM 87107

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148

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

Re: LA PLATA MANCOS UNIT
SAN JUAN COUNTY:
NOTICE OF PROPOSED EXPANSION OF
UNIT AREA TO INCLUDE THE
NE/4 SEC 32, T-32N, R-13W

Gentlemen:

In September 1979 application was made to expand the unit area to include the NE/4 of Section 32, Township 32 North, Range 13 West and the NW/4 of Section 5, Township 31 North, Range 13 West.

Approval of all parties was received at that time with the exception of the Commissioner of Public Lands, whose approval was delayed until time ran out under the procedures.

Subsequently the lease covering the NW/4 of Section 5 expired.

Upon re-application for expansion to include the NE/4 of Section 32 preliminary approval has been given by the Department of the Interior and the Commissioner of Public Lands. Accordingly we hereby provide notice of proposed expansion of the La Plata Mancos

...

BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
Commissioner of Public Lands
Oil Conservation Division

Page No. 2
January 4, 1988

Unit to include the NE/4 of Section 32, Township 32 North, Range 13 West.

Copies of this letter are being sent to all working interest and royalty owners within the area. These parties, by the terms of the Unit Agreement, and as now advised, are allowed thirty days in which to submit to the Unit Operator,

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401


objections, if they have any.

It is recommended that the effective date of this expansion be the first of October 1979, being the date of the initially planned expansion.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

cc: LPMJ Working Interest Owners and Royalty Owners

MAILING LIST
LA PLATA MANCOS UNIT
WORKING INTEREST OWNERS AND ROYALTY OWNERS

1/4/88

La Plata Development Ltd.
221 Petroleum Center Building
Farmington, NM 87401

Mildred Taylor
9627 N. 32nd Street
Phoenix, AZ 85028

Nell Brodie
P.O. Box 762
Farmington, NM 87401

Goldie Frame
805 Mossman Drive
Aztec, NM 87410

Hansen-McBride Petroleum Co.
P.O. Box 1515
Roswell, NM 88202

John E. Harris, Jr.
P.O. Box 328
La Plata, NM 87418

Estate of Sterling Harris
c/o Grace Pyeatt
Personal Representative
1220 McCoy Avenue
Aztec, NM 87410

Stanley Norris Harris
P.O. Box 1843
Durango, CO 81301

Bonnie Luther
3817 N. Dustin
Farmington, NM 87401

Ute Mountain Ute Tribe
Ute Mountain Agency
Philip Coyote Sr. Memorial Hall
Towaoc, CO 81334

Bureau of Indian Affairs
P.O. Box 8327
Albuquerque, NM 87198-8327

Bureau of Land Management
Minerals Division
435 Montano NE
Albuquerque, NM 87107

JUN 18 1987

La Plata Mancos
3180 (015) (POD)

Benson-Montin-Greer Drilling Corp.
ATTN: Albert R. Greer
221 Petroleum Center Bldg.
Farmington, NM 87401

Gentlemen:

One approved copy of your 1987 Plan of Development for the La Plata Mancos Unit area, San Juan County, New Mexico is enclosed. Such plan, proposing no drilling in 1987 was approved on this date subject to like approval by the appropriate officials of the State of New Mexico.

If you have any questions, please contact Shirley Bryant at the above address or telephone (505) 761-4503.

Sincerely,

(Orig. Signed) - GARY A. STEPHENS

Assistant District Manager
Mineral Resources

Enclosure

cc:

NM-016 w/POD copy

NMOCD, Santa Fe

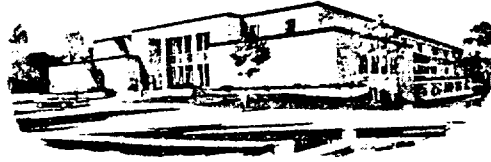
Comm. of Pub. Lands, Santa Fe

015:SBryant:jms:6-17-87:3218M

State of New Mexico



W.R. HUMPHRIES
COMMISSIONER



Commissioner of Public Lands

SLO REF NO. OG-475

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

October 2, 1987

Benson-Montin-Greer Drilling Corp.
ATTN: Mr. Albert R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

1987 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

Gentlemen:

Article 10 of the referenced unit agreement specifies that a Plan of Development for this unit will be submitted to the Land Commissioner for approval, "before the expiration of any existing plan."

According to our records the last plan of development approved by the Commissioner was dated April 23, 1985 and covered the calander year 1985.

Please submit a current plan of development as soon as possible. Also, please include with this plan a map of the unit showing the current status of all unit wells and their zone(s) of completion, together with a complete unit production history-by-well by month for the past two years.

Also, our records still show that the La Plata Com Well No. 3 (G-32) Well has been reporting under the La Plata Mancos Unit. Please indicate in your plan of development the status of your proposed enlargement as per your letter of August 26, 1985.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

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

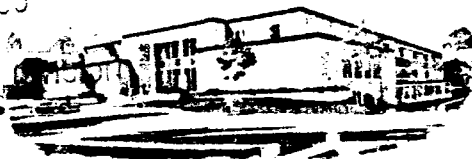
JB/FOP/pm
cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico



State of New Mexico

#3967

JUN 15 1986



Commissioner of Public Lands

JIM BACA
COMMISSIONER

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

June 11, 1986

REGISTERED MAIL RETURN RECEIPT REQUESTED

Benson-Montin-Greer Drilling Corp.

ATTN: Mr. Albert R. Greer

221 Petroleum Center Building

Farmington, New Mexico 87401

1986 Plan of Development

La Plata Mancos Unit

San Juan County, New Mexico

Gentlemen:

Article 10 of the referenced unit agreement specifies that a Plan of Development for this unit will be submitted to the Land Commissioner for approval, "before the expiration of any existing plan."

According to our records the last plan of development approved by the Commissioner was dated April 23, 1985 and covered the calendar year 1985.

Please submit a current plan of development as soon as possible. Also, please include with this plan a map of the unit showing the current status of all unit wells and their zone(s) of completion, together with a complete unit production history-by-well by month for the past two years.

Also, our records still show that the La Plata Com Well No. 3 (G-32) Well has been reporting under the La Plata Mancos Unit. Please indicate in your plan of development the status of your proposed enlargement as per your letter of August 26, 1985.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY:

Floyd O. Prando
FLOYD O. PRANDO, Director

Oil and Gas Division

(505) 827-5744

JB/FOP/pm

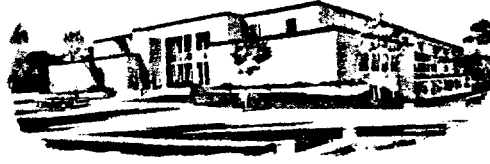
cc: OCD-Santa Fe, New Mexico

BLM-Albuquerque, New Mexico

State of New Mexico



JIM BACA
COMMISSIONER



Commissioner of Public Lands

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

May 13, 1986

Benson-Montin-Greer Drilling Corp.
ATTN: Mr. Albert R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

1986 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

Gentlemen:

Article 10 of the referenced unit agreement specifies that a Plan of Development for this unit will be submitted to the Land Commissioner for approval, "before the expiration of any existing plan."

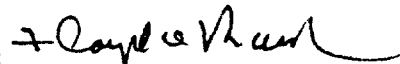
According to our records the last plan of development approved by the Commissioner was dated April 23, 1985 and covered the calander year 1985.

Please submit a current plan of development as soon as possible. Also, please include with this plan a map of the unit showing the current status of all unit wells and their zone(s) of completion, together with a complete unit production history-by-well by month for the past two years.

Also, our records still show that the La Plata Com Well No. 3 (G-32) Well has been reporting under the La Plata Mancos Unit. Please indicate in your plan of development the status of your proposed enlargement as per your letter of August 26, 1985.

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: 
FLOYD O. PRANDO, Director
Oil and Gas Division
(505) 827-5744

JB/FOP/pm
cc: OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico

Regional Office
Albuquerque, NM
P.O. Box 6770
Albuquerque, NM 87197-6770

La Plata Mancos
Unit POD
3180 (015)

MAY 11 1986

Benson-Montin-Greer Drilling Corp.
ATTN: Albert R. Greer
221 Petroleum Center Bldg.
Farmington, NM 87401

Gentlemen:

One approved copy of your 1986 Plan of Development for the La Plata Mancos Unit area, San Juan County, is enclosed. Such plan, proposing no drilling, is approved this date subject to like approval by the appropriate officials of the State of New Mexico.

If you have any questions, please contact Shirley Bryant at the above address or telephone (505) 766-2841.

Sincerely,

For District Manager

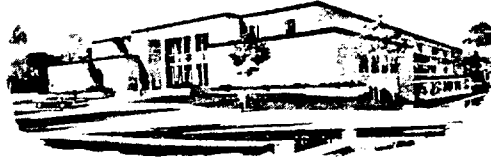
Enclosure(s)

cc:
Micrographics 943B-1
Fluids Section FRAH
NHOCB, Santa Fe
Comm. of Pub. Lands, Santa Fe
O&G Chron

015:SBryant:klm:5-1-86:1826H

State of New Mexico

#3967



JIM BACA
COMMISSIONER

Commissioner of Public Lands

August 22, 1985

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Use:
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: La Plata Mancos Unit
San Juan County, New Mexico
Unit Area Expansion

ATTENTION: Mr. Albert R. Greer

Reference is made to your letter of August 8, 1985, wherein you have requested our preliminary concurrence to the First Expansion of the La Plata Mancos Unit Area, to include the NE/4 of Section 32, Township 32 North, Range 13 West, San Juan County, New Mexico.

Please be advised that under your 1982 plan of development which was approved by the Commissioner on April 26, 1982, you advised this office that "As to the issue with the State Land Office, we have resolved the issue (expansion) by agreeing to increase the royalty to the State of New Mexico as to its lands in the expansion area by fifty percent."

In view of the above, the Commissioner of Public Lands has this date granted you preliminary approval as to the First Expansion with the understanding that our equity factor will be fifty percent value to the participating area tracts.

This action is subject to like concurrence by the Bureau of Land Management and the New Mexico Oil Conservation Division.

When submitting your application requesting final approval, please submit the following.

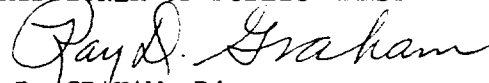
1. Application requesting our final approval and reasons for expansion reflecting the agreed upon equity factor.
2. Appropriate joinders to the unit agreement. All ratifications from our lessees of record and Working Interest Owners. All signatures should be acknowledged before a notary and one set must contain original signatures.
3. Our approval will be conditioned upon subsequent favorable approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

4. Revised Exhibits "A" and "B" to the Unit Agreement and Revisions to the Niobrara Participating Area.
5. As per Section 2(b) of the Unit Agreement, notice shall be delivered to the Supervisor, the Land Commissioner and the Conservation Commission and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections.
6. As per Section 2(c), of the agreement, Upon the expiration of the thirty day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor, the Land Commissioner and the Conservation Commission evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in sufficient number, for approval of such expansion or contraction and with appropriate joinders.
7. The Commissioner does not have any objections to the effective date being retroactive to October 1, 1979.
8. The filing fee for this proposed expansion is Thirty (\$30.00) Dollars.

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

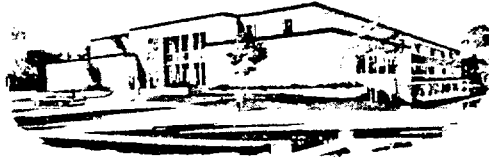
BY: 
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-5744

JB/RDG/pm
encls.

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

State of New Mexico

#3967



JIM BACA
COMMISSIONER

Commissioner of Public Lands

May 8, 1985

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

P.O. BOX 1148
SANTA FE, NEW MEXICO 87504-1148
Express Mail Delivery Used
310 Old Santa Fe Trail
Santa Fe, New Mexico 87501

Re: 1985 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

ATTENTION: Mr. Albert R. Greer

Gentlemen:

The Commissioner of Public Lands has this date approved your 1985 Plan of Development for the La Plata Mancos Unit Area, San Juan County, New Mexico. Such plan calls for no drilling during 1985. Our approval is subject to like approval by the New Mexico Oil Conservation Division and the Bureau of Land Management.

Enclosed is an approved copy for your files.

Very truly yours,

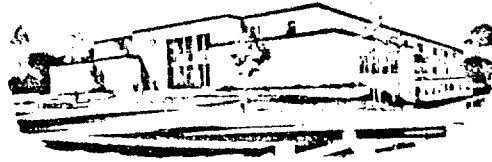
JIM BACA
COMMISSIONER OF PUBLIC LANDS

BY: *F. Prado*
FLOYD O. PRANDO, Assistant Director
Oil and Gas Division
AC 505/827-5744

JB/FOP/pm
encls.
cc:

OCD-Santa Fe, New Mexico
BLM-Albuquerque, New Mexico Attn: Fluids Branch
BLM-Roswell, New Mexico Attn: Mr. Armando Lopez

State of New Mexico



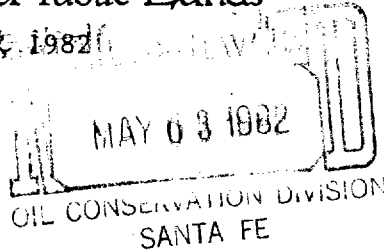
Commissioner of Public Lands

April 26, 1982

ALEX J. ARMIJO
COMMISSIONER

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

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401



Re: La Plata Mancos Unit
San Juan County, New Mexico
1982 Plan of Development

ATTENTION: Mr. Albert R. Greer

Gentlemen:

The Commissioner of Public Lands has this date approved your 1982 Plan of Development for the La Plata Mancos Unit, San Juan County, New Mexico. Such plan proposes to continue to resolve your problem with the Bureau of Land Management in regards to your proposed expansion and to accordingly make plans to drill this coming summer the well initially planned on your 1981 Plan of Development in Section 29.

Enclosed is one approved copy for your files.

Please remit a Three (\$3.00) Dollar filing fee.

Very truly yours,

ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAHAM, Director
Oil and Gas Division
AC 505/827-2748

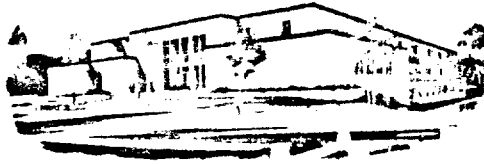
AJA/RDG/pm
encls.

cc: OCD-Santa Fe, New Mexico
USMMS-Albuquerque, New Mexico

State of New Mexico



ALEX J. ARMIJO
COMMISSIONER



Commissioner of Public Lands

October 3, 1980

P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

3967

Benson-Montin-Greer Drilling Corporation
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: La Plata Mancos Unit (San Juan County, New Mexico)

Attn: Mr. Albert R. Greer

Gentlemen:

This is reply to your letter of August 26, 1980 concerning the enlargement of the referenced unit to include the NE $\frac{1}{4}$, Section 32, T-32N, R-13W; and the NW $\frac{1}{4}$, Section 5, T-31N, R-13W.

The Commissioner of Public Lands for the State of New Mexico hereby declines to approve your request for enlargement of said unit, on the basis proposed, under the terms NMPS 1928 Comp. Article 19-10-46.

The most recent production information available to us (June 1980) indicates a producing gas rate of 1798 MCF/MO. for the unit and 665 MCF/MO. for the G-32 Well. We hardly think the G-32 Well could be classified as "Non-Productive".

Very truly yours,

Alex J. Armijo
Commissioner of Public Lands

Ray D. Graham
By: Ray D. Graham, Director
Oil and Gas Division
A/C 505-827-2748

AJA:RDG:cw

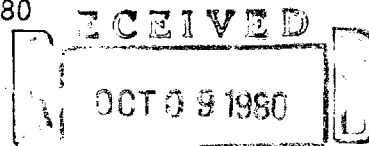
cc: U.S.G.S. - Roswell, New Mexico
U.S.G.S. - Albuquerque, New Mexico
Oil Conservation Division - Santa Fe, New Mexico

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO 87401
PHONE: 325-8874

3967

October 8, 1980



The Commissioner of Public Lands
State of New Mexico
P.O. Box 1148
Santa Fe, New Mexico 87501

OIL CONSERVATION DIVISION
SANTA FE

Attention: Mr. Ray D. Graham, Director
Oil and Gas Division

Re: LA PLATA MANCOS UNIT,
SAN JUAN COUNTY:
EXPANSION APPLICATION OF
SEPTEMBER, 1979

Gentlemen:

In response to your letter of October 3 in which you advise you have declined to approve our application for expansion of the La Plata Mancos Unit in accordance with our application of September 28, 1979, and with further reference to the meeting with your staff yesterday, we hereby request that you review the matter in the light of the information now available to your office, which information had inadvertently been obscured because of incorrect allocation of reported production to the several wells within the proposed expanded unit area.

For your records in this matter we advise as follows:

1. When we filed our application in September, 1979, we thought that, as in the past, the expansion would be a routine matter, and to save re-filing of reports at a later date we elected to include the production from the G-32 well in the proposed expansion area along with the total unit production; and in connection with this we allocated to the G-32 well a percentage (based on occasional tests) of the total gas sold from the two wells connected to the gathering system. It was our intention - and in the event the G-32 comes into participation, will be our continued practice - to make periodic tests by which to allocate the share of the gas to each well. If, however, the well is not brought into the unit, we will have to go to the expense of installing and maintaining a meter and actually making separate measurement of the gas from the well. We hope this will not be necessary.

2. Our accounting people, in allocating gas production on a percentage basis to these two wells, and in view of the assumed expansion, also - by mistake - commenced allocating total unit oil production back to each of the wells on a percentage basis. Unfortunately, although the allocation by proportion of the gas production was reasonably accurate, the allocation of the oil

BENSON-MONTIN-GREER DRILLING CORP.

Commissioner of Public lands

Page No. 2
October 8, 1980

production was not. In view of this we are re-filing the oil production reports to correct the production in this regard. For your information, attached is a schedule of oil runs for the last two years from the G-32 well. Correction of these records is not difficult, since we have separate tank batteries for the individual wells and can reconstruct, from the oil runs and tank gauges, the exact figures for oil production. If the expansion is effective as applied for, this adjustment of records will have no effect on royalties and taxes paid; but it does affect the engineering statistics, etc. that will be used in future analyses, so this re-filing of reports is necessary because of this.

3. The gas volumes shown in your letter of October 3 for the month of June are figures for total gas produced from the two wells. To arrive at gas available for market it is necessary to deduct the fuel used for lease purposes, which reduces the total available for sale. In this regard we enclose a schedule showing our estimate of total gas produced, lease consumption, the actual total gas volume sold, and the allocation of this total to the wells. For the first year of production we used as the G-32's share 40% to 37% of the total sales. A recent test indicates the proportion should now be closer to 25% for the G-32. If the well is unitized we see no point in making an adjustment for this difference. If, however, the well is not unitized, we will need to go back and re-file the estimated production for this well based on an average of the 37% measured last spring and the 25% measured recently.

4. With respect to the well being classified as "non-productive", as set out in your letter of October 3, the issue as we see it is whether the well is "capable of producing in paying quantities" as defined in the Unit Agreement. The well clearly does not qualify as being capable of producing in paying quantities, and accordingly the lands associated with it cannot be brought into participation on the straight acreage basis used for lands considered capable of producing in paying quantities. Figures regarding the well's economics are set out on the schedule attached, "Production Income Schedule", in which we estimate - optimistically, I believe - a gross income of about \$40.00 a day. This would be an operating income to the working interest of about \$30.00 a day, or \$1,000.00 a month; which, after deducting operating expense, would leave an income approaching \$600.00 a month, or \$7,000.00 a year, to retire the drilling cost of the well. Current per well drilling and completion costs are in excess of \$200,000.00; so it is clear that the well in no way can qualify as being "capable of producing in paying quantities".

5. In this regard, on this same schedule titled "Production Income Schedule" we show the approximate State royalty share of income for the production from this well if not unitized, along with the State's royalty share if unitized under the unit participation formula which allocates 1/3 equity, as set out in our

Commissioner of Public Lands

application. In round figures, this shows about the same income to the State if the well is inside the unit or outside the unit as to the current production statistics. There is, however, much more involved than this, as discussed later herein; but we do note, here, that there is no opportunity for the State's royalty income to increase if the well is operated outside the unit; whereas if it is brought into the unit, the participation of the State's acreage under this tract will share in what we believe will be increased income from the unit should we drill additional wells and successfully increase unit production.

The main reason we wanted this well brought into the unit - and as discussed briefly in our application of September 28, 1979 - is to insure the effectiveness of the pressure maintenance program. As discussed with your staff members yesterday, we have seen in these fractured shale reservoirs such a high degree of communication that the uncontrolled production from one well can effectively destroy a pressure maintenance project. For example, in the Canada Ojitos Unit, one well, COU B-18, had an initial producing capacity approximately like this G-32 well, yet when gas injection was commenced in a well over a mile away from it, it commenced making gas in substantial quantities. We now use this B-18 well as an injection well, and we can inject enough gas in this well alone to maintain pressure in a reservoir 4 miles wide and 15 miles long. Clearly, if this well had been produced outside the unit it would have been impossible to have maintained a pressure maintenance project because all of the injected gas could have been produced through this one well and sold - such as to completely negate the pressure maintenance attempt. We do not know if the same situation will exist here, but it is entirely possible, and it makes no sense to attempt pressure maintenance with such a potential hazard existing. In this regard we note that the State has within the existing unit area three times as much acreage as is in the proposed expansion; so it is far more important to the State's position that the expansion be approved and the well be brought into participation, any gas from it gathered, and returned to the formation in a gas injection program, even if the State were to receive zero participation for the well - which of course is not the case.

In the course of the development of this unit it has matured to the point that to the best of our knowledge the participating area has been expanded to cover the productive limits of the reservoir, with the exception of the inclusion of this well; the unit area has been contracted as required by the Unit Agreement; and with the exception of our understanding with the U.S.G.S. to drill another well in the participating area, the development obligations have been completed.

Our plans with respect to continued operation of the unit are as follows:

1. Expand the unit as requested by our application of September, 1979.

BENSON-MONTIN-GREER DRILLING CORP.

Commissioner of Public Lands

Page No. 4
October 8, 1980

2. Following this expansion - and only following this expansion - resume injection of gas into the reservoir.

3. After injection has been resumed - and only after injection has been resumed - drill the additional well in Section 29 in accordance with our understanding with the U.S.G.S.


4. Depending on the outcome of this, and other analyses, drill perhaps one or two additional wells.

We hereby request your reconsideration of our application for expansion of the unit, as set out in our application of September 28, 1979.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

cc: U.S. Department of the Interior
Geological Survey
Drawer 1857
Roswell, New Mexico 88201

cc: U.S. Department of the Interior
Geological Survey
Box 26124
Albuquerque, New Mexico 87125
Attention: Mr. Jack Willock

cc: Oil Conservation Division
Box 2088
Santa Fe, New Mexico
Attention: Mr. Joe D. Ramey

ARG:ney

LA PLATA MANCOS UNIT G-32

OIL SALES

October, 1978	75.00 barrels
January, 1979	76.63 barrels
December, 1979	161.25 barrels
February, 1980	<u>30.07</u> barrels
	342.95 barrels

LA PLATA MANCOS UNIT

G-32 ALLOCATED SHARE OF GAS PRODUCED AND SOLD

<u>MONTH</u>	<u>DISTRIBUTION FOR TOTAL GAS SOLD</u>		<u>G-32</u>	
	<u>SOLD</u>	<u>LEASE USE</u>	<u>SHARE OF TOTAL PRODUCTION</u>	<u>SOLD</u>
11-79	1999	350	40%	798
12-79	1643	350	"	657
1-80	1212	350	"	485
2-80	706	350	"	282
3-80	879	350	"	352
4-80	1734	350	"	694
5-80	1984	350	"	794
6-80	1448	350	37%	536
7-80	1181	350	"	437
8-80	1467	350	"	543
Last 7 months average				520 MCF/month
Last 7 months daily average				17 MCF/day
Estimated next 6 months 12 to 15 MCF/day				

LA PLATA MANCOS UNIT
PRODUCTION INCOME SCHEDULE

COMPARISON OF PARTICIPATION OF STATE OF NEW MEXICO LANDS IN SECOND EXPANDED PARTICIPATING AREA
with
PARTICIPATION AFTER EXPANSION OF UNIT IN ACCORDANCE WITH B-M-G PROPOSAL OF 9-28-79

	<u>UNIT TOTAL</u>		<u>STATE LANDS SHARE</u>			
	<u>Gross Acres</u>	<u>Weighted Acres</u>	<u>Gross Acres</u>	<u>Weighted Acres</u>	<u>Percent of whole</u>	
					<u>Gross Acres</u>	<u>Weighted Acres</u>
SECOND EXPANDED PARTICIPATING AREA	2993.3	1545.6	152.6	50.9	5.098	3.293
AFTER UNIT EXPANSION PROPOSED 9-28-79	+ 309.4	+ 103.1	+ 40.0	+ 17.5	+ 0.734	+ 0.856
	3302.7	1648.7	192.6	68.4	5.832	4.149

100% VALUE OF PRODUCTION ATTRIBUTED TO STATE LANDS IN NE/4 SECTION 32 FOR CONDITIONS OF OPERATING INDEPENDENTLY
COMPARED TO UNITIZED PER APPLICATION OF 9-28-79

NON-UNITIZED

WELL GROSS INCOME:

GAS: Est. 15 MCF/DAY AT \$2.00	\$ 30.00
OIL: Est. 1/3 BOPD at \$36.00	<u>12.00</u>
TOTAL	\$ 42.00/day
STATE SHARE 1/8 of $\frac{40 \text{ acres}}{160 \text{ acres}}$	= \$ 1.31/day

UNITIZED

INCREASE IN PARTICIPATION FROM ABOVE
0.856% INCREASE IN EQUITY IF EXPANDED

STATE SHARE = 1/8 of 0.856% of 36 BOPD at \$36.00/bbl	\$ 1.39
1/8 of 0.856% of 72 BOPD at \$36.00/bbl	2.77
1/8 of 0.856% of 144 BOPD at \$36.00/bbl	5.55

OIL CONSERVATION DIVISION

P. O. BOX 2088

SANTA FE, NEW MEXICO 87501

January 7, 1980

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

Attention: Albert R. Greer

Re: Case No. 3967
La Plata Mancos Unit
Expansion of Unit
Participating Area

Gentlemen:

We hereby approve the Expansion of the Unit Participating Area for the La Plata Mancos Unit, San Juan County, New Mexico, subject to like approval by the United States Geological Survey and the Commissioner of Public Lands.

One approved copy of the Expanded Participating Area is returned herewith.

Yours very truly,

JOE D. RAMEY
Director

JDR/EP/fd
enc.

cc: U.S.G.S. - Roswell
Commissioner of Public Lands

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO 87401
PHONE: 325-8874

September 28, 1979

The Supervisor
U.S. Department of the Interior
Geological Survey
Roswell, New Mexico 88201

The Commissioner of Public Lands
State Land Office
Santa Fe, New Mexico 87501

New Mexico Minerals & Energy Department
Oil Conservation Division
Box 2088
Santa Fe, New Mexico 87501

Re: LA PLATA MANCOS UNIT:
RECOMMENDATION FOR EXPANSION

Gentlemen:

Benson-Montin-Greer Drilling Corp., operator of the La Plata Mancos Unit, San Juan County, New Mexico, recommends that the unit area be expanded by an additional two quarter-sections as shown on the attached plat of the unit area. This plat shows the initial outline of the La Plata Mancos Unit when it was first formed in 1968, and in green color the contracted area of the unit following the 1977 elimination of some of the acreage within the initial unit area; and in yellow color the two quarter-section tracts which we recommend now be added to the unit area, as follows:

Township 32 North, Range 13 West, N.M.P.M.

Section 32: NE $\frac{1}{2}$

Township 31 North, Range 13 West, N.M.P.M.

Section 5: NW $\frac{1}{4}$

The reason for adding these two tracts is the information developed by the completion last winter of the marginally productive G-32 well in the northeast quarter of Section 32, Township 32 North, Range 13 West. This well is capable of producing only small amounts of oil but it does have a high gas-oil ratio, and Unit Operator is concerned that the gas injection program of the participating area could be thwarted by gas produced from this well if it is not returned to the reservoir in the Unit Operator's gas injection plan; and accordingly this well should be included in the participating area.

By the same token, the northwest quarter of Section 5, being similarly situated geologically, poses the same potential threat

...

BENSON-MONTIN-GREER DRILLING CORP.

U.S.G.S.
State Land Office
NM Oil Conservation Division

Page No. 2
September 28, 1979

if it is not included in the participating area. Both tracts should be included in the participating area by virtue of the clause in Section 11 of the Unit Agreement as "being necessary for unit operation".

It is therefore recommended that the northeast quarter of Section 32, Township 32 North, Range 13 West, and the northwest quarter of Section 5, Township 31 North, Range 13 West, be added to the La Plata Mancos Unit and included in the participating area. The recommended equity factors are the one-third values which in the past have been given to participating area tracts on which there was no commercial well located.

Copies of this letter are being sent to all owners of interest within the area, as required by the Unit Agreement. These parties, by the terms of the Unit Agreement, and as now advised, are allowed thirty days in which to submit to the Unit Operator,

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

any objections.

It is recommended that the effective date of this expansion be the 1st of October, 1979, being the first day of the month subsequent to the date of this notice.

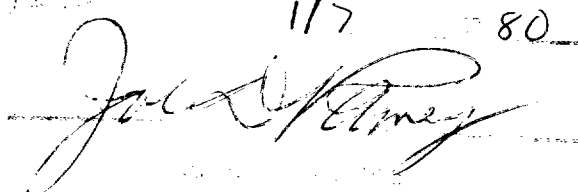
Following the thirty-day notice period we will provide you with responses, if any, from other parties of interest in the unit area.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.

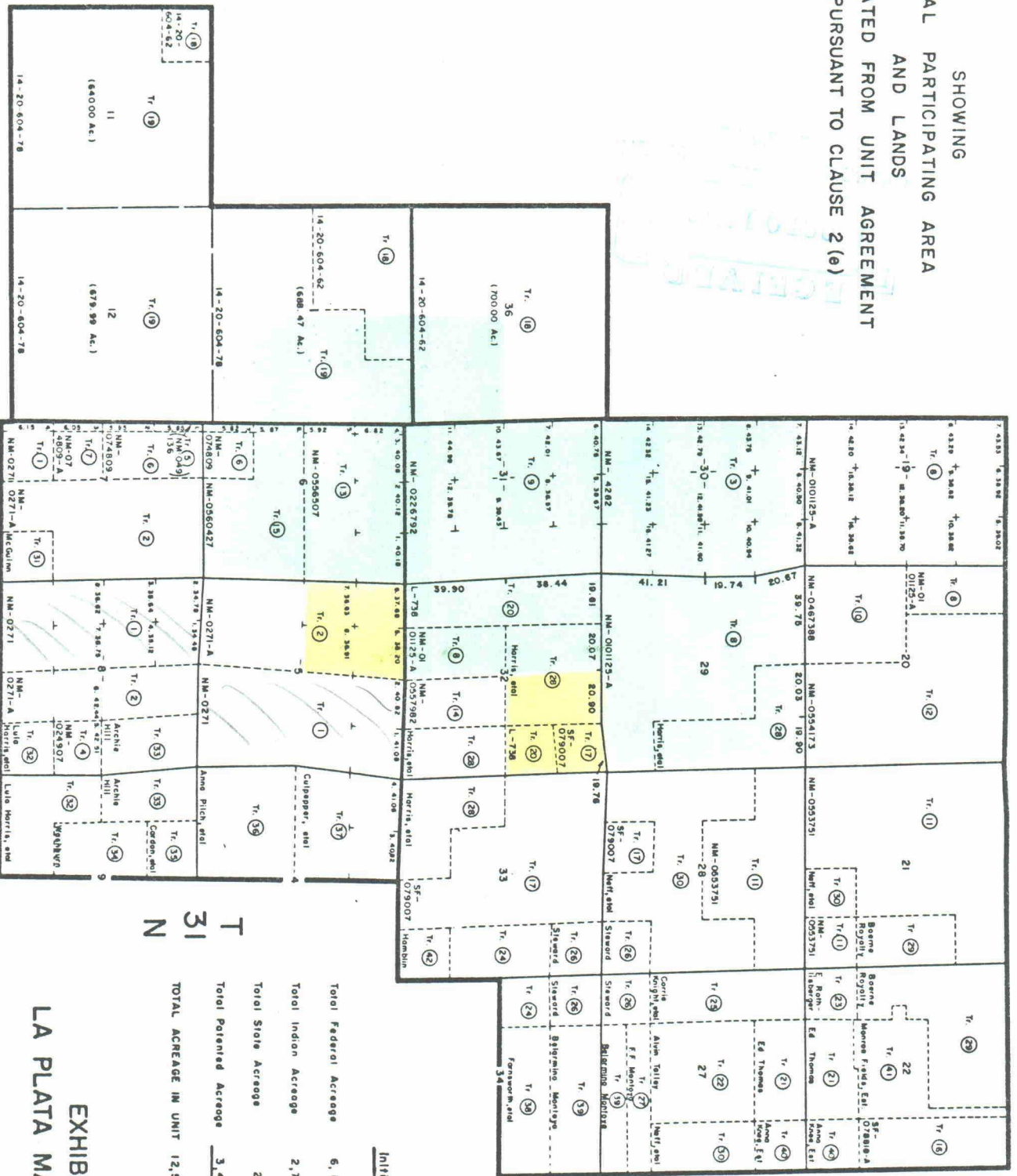
BY:


Albert R. Greer, President

117 80

Joe D. Pines
Energy and Minerals Department

ARG:ney

SHOWING
FINAL PARTICIPATING AREA
AND LANDS
ELIMINATED FROM UNIT AGREEMENT
PURSUANT TO CLAUSE 2 (e)



T
32
N

T
31
N

EXHIBIT "A"
LA PLATA MANCOS UNIT

	Initial	After 1977 Contraction
Total Federal Acreage	6,168.37	2,045.8
Total Indian Acreage	2,708.46	858.8
Total State Acreage	200.00	152.6
Total Potential Acreage	3,441.90	236.3
TOTAL ACREAGE IN UNIT	12,518.73	2,993.3

Scale: Approx. 1" = 4,000'

Revised: September, 1979
November, 1977

RECEIVED
OCT - 9 1979

W. G. "BILL" SMITH, JR.
P. O. Box 3704
MIDLAND, TEXAS 79702

October 4, 1979

LA PLATA MANCOS UNIT
Operator Expansion Recommendation
San Juan County, New Mexico

Benson-Montin-Greer Drilling Corp.
221 Petroleum Building
Farmington, New Mexico 87401

Gentlemen:

This will acknowledge receipt of your letter of September 28, 1979 relative to the above caption that would be effective as of October 1, 1979.

In this connection we would appreciate being advised as follows:

1. Please supply us with a Plat that depicts the gas injection wells and the producing wells.
2. Will the owners of the expanded area share proportionately in the established production under the caption Unit?
3. Why was the SE $\frac{1}{4}$ of Section 32 - 32N - 13W not included in the expansion?

Thank you kindly for your attention to this request and your cooperation will be sincerely appreciated.

Yours very truly,

W. G. Smith
wgs/s

cc The Supervisor
U. S. Department of the Interior
Geological Survey
Roswell, New Mexico 88201

The Commissioner of Public Lands
State Land Office
Santa Fe, New Mexico 87501

New Mexico Minerals & Energy Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO 87401

PHONE: 325-8874

October 19, 1979

Mr. W. G. "Bill" Smith
Box 3704
Midland, Texas 79702

3967

Re: LA PLATA MANCOS UNIT:
EXPANSION OF UNIT AREA

Dear Mr. Smith:

In response to your letter of October 4 regarding our application to expand the La Plata Mancos Unit, we advise as follows:

1. Enclosed is plat which shows in green color the outline of the unit area if it is expanded in accordance with our application, along with the oil recovery wells and the gas injection wells. The gas injection wells are identified as the N-31 and the C-6. The oil recovery wells are the M-29, G-32, P-31 and I-6.

2. Equity assigned the two new tracts - NE $\frac{1}{4}$ of Section 32 and NW $\frac{1}{4}$ of Section 5 - will be determined by giving a weighting of 1/3rd to these tracts, since they are considered "non-commercial" and are brought into the unit, not on the basis of underlying a reservoir "capable of producing in paying quantities", but rather because they are "necessary for unit operations".

3. The SE $\frac{1}{4}$ of Section 32 was not requested to be included in the expansion because it did not contain a well or offset a well "capable of producing in paying quantities". The NE $\frac{1}{4}$ of Section 32, which was included in our request, contains a producing well; and the NW $\frac{1}{4}$ of Section 5 offsets a well (P-31) which was completed "capable of producing in paying quantities".

Should you have any other questions, we will be glad to provide whatever further information you may require.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY: Albert R. Greer
Albert R. Greer, President

cc: U.S.G.S., Roswell, New Mexico
cc: Commissioner of Public Lands
cc: New Mexico Oil Conservation Division

ARG:ney

W. G. "BILL" SMITH, JR.

P. O. Box 3704

MIDLAND, TEXAS 79702

3967

October 4, 1979

LA PLATA MANCOS UNIT
Operator Expansion Recommendation
San Juan County, New Mexico

Benson-Montgomery Greer Drilling Corp.
221 Petroleum Building
Farmington, New Mexico 87401

Gentlemen:

This will acknowledge receipt of your letter of September 28, 1979 relative to the above caption that would be effective as of October 1, 1979.

In this connection we would appreciate being advised as follows:

1. Please supply us with a Plat that depicts the gas injection wells and the producing wells.
2. Will the owners of the expanded area share proportionately in the established production under the caption Unit?
3. Why was the SE $\frac{1}{4}$ of Section 32 - 32N - 13W not included in the expansion?

Thank you kindly for your attention to this request and your cooperation will be sincerely appreciated.

Yours very truly,

W. G. Smith
wgs/s

cc The Supervisor
U. S. Department of the Interior
Geological Survey
Roswell, New Mexico 88201

The Commissioner of Public Lands
State Land Office
Santa Fe, New Mexico 87501

New Mexico Minerals & Energy Department
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Box 26124
Albuquerque, New Mexico 87125

MAR 23 1978

U. S. CONSERVATION COMM.
Santa Fe

MAR 21 1978

Benson-Montin-Greer Drilling Corp.
Attention: Mr. Albert R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

No. 3767

Gentlemen:

Your 1978 plan of development for the La Plata Mancos unit agreement, San Juan County, New Mexico, is hereby approved, subject to similar approval by the appropriate officials of the State of New Mexico.

Such plan proposes the drilling of one well in the NE $\frac{1}{4}$ sec. 29, T. 32 N., R. 13 W., N.M.P.M., resumption of gas injection, and conversion of unit well No. C-6 in the NE $\frac{1}{4}$ sec. 6, T. 31 N., R. 13 W., N.M.P.M., to gas injection.


One approved copy of the plan is enclosed.

Sincerely yours,

(ORIG. SGD.) GENE F. DANIEL

GENE F. DANIEL
Acting Area Oil & Gas Supervisor

Enclosure

cc:
Com. Pub. Lands, Santa Fe (1tr. only)
NMOCC, Santa Fe (1tr. only)  This Copy for



United States Department of the Interior

Conservation Division
P. O. Box 26124
Albuquerque, New Mexico 87125

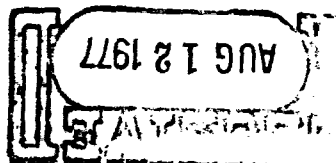
AUG 10 1977

Santa Fe

No. 3967

U.S. DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

Benson-Montin-Greer Drilling Corporation
Attention: Mr. Albert M. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401



Gentlemen:

Your application of July 15, 1977, requesting approval of the first revision of the Niobrara participating area of the La Plata Mancos unit agreement, San Juan County, New Mexico, is hereby approved effective as of July 1, 1976.

The first revision adds 1,243.8 acres described as all of sections 29 and 30, T. 32 N., R. 13 W., N.M.P.M., thereby enlarging the participating area to 2,993.3 acres. Such revision is based on the completion of unit well No. M-29 in the SW 1/4 sec. 29 as a paying well pursuant to the terms of the unit agreement. Unit well No. M-29 was completed on July 13, 1976, for an initial potential of 16 barrels of oil per day from the Niobrara interval 2,750 to 2,796 feet.

Copies of the application are being distributed to the appropriate Federal offices and two copies are returned herewith. You are requested to furnish all interested parties with evidence of this approval.

Sincerely yours,

(ORIG. SGD.) GENE F. DANIEL

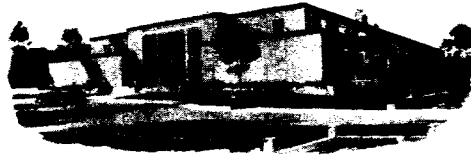
ACTING Area Oil and Gas Supervisor

Enclosure

BLM, Santa Fe (ltr. only)
Com. Pub. Lands, Santa Fe (ltr. only)
MSECC, Santa Fe (ltr. only) ← This Copy for



State of New Mexico



Commissioner of Public Lands

August 1, 1977

PHIL R. LUCERO
COMMISSIONER



P. O. BOX 1148
SANTA FE, NEW MEXICO 87501

Senson-Montin-Greer Drilling Corporation
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: LA PLATA MANCOS UNIT,
SAN JUAN COUNTY, NEW MEXICO
APPLICATION FOR EXPANSION OF
PARTICIPATING AREA, NIobrara
MEMBER OF THE MANCOS FORMATION

ATTENTION: Mr. Albert R. Greer

Gentlemen:

The Commissioner of Public Lands has this date approved the Second Expanded Participating Area, Niobrara Member of the Mancos Formation for the La Plata Mancos Unit, San Juan County, New Mexico.

This Second Expansion includes all of Sections 29 and 30, Township 32 North, Range 13 West.

Our approval is subject to like approval by the United States Geological Survey. Please advise this office when the USGS approves so as to establish the effective date.

We will be waiting for your application to contract the unit area to the participating area, since no other wells were drilled following the M-29 Well.

Very truly yours,

PHIL R. LUCERO
COMMISSIONER OF PUBLIC LANDS

BY:
RAY D. GRAM, Director
Oil and Gas Division

PRL/RDG/s

cc: USGS-Roswell, New Mexico
USGS-Albuquerque, New Mexico
OCC- Santa Fe, New Mexico

DEC 17 1969

3467

December 11, 1969

C
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Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, New Mexico 87401

Re: La Plata Mancos Unit
Amended Application for
Establishment of Initial
Participating Area

ATTENTION: Mr. Albert R. Greer

Gentlemen:

Per your request for approval of the above captioned application, submitted to this office December 4, 1969; after due study and consideration, the establishment of the Initial Participating areas "A" and "B" for the Niobrara formation approval is hereby given.

This approval is granted contingent to approval of the United States Geological Survey.

Very truly yours,

Ted Bilberry, Director
Oil and Gas Department

TB/ML/s

cc: USGS-Roswell, New Mexico



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

JAN 17 1969

3967

Benson-Moutia-Croer Drilling Corporation
221 Petroleum Center Building
Farmington, New Mexico 87401

Attention: Mr. Albert R. Croer

Gentlemen:

Your letter of December 19, 1968, requests approval to amend Sections 11 and 12 of the La Plata Menace unit agreement, San Juan County, New Mexico. The La Plata Menace unit area was designated by Survey letter of July 11, 1968, but the agreement has not been filed for final approval.

The proposed amendment provides that lands necessary for unit operations may be brought into the participating area on a negotiated basis. You advise that unit well No. H-11 has been completed in the gas cap of the Michener reservoir but has been shut in to prevent dissipation of reservoir energy with the resulting loss in recoverable oil. Such well is to be used for gas injection to maintain reservoir pressure and increase ultimate recovery within the unit area.

A duly executed agreement identical to that approved as to form by Survey letter of July 11, 1968, but containing the modifications to Sections 11 and 12 shown on the attached copy of a portion of the unit agreement form will be acceptable when filed for final approval.

Sincerely yours,

Arthur A. Baker

Acting Director

cc:
Boswell (3)
BEM, Santa Fe
Com. of Pub. Lands, Santa Fe
HSGCC ✓
BIA

CDaniel:casl-6-69

MAIN OFFICE

'69 JAN 31 AM 8 13

2161

January 30, 1969

**Benson-Montin-Greer Drilling Corporation
221 Petroleum Center Building
Farmington, New Mexico 87401**

**Re: Proposed La Plata Mancos
Unit
San Juan County, New Mexico:
MODIFICATION OF UNIT AGREEMENT**

ATTENTION: Mr. Albert R. Greer

Gentlemen:

This will acknowledge your letter of January 29, 1969, whereby you submitted revised pages 15, 16, 17 and 18 to the Unit Agreement of the La Plata Mancos Unit.

The Commissioner of Public Lands has this date approved these amendments to the La Plata Unit Agreement and we are today filing them in lieu of the ones previously filed.

Very truly yours,

**ALEX J. ARMIJO
COMMISSIONER OF PUBLIC LANDS**

**BY:
Ted Bilberry, Director
Oil and Gas Department**

AJA/TB/ML/s

**cc: USGS-Roswell, New Mexico
OCC- Santa Fe, New Mexico**

C
O
P
Y

11/13/68

Unit Name LA PIATA MANCOS (EXPLORATORY)
Operator BENSON-MONTIN-GREER DRILLING CORPORATION
County SAN JUAN

DATE	OCC CASE NO. <u>3967</u>	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION CLAUSE	TERM
APPROVED	OCC ORDER NO. <u>R-3610</u>	DATE						
Commissioner	11/27/68	June 1, 1969	12,517.27	200.00	6,168.37	Fee 3,441.90 Indian 2,707.00	Yes	5yrs.
11/13/68								

UNIT AREA

TOWNSHIP 31 NORTH, RANGE 13 WEST, NMPM

Section 4: . W/2

Sections 5, 6, 7, and 8 All

Section 9: W/2

TOWNSHIP 31 NORTH, RANGE 14 WEST, NMPM

Section 1: All

Sections 11 and 12: All

TOWNSHIP 32 NORTH, RANGE 13 WEST, NMPM

Sections 19, 20, 21, and 22: All

Sections 27, 28, 29, 30, 31, 32, and 33: All

Section 34: N/2

TOWNSHIP 32 NORTH, RANGE 14 WEST, NMPM

Section 36: All

ELIMINATED
10-12-76
EFFECTIVE DATE.....

SE/4 NE/4, sec 32-32N-13W

11/13/68

Unit Name LA PLATA MANCOS (EXPLORATORY)
Operator BENSON-MONTIN-GREER DRILLING CORPORATION
County SAN JUAN

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED DATE	ACRES	ACREAGE NOT RATIFIED	LESSEE
20	L-738-2	C.S.	32	32N	13W	SE/4NE/4	9/5/68	200.00		Benson-Montin-Greer Drilling Co
						W/2W/2	9/24/68			Mobil Oil Corporation

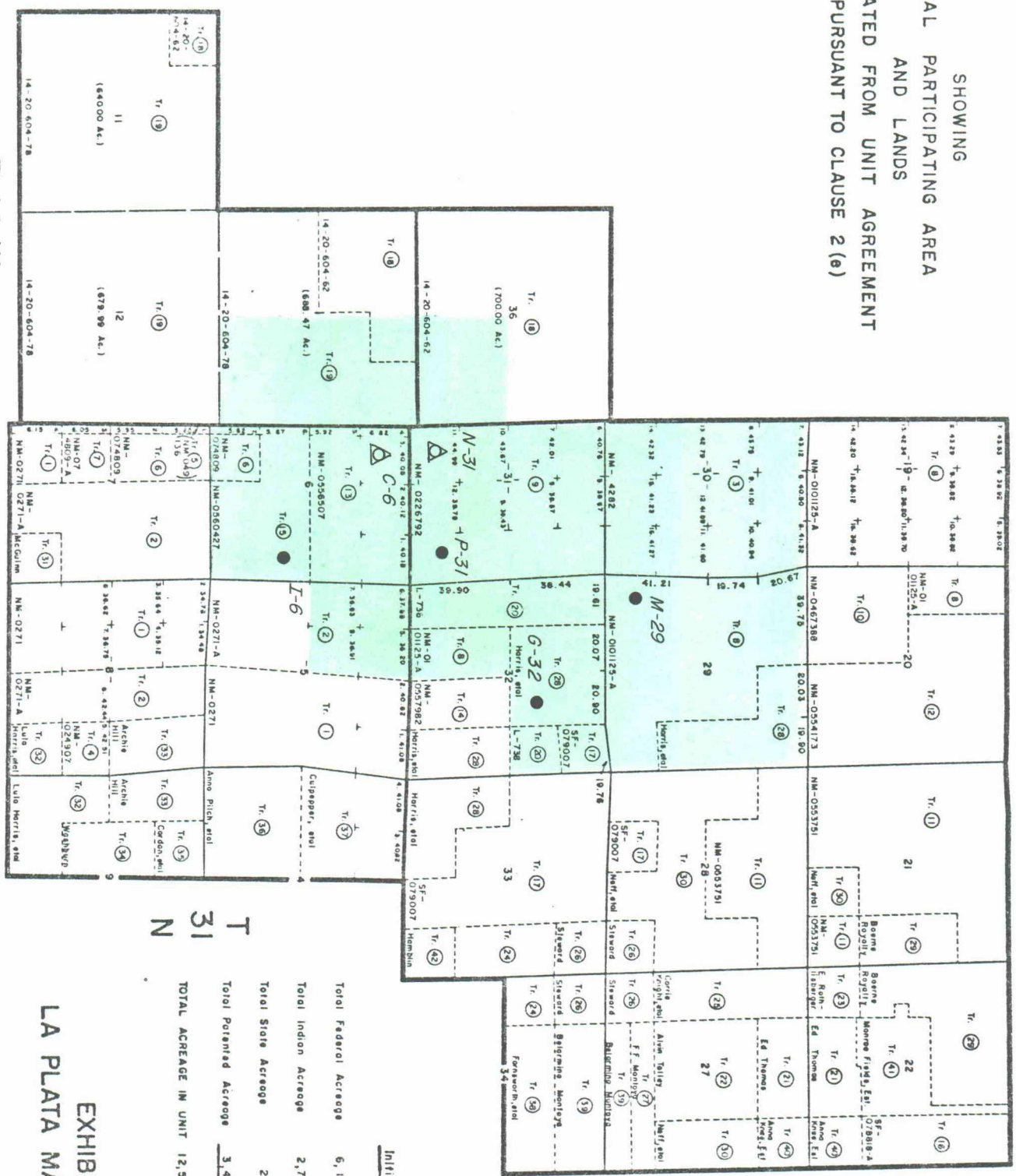
ELIMINATED
EFFECTIVE DATE 2-13-76

SHOWING FINAL PARTICIPATING AREA AND LANDS ELIMINATED FROM UNIT AGREEMENT PURSUANT TO CLAUSE 2 (e)

Scale: Approx. 1" = 4,000'

R 14 W

R 13 W



T 31 N

T 32 N

EXHIBIT "A" LA PLATA MANCOS UNIT

	Initial	After 1977 Contraction
Total Federal Acreage	6,168.37	2,045.5
Total Indian Acreage	2,708.46	558.9
Total State Acreage	200.00	152.6
Total Portented Acreage	3,441.90	236.3
TOTAL ACREAGE IN UNIT	12,518.73	2,993.3

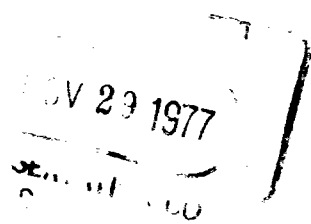
Revised: September, 1979
November, 1977



United States Department of the Interior

GEOLOGICAL SURVEY

P. O. Box 26124
Albuquerque, New Mexico 87125



NOV 28 1977

Benson-Montin-Greer Drilling Corporation
Attention: Mr. Albert R. Greer
221 Petroleum Center Building
Farmington, New Mexico 87401

No. 3467

Gentlemen:

Your letter of November 18, 1977, describes the lands automatically eliminated from the La Plata Blancos unit agreement, San Juan County, New Mexico, pursuant to Section 2(e) of the agreement. Such letter accurately describes all legal subdivisions of eliminated lands not within the 2,993.30 acre Niobrara participating area which is now the resultant unit area.

Federal and Ute Mountain Tribal lands remaining within the contracted unit area are embraced by the following leases:

Federal

New Mexico 0101125-A*	New Mexico 0560427
0226792	0564282
0566307	05612022*

Ute Mountain Tribal

14-20-604-62* 14-20-604-75*

*Indicates lease which covers lands remaining inside the unit area as well as lands eliminated from the unit area.

The following Federal leases are entirely eliminated from the unit area:

New Mexico 0271	New Mexico 0563751
0271-A	0564173
024907**	0567962
049130**	Santa Fe 070310-A**
074809-A	070507
0467300	

**Indicates leases not committed to the unit agreement.

The initial Niobrara participating area became effective on June 1, 1969. The automatic elimination provision in Section 2(e) of the unit agreement became operative on July 2, 1974. However, continued development drilling operations deferred contraction until the elapse of 90 days without additional drilling following the completion of unit well M-29 on July 13, 1976. Accordingly, since drilling operations were not in progress on nonparticipating lands on October 11, 1976, all nonparticipating lands were automatically eliminated from the La Plata Mancos unit agreement, effective as of October 12, 1976.

We hereby concur in your description of the lands automatically eliminated from the La Plata Mancos unit agreement effective as of October 12, 1976. You have complied with the requirements of Section 2(e) to our satisfaction, provided you promptly notify all parties in interest. You are also requested to submit copies of revised Exhibits A and B for the unit agreement which reflect the subject contraction.

Sincerely yours,

(ORIG. SGD.) JAMES W. SUTHERLAND

Area Oil and Gas Supervisor

cc:

BLM, Santa Fe (w/cy ltr.)
 Supt., Ute Mtn. Agency, Towaac, CO (w/cy ltr.)
 Area Director, Albuquerque (w/cy ltr.)
 Com. Pub. Lands, Santa Fe (w/cy ltr.)
 NMDC, Santa Fe (w/cy ltr.)
 Area Geologist (w/cy ltr.)
 Durango (w/cy ltr.)

← This Copy for

NOTE TO BLM: All committed Federal leases which have been eliminated from the unit should be considered for two year extensions pursuant to 43 CFR 3107.5, as applicable.

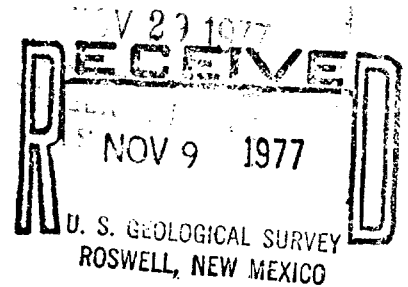
NOTE TO UTE MOUNTAIN AGENCY: Lease 14-20-604-62 was recommended for segregation consideration when the unit was approved, but was not segregated. We now recommend that this lease as well as 14-20-604-78 be considered for segregation pursuant to Section 2(e) of the unit agreement, if you consider appropriate, and within the intent of this section of the unit agreement.

ARStall:dlk:11/22/77

BENSON-MONTIN-GREER DRILLING CORP.

221 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO 87401
PHONE: 325-8874

November 8, 1977



U.S. Department of the Interior
Geological Survey
Drawer 1857
Roswell, New Mexico 88201

Attention: Mr. Jim Gillham

Re: LA PLATA MANCOS UNIT:
ELIMINATION OF LANDS FROM
UNIT AGREEMENT

Gentlemen:

Pursuant to Clause 2(e), the following described lands are automatically eliminated from the La Plata Mancos Unit Agreement:

Township 31 North, Range 13 West

Section 4: $W\frac{1}{2}$ ✓
Section 5: All ✓
Section 7: All ✓
Section 8: All ✓
Section 9: $W\frac{1}{2}$ ✓

Township 31 North, Range 14 West

Section 1: $W\frac{1}{2}$ ✓
Section 11: All ✓
Section 12: All ✓

Township 32 North, Range 13 West

Section 19: All ✓
Section 20: All ✓
Section 21: All ✓
Section 22: All ✓
Section 27: All ✓
Section 28: All ✓
Section 32: $E\frac{1}{2}$ ✓ (?)
Section 33: All ✓
Section 34: $N\frac{1}{2}$ ✓

Township 32 North, Range 14 West

Section 36: $N\frac{1}{2}$, $SW\frac{1}{4}$ ✓

BENSON-MONTIN-GREER DRILLING CORP.

U.S.G.S.

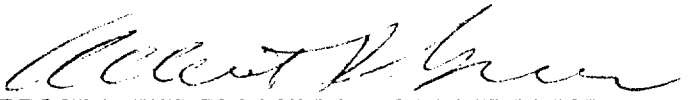
Page No. 2
November 8, 1977

We are notifying the owners of interest of the
affected lands.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.
UNIT OPERATOR

BY:


Albert R. Greer, President

ARG:ney

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PM 8 21

BENSON-MONTIN-GREER DRILLING CORP.

GENERAL OFFICE:
1390 FIRST NATIONAL BLDG.
OKLAHOMA CITY, OKLAHOMA 73102
PHONE 235-0546

221 PETROLEUM CENTER BUILDING
FARMINGTON, NEW MEXICO 87401
PHONE 325-8874

November 13, 1968

New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico

Attention: Mr. Elvis Utz

Cope 3967

Re: PROPOSED LA PLATA MANCOS UNIT
SAN JUAN COUNTY

Gentlemen:

We are sending you with this letter for your
files copy of Unit Agreement which we propose for use in the
La Plata Mancos Unit.

Yours very truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG:ney

DOCKET MAILED

Date 11-21-68

#3967

LAND CONSERVATION DIVISION
RECEIVED

BENSON-MONTIN-GREER DRILLING CORP.

4-17-92

221 PETROLEUM CENTER BUILDING, FARMINGTON, NM. 87401 505-325-8874

April 9, 1992

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401
Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87501
Attention: Floyd O. Prando, Director
Oil and Gas Division

✓ New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
1992 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1991 and Operator's Plan of Development for 1992 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations, wells or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

Unit letter
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BENSON-MONTIN-GREER DRILLING CORP.

Bureau of Land Management
New Mexico Commissioner of Public Lands
New Mexico Oil Conservation Division

April 9, 1992
Page No. 2

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 1992.

5. Effectiveness of enhanced recovery project:

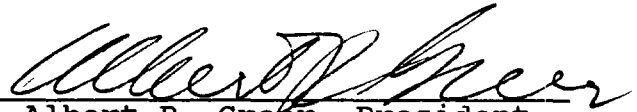
Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 1992 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

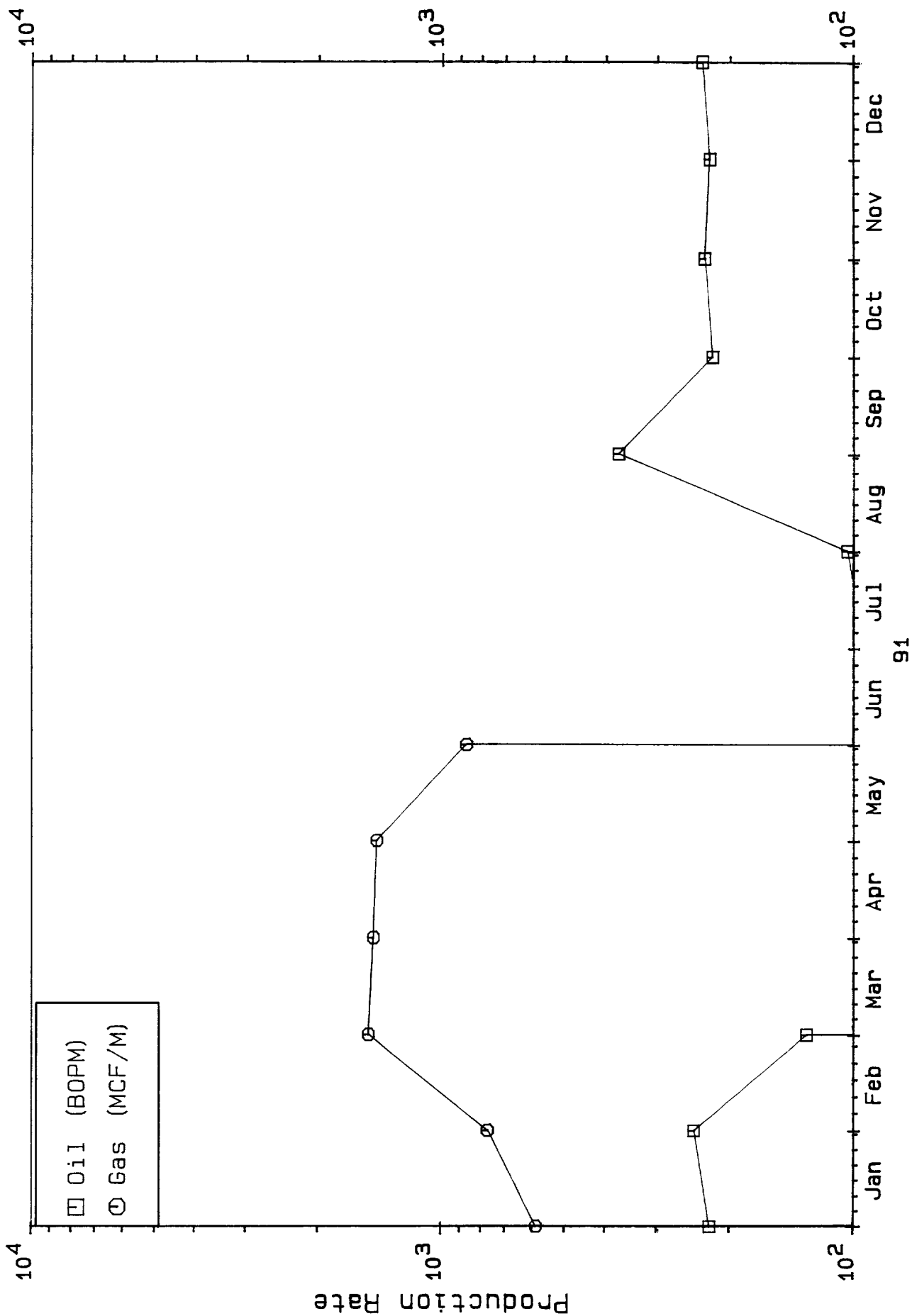
P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Producing
G-32	SW/NE 32-32N-13W	Producing
N-31	NE/SW 31-32N-13W	Gas Injection - SI
C-6	NW/NW 6-31N-13W	Gas Injection - SI
M-29	SW/SW 29-32N-13W	Temporarily Suspended

SCHEDULE II

LA PLATA MANCOS UNIT
1991 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	242	766	0	0
February	129	1496	0	0
March	0	1456	0	0
April	0	1430	0	0
May	0	865	0	0
June	0	0	0	0
July	103	87	0	0
August	370	93	0	0
September	219	94	0	0
October	229	91	0	0
November	223	91	0	0
December	<u>233</u>	<u>96</u>	<u>0</u>	<u>0</u>
<u>Total</u>	1748	6565	0	0
Cumulative	362227	214226	0	117533

LA PLATA MANCOS UNIT 1991 PRODUCTION





JIM BACA
COMMISSIONER

State of New Mexico
OFFICE OF THE
Commissioner of Public Lands
Santa Fe

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

SLO REF NO. OG-1179

September 24, 1992

Benson-Montin-Greer Drilling Corp.
221 Petroleum Center Building
Farmington, N.M. 87401

Attn: Albert R. Greer

Re: 1992 Plan of Development
La Plata Mancos Unit
San Juan County, New Mexico

Gentlemen:

The Commissioner of Public Lands has this date approved the above captioned Plan of Development. Our approval is subject to like approval by all other appropriate agencies.

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

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

Very truly yours,

JIM BACA
COMMISSIONER OF PUBLIC LANDS

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

JB/FOP/pm
cc: OCD
BLM

BMG

3967

BENSON-MONTIN-GREER DRILLING CORP.

March 5, 2001

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Attention: Jami Bailey, Director
Oil and Gas Minerals Division

✓ New Mexico Oil Conservation Division
1220 S. St. Francis Drive
Santa Fe, NM 87504
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
2001 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 2000 and Operator's Plan of Development for 2001 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 2001, however these matters are always under continuous review and should circumstances warrant we will file an amended Plan of Development requesting such changes as seem appropriate. Still under consideration is possible acquisition of seismic data that could lead to drilling of a new well, or wells. It is our intention to market part of the gas production and inject part of it. To this end, gas sales were commenced in November 2000. The injection well is currently shut in, proposed to be restored to injection some time this summer.

5. Effectiveness of enhanced recovery project:


Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 2001 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

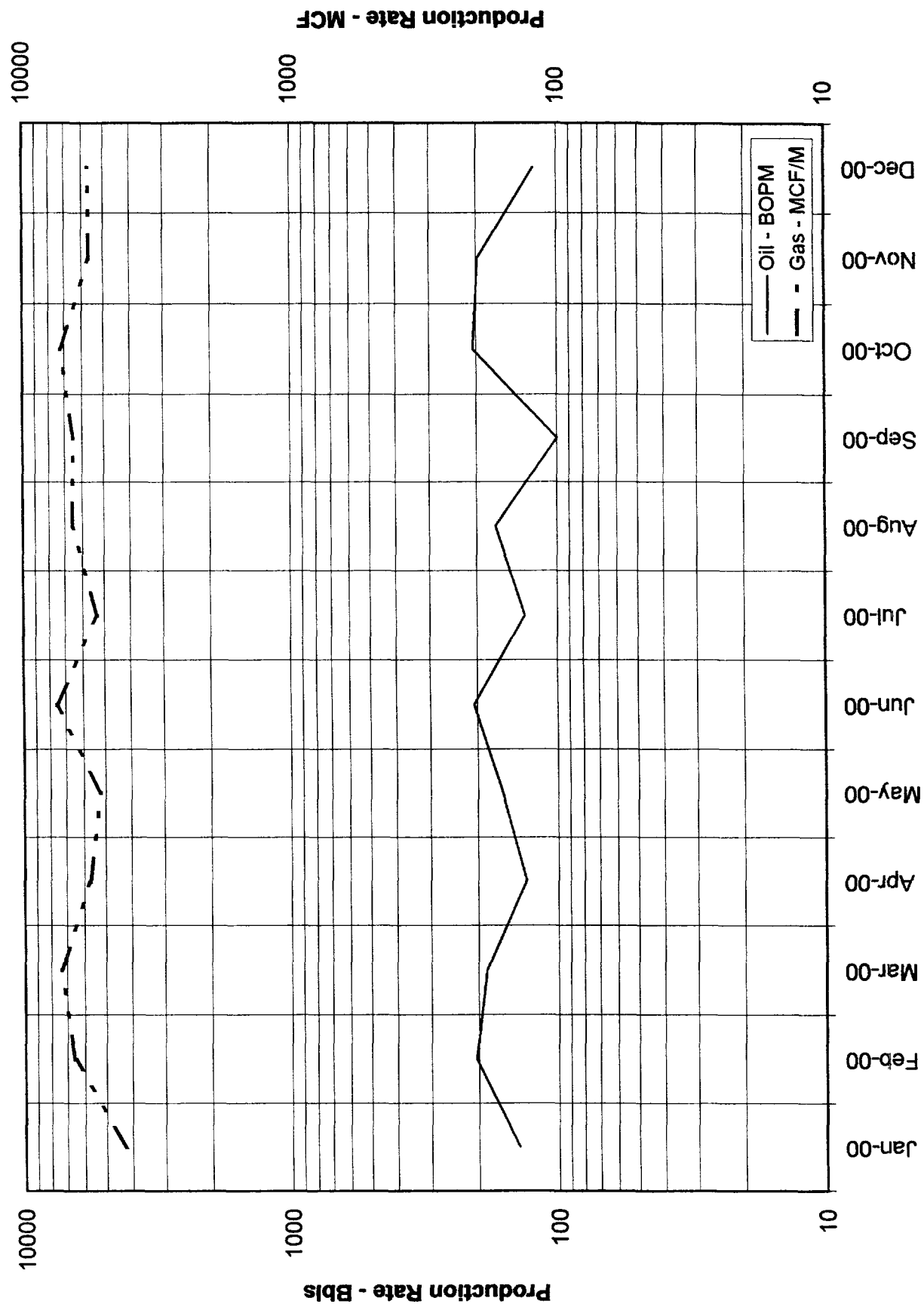
ARG/tlp

Enclosures

SCHEDULE I
LA PLATA MANCOS UNIT
STATUS OF WELLS

P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Plugged & Abandoned 1997
G-32	SW/NE 32-32N-13W	Producing Intermittently
N-31	NE/SW 31-32N-13W	Gas Injection
C-6	NW/NW 6-31N-13W	Plugged & Abandoned
M-29	SW/SW 29-32N-13W	Producing

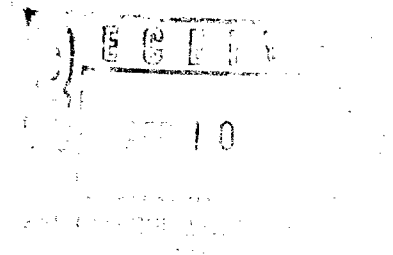
La Plata Mancos Unit 2000 Production



SCHEDULE II
LA PLATA MANCOS UNIT
2000 PRODUCTION STATISTICS

	Oil (BOPM)	Gas (MCF/M)	Water (BWPM)	Gas Injection (MCF/M)
January	141	4214	0	3864
February	204	6574	0	6224
March	186	7338	0	6988
April	132	5708	0	5358
May	162	5212	0	4862
June	206	7571	0	7221
July	133	5324	0	4974
August	170	6567	0	6088
September	100	6487	0	6010
October	206	7255	0	6905
November	197	5636	0	3301
December	122	5692	0	0
Totals	1959	73578	0	61795
Cumulative	383099	450140	287	308386

March 27, 2000



U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Attention: Jami Bailey, Director
Oil and Gas Minerals Division

✓ New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
2000 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1999 and Operator's Plan of Development for 2000 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 2000, however these matters are always under continuous review and should circumstances warrant we will file an amended Plan of Development requesting such changes as seem appropriate. Still under consideration is possible acquisition of seismic data that could lead to drilling of a new well, or wells. We are contemplating marketing part of the produced gas.

5. Effectiveness of enhanced recovery project:

Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 2000 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

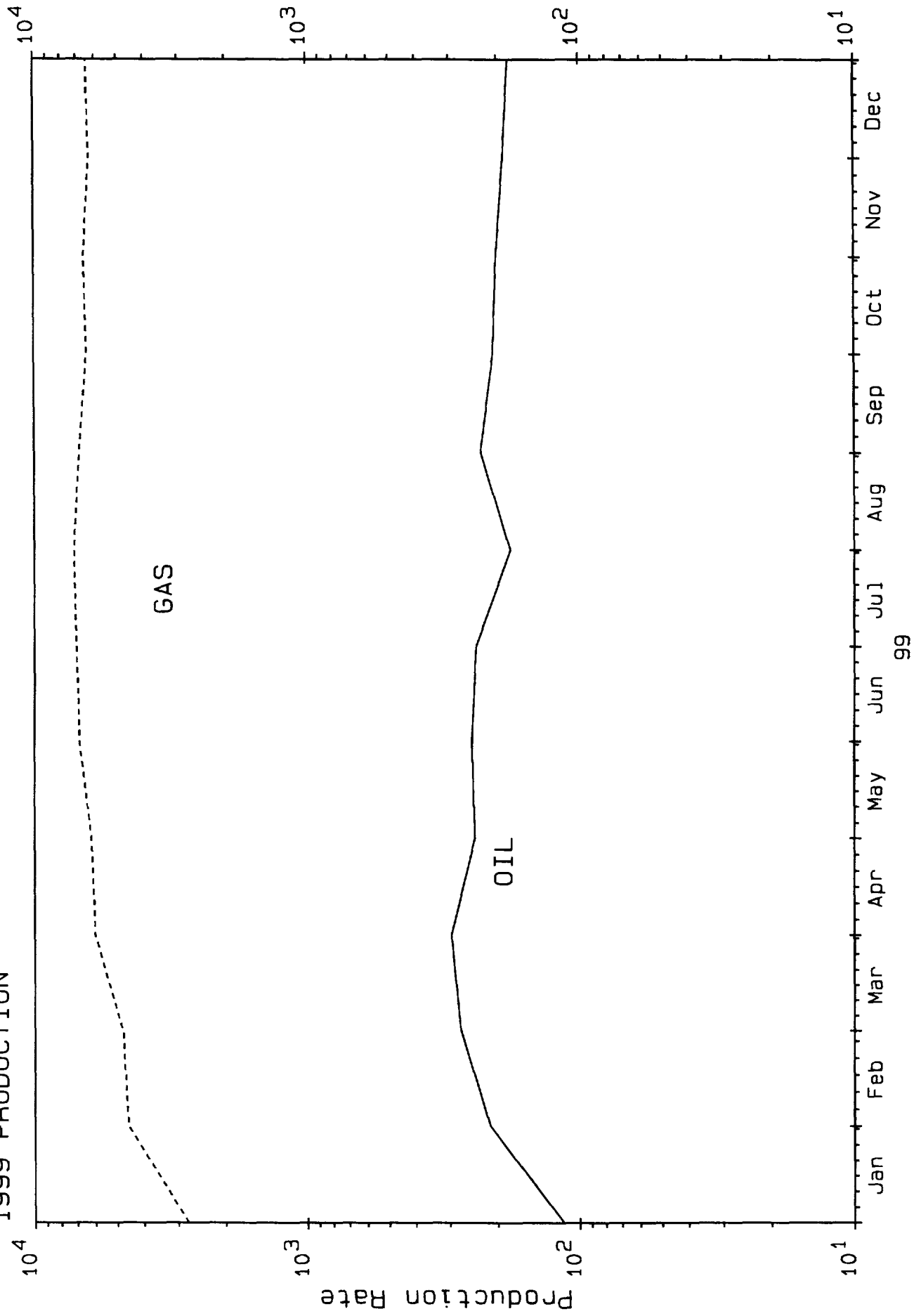
Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Plugged and Abandoned 1997
G-32	SW/NE 32-32N-13W	Producing intermittently
N-31	NE/SW 31-32N-13W	Gas Injection
C-6	NW/NW 6-31N-13W	Plugged & Abandoned
M-29	SW/SW 29-32N-13W	Producing

LA PLATA MANCOS UNIT
1999 PRODUCTION



SCHEDULE II

LA PLATA MANCOS UNIT
1999 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	213	4555	0	4205
February	273	4762	0	4412
March	295	6015	0	5665
April	242	6208	0	5858
May	248	6845	0	6495
June	240	7035	0	6546
July	179	7174	0	6824
August	230	6852	0	6502
September	207	6436	0	5960
October	201	6577	0	6227
November	189	6279	0	5929
December	181	6418	0	5942
Totals	2698	75156	0	70565
Cumulative	381140	376562	287	246591



BENSON-MONTIN-GREER DRILLING CORP.

March 27, 2000

U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Attention: Jami Bailey, Director
Oil and Gas Minerals Division

New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
2000 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1999 and Operator's Plan of Development for 2000 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations or participating area boundaries, so no new maps are submitted.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

Operator proposes that no new wells be drilled in calendar year 2000, however these matters are always under continuous review and should circumstances warrant we will file an amended Plan of Development requesting such changes as seem appropriate. Still under consideration is possible acquisition of seismic data that could lead to drilling of a new well, or wells. We are contemplating marketing part of the produced gas.

5. Effectiveness of enhanced recovery project:


Enclosed Schedule II shows current and cumulative oil and gas production.

We hereby respectfully request your approval of this 2000 Plan of Development.

Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY:


Albert R. Greer, President

ARG/tlp

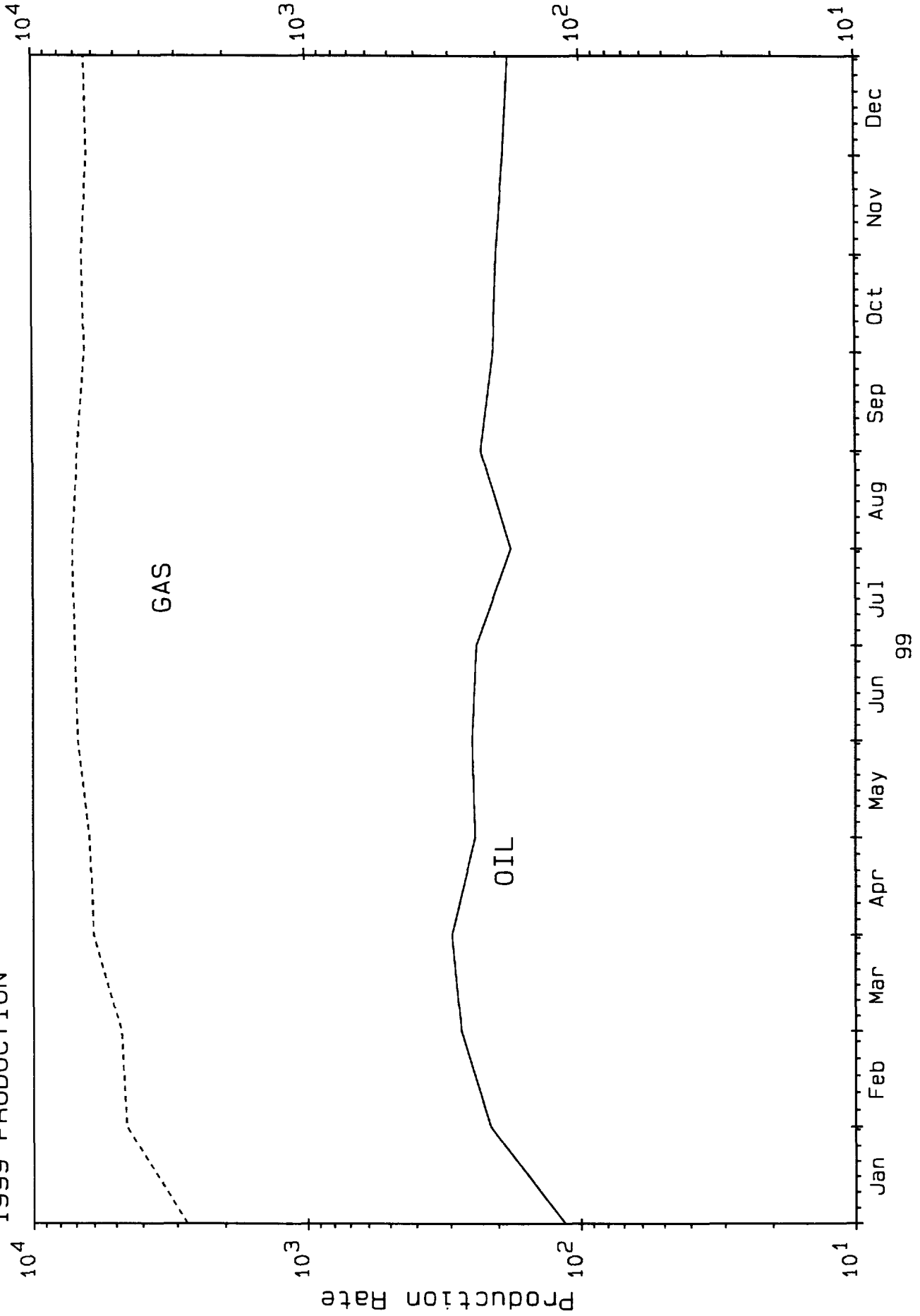
Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

P-31	SE/SE 31-32N-13W	Producing
I-6	NE/SE 6-31N-13W	Plugged and Abandoned 1997
G-32	SW/NE 32-32N-13W	Producing intermittently
N-31	NE/SW 31-32N-13W	Gas Injection
C-6	NW/NW 6-31N-13W	Plugged & Abandoned
M-29	SW/SW 29-32N-13W	Producing

LA PLATA MANCOS UNIT
1999 PRODUCTION



SCHEDULE II

LA PLATA MANCOS UNIT
1999 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	213	4555	0	4205
February	273	4762	0	4412
March	295	6015	0	5665
April	242	6208	0	5858
May	248	6845	0	6495
June	240	7035	0	6546
July	179	7174	0	6824
August	230	6852	0	6502
September	207	6436	0	5960
October	201	6577	0	6227
November	189	6279	0	5929
December	181	6418	0	5942
Totals	2698	75156	0	70565
Cumulative	381140	376562	287	246591

(WATERFLOOD)

***AMENDED REPORT OF UNIT -- 2ND EXPANSION**

UNIT NAME: WEST LOVINGTON STRAWN UNIT
OPERATOR: GILLESPIE-CROW, INC.
COUNTY: LEA

DATE APPROVED	OCC CASE NO. OCC ORDER NO.	AMENDED				SEGREGATION CLAUSE	TERM
		TOTAL ACREAGE	AMENDED STATE	AMENDED FEDERAL	AMENDED FEE		
2ND EXPANSION EFFECTIVE 04-01-1999	EXPANSION CASE NO. 12289 ORDER NO. R-10864-B	2,622.12	822.42	320.00	1479.70	MODIFIED	5 YEARS SO LONG AS

EXPANSION APPROVALS

SLO--09-06-2000
OCD--03-20-2000
BLM--08-14-2000

TOWNSHIP 15 SOUTH, RANGE 35 EAST

SECTION 28: S/2S/2
SECTION 32: E/2E/2
SECTION 33: ALL
SECTION 34: W/2, SE/4, S/2NE/4
SECTION 35: W/2SW/4
TOWNSHIP 16 SOUTH, RANGE 35E
SECTION 1: LOTS 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
TOWNSHIP 16 SOUTH, RANGE 36E
SECTION 5: LOTS 3, 4, 5
SECTION 6: LOTS 1, 2, 3, 4, 5, 6, 7, 8

***AMENDED INCLUDE S/2SW/4 OF SECTION 28, E/2E/2 OF SECTION 32, S/2NE/4, E/2SE/4 OF SECTION 34, AND
W/2SW/4 OF SECTION 35-15S-35E:**

LOTS 9, 10, 11, 12 OF SECTION 1-16S-35E: LOTS 3, 4, 5 OF SECTION 5, LOTS 1, 2, 6, 7, 8 OF SECTION 6-16S-36E.

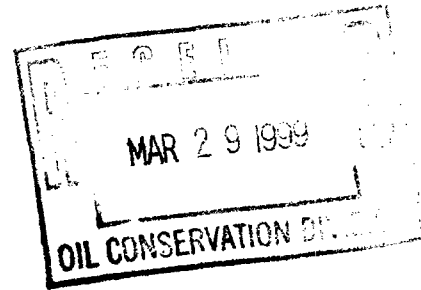
**NOTE: TRACT 15, SECTION 28-15S-35E (S/2SW/4) 80 ACRES, STATE LEASE VA-880-0,
EXPANSION EFFECTIVE 11-01-1997.**

BMG

OK'd 3/30/99

BENSON-MONTIN-GREER DRILLING CORP.

March 24, 1999



U.S. Department of the Interior
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Attention: John Keller
Chief, Branch of Minerals

New Mexico Commissioner of Public Lands
State Land Office
P.O. Box 1148
Santa Fe, NM 87504-1148
Attention: Jami Bailey, Director
Oil and Gas Minerals Division

✓ New Mexico Oil Conservation Division
2040 S. Pacheco
Santa Fe, NM 87505
Attention: Roy E. Johnson
Senior Petroleum Geologist

Re: LA PLATA MANCOS UNIT
1999 PLAN OF DEVELOPMENT

Gentlemen:

Set out below is Summary of Operations for 1998 and Operator's Plan of Development for 1999 for the La Plata Mancos Unit.

1. Summary of Operations:

No changes have been made in the geologic interpretations or participating area boundaries, so no new maps are submitted. One well was plugged, the I-6 in the SE/4 of Section 6, Township 31 North, Range 13 West. the gas injection compressor went down for repairs in July, 1997. Back pressure was held on the producing wells in order to minimize gas production.

As noted in the 1998 Plan of Development, a new compressor was installed and gas injection resumed in June 1998.

2. Listing of status of all wells:

Listing of status of all wells is enclosed here as Schedule I.

3. Performance curves:

Enclosed are production curves.

4. Plans for development:

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Yours truly,

BENSON-MONTIN-GREER DRILLING CORP.

BY: 
Albert R. Greer, President

ARG/tlp

Enclosures

SCHEDULE I

LA PLATA MANCOS UNIT
STATUS OF WELLS

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SCHEDULE II

LA PLATA MANCOS UNIT
1998 PRODUCTION STATISTICS

	<u>Oil</u> (BOPM)	<u>Gas</u> (MCF/M)	<u>Water</u> (BWPM)	<u>Gas</u> <u>Injection</u> (MCF/M)
January	179	350	0	0
February	229	350	0	0
March	191	1587	0	0
April	192	1587	0	0
May	191	1587	0	0
June	199	2742	0	2392
July	187	4318	0	3968
August	188	4830	0	4480
September	216	4899	0	4549
October	184	4157	0	3807
November	203	2665	0	2315
December	114	2754	0	2404
Totals	2273	31826	0	23915
Cumulative	378442	301406	287	176026

LA PLATA MANCOS UNIT
1998 PRODUCTION

