

UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
NORTH MILLMAN UNIT AREA  
EDDY COUNTY, NEW MEXICO

NO. \_\_\_\_\_

BEFORE EXAMINER STAMETS	
OIL CONSERVATION COMMISSION	
EXHIBIT NO.	1
CASE NO.	5773
Scheduled by	
Hearing Date	10/13/76

THIS AGREEMENT, entered into as of September 1, 1976, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto,"

W I T N E S S E T H:

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Dec. 1 of Chapter 162, Laws of 1951 (Chap. 7, Art. 11, Sec. 39, N.M. Statutes 1953 Annot.), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162), (Laws of 1951, Chap. 7, Art. 11, Sec. 41 N.M. Statutes 1953 Annot.) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14 N.M. Statutes 1953 Annot.) to approve this agreement and the conservation provisions hereof; and

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

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

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

1. UNIT AREA: All horizons lying 3,000 feet or more below the surface of the following described land are hereby designated and recognized as constituting the unit area:

Township 19 South, Range 28 East, N.M.P.M.

Section 5: S/2 N/2, S/2

Section 6: Lots 5, 6 and 7 (SW/4 NW/4, W/2 SW/4),  
SE/4 NW/4, E/2 SW/4, S/2 NE/4, SE/4

Section 7: Lots 1 and 2 (W/2 NW/4), E/2 NW/4,  
NE/4, N/2 SE/4

Section 8: All

containing 2,016.79 acres, more or less,  
Eddy County, New Mexico.

Exhibit "A" attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit "B" attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown on said map or schedule as owned by such party. Exhibits "A" and "B" shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner."

All horizons lying 3,000 feet or more below the surface of all land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement."

2. UNITIZED SUBSTANCES: All oil, gas, natural gasoline and associated fluid hydrocarbons in all formations lying 3,000 feet or more below the surface of the unitized land are unitized under the terms of this agreement and are herein called "unitized substances."

3. UNIT OPERATOR: Yates Petroleum Corporation, whose address is 207 South Fourth Street, Artesia, New Mexico, 88210, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit "B," and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances; and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR: Unit operator may resign its duties and obligations as operator at any time upon written notice of not less than 90 days given to all other parties, but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator shall be subject to removal by an affirmative vote for such removal of the majority according to interest of the owners of the working interest in the unit area; provided that, should one party to this agreement then own more than a majority of the working interest within the unit area, a concurring vote of one additional party shall be necessary to remove unit operator. Such removal shall be effective upon giving 90 days' written notice thereof to unit operator, executed by such majority of parties hereto so voting for removal, and upon the acceptance in writing of the successor unit operator of the duties and responsibilities as unit operator.

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

5. SUCCESSOR UNIT OPERATOR: In the event of either sale of its interest, resignation or removal of unit operator, all parties to this contract shall select, by majority vote in interest a new unit operator who shall assume the responsibilities and duties and have the rights prescribed for unit operator by this agreement; provided that, should one party to this agreement then own more than a majority of the working interest within the unit area, a concurring vote of one additional party shall be necessary for selection of a new unit operator. The retiring unit operator shall deliver to its successor all records and information necessary to the discharge by the new unit operator of its duties and obligations. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner, at his election, may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS: The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and

the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "operating agreement." No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in its capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY: The unit operator shall, within 60 days after the effective date of this agreement, commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall drill said well with due diligence to a depth sufficient to test the Morrow series of the Pennsylvanian system or to such depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling of said well shall be unwarranted or impracticable; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 11,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to-wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit), unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proved to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced prior to the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to

the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area the unit operator shall on or before six months from the time of the completion of the initial discovery well and within 30 days after the expiration of each 12-month period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following 12-month period.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N.M. Statutes 1953 Annotated of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N.M. Statutes 1953 Annotated and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bear to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests participating therein.

For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION: All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitized substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES: All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recovery of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented

to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practice; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INsofar AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA: The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling, development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein

as to all lands embraced in such lease, if oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or if, at the expiration of the secondary term, the lessee or the unit operator is then engaged in bona fide drilling or re-working operations on some part of the lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil and gas, or either of them, are being produced in paying quantities from any portion of said lands.

14. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE: In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any working, royalty or other interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced as aforesaid. This agreement may be terminated at any time by not less than 75% on an acreage basis of the owners of the working interests signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.



18. RATE OF PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES: Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission; provided, however, that any other interested party shall also have the right at his own expense to appear and to participate in any such proceeding.

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

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

22. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder becomes impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled, provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER: Any oil or gas interest in lands within the unit area not committed hereto prior to the submission

of this agreement for final approval by the Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Commission of duly executed counterparts of the instrument or instruments committing the interest of such owner to this agreement, but such joining party or parties before participating in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

24. COUNTERPARTS: This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto have caused this agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR

ATTEST:

YATES PETROLEUM CORPORATION

  
Assistant Secretary

By: 

Vice President

Date: September 29, 1976

ATTEST:

YATES DRILLING COMPANY

[Signature]  
Assistant Secretary  
Date: September 29, 1976

By: [Signature]  
President

ATTEST:

MYCO INDUSTRIES, INC.

[Signature]  
Secretary  
Date: October 6, 1976

By: [Signature] Attorney-in-Fact  
for Martin Yates, III, Vice President

Date: September 29, 1976

[Signature]  
S. P. Yates by Peyton Yates, Attorney-in-Fact

Date: September 29, 1976

[Signature]  
Estelle H. Yates by Peyton Yates, Attorney-in-Fact

Date: October 6, 1976

[Signature]  
Martin Yates II by John A. Yates, Attorney in-Fact

Date: October 6, 1976

[Signature]  
Lillie M. Yates by John A. Yates, Attorney in-Fact

Date: September 29, 1976

[Signature]  
John A. Yates

Date: October 6, 1976

[Signature]  
Peggy A. Yates

ATTEST:

HONDO OIL & GAS COMPANY

\_\_\_\_\_  
Assistant Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

ATTEST:

TEXAS PACIFIC OIL COMPANY, INC.

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

Frances V. Dowling

STATE OF NEW MEXICO )

: SS.

COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
29th day of September, 1976, by John A. Yates

My commission expires:

3/28/80

Notary Public

STATE OF NEW MEXICO )

: SS.

COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
29th day of September, 1976, by Peyton Yates,

           President of YATES DRILLING COMPANY, a New Mexico corpora-  
tion, on behalf of said corporation.

Date: \_\_\_\_\_  
Frances V. Dowling

STATE OF NEW MEXICO )  
: ss.  
COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
29th day of September, 1976, by John A. Yates  
Vice President of YATES PETROLEUM CORPORATION, a New Mexico  
corporation, on behalf of said corporation.

My commission expires:  
3/28/80

Sandra S. Cullen  
Notary Public

STATE OF NEW MEXICO )  
: ss.  
COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
29th day of September, 1976, by Peyton Yates  
President of YATES DRILLING COMPANY, a New Mexico corpora-  
tion, on behalf of said corporation.

My commission expires:  
3/28/80

Sandra S. Cullen  
Notary Public

STATE OF NEW MEXICO )  
: ss.  
COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
6th day of October, 1976, by John A. Yates, Attorney-in-Fact  
Vice President of MYCO INDUSTRIES, INC., for Martin Yates, III  
a New Mexico corpora-  
tion, on behalf of said corporation.

My commission expires:  
October 18, 1979

J. Morgan  
Notary Public

STATE OF NEW MEXICO )  
: ss.  
COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
day of \_\_\_\_\_, 1976, \_\_\_\_\_  
by MARTIN YATES, III and LILLIE M. YATES, his wife, \_\_\_\_\_  
\_\_\_\_\_

My commission expires:

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

STATE OF TEXAS )

: ss.

COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by EDWARD R. HUDSON, JR., and  
ANN F. HUDSON, his wife.

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

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

STATE OF NEW MEXICO )

: ss.

COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by WILLIAM P. DOOLEY, a single  
man.

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

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

STATE OF NEW MEXICO )

: ss.

COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by FRANCES V. DOWLING, a married  
woman dealing in her sole and separate property.

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

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

STATE OF NEW MEXICO )

: ss.

COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this 29th day of  
September, 1976, by Peyton Yates, Attorney-in-Fact for S. P. YATES and ESTELLE  
H. YATES, his wife.

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

Sandra L. Owen  
Notary Public

3/28/80

STATE OF NEW MEXICO )

: ss.

COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this 29th day of  
September, 1976, by JOHN A. YATES.

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

Sandra L. Owen  
Notary Public

3/28/80

STATE OF TEXAS )  
COUNTY OF TARRANT )

: ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by EDWARD R. HUDSON, JR., and  
ANN F. HUDSON, his wife.

My commission expires:

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

STATE OF NEW MEXICO )  
COUNTY OF EDDY )

: ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by WILLIAM P. DOOLEY, a single  
man.

My commission expires:

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

STATE OF NEW MEXICO )  
COUNTY OF EDDY )

: ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by FRANCES V. DOWLING, a married  
woman dealing in her sole and separate property.

My commission expires:

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

STATE OF NEW MEXICO )  
COUNTY OF EDDY )

: ss.

The foregoing instrument was acknowledged before me this 29th day of  
September, 1976, by Peyton Yates, Attorney-in-Fact for S. P. YATES and ESTELLE  
H. YATES, his wife.

My commission expires:

Sandra L. Owen  
Notary Public

3/28/80

STATE OF NEW MEXICO )  
COUNTY OF EDDY )

: ss.

The foregoing instrument was acknowledged before me this 29th day of  
September, 1976, by JOHN A. YATES.

My commission expires:

Sandra L. Owen  
Notary Public

3/28/80

STATE OF NEW MEXICO       )  
                                  : ss.  
COUNTY OF EDDY         )

The foregoing instrument was acknowledged before me this 5<sup>th</sup> day  
of October, 1976, by PEGGY A. YATES, wife of John A. Yates.

My commission expires:

October 18, 1979

J. Morgan  
Notary Public

STATE OF NEW MEXICO       )  
                                  : ss.  
COUNTY OF EDDY         )

The foregoing instrument was acknowledged before me this 6th day  
of October, 1976, by John A. Yates, Attorney-in-Fact for  
MARTIN YATES, III and LILLIE M. YATES, his wife.

My Commission Expires:

October 18, 1979

J. Morgan  
Notary Public



ATTEST:

YATES DRILLING COMPANY

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

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

ATTEST:

MYCO INDUSTRIES, INC.

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

\_\_\_\_\_  
S. P. Yates

Date: \_\_\_\_\_

\_\_\_\_\_  
Estelle H. Yates

Date: \_\_\_\_\_

\_\_\_\_\_  
Martin Yates III

Date: \_\_\_\_\_

\_\_\_\_\_  
Lillie M. Yates

Date: \_\_\_\_\_

\_\_\_\_\_  
John A. Yates

Date: \_\_\_\_\_

\_\_\_\_\_  
Peggy A. Yates

ATTEST:

HONDO OIL & GAS COMPANY

Upsonne Brooks  
Assistant Secretary  
Date: October 11, 1976

By: Clarence E. Cardwell  
Vice President

ATTEST:

TEXAS PACIFIC OIL COMPANY, INC.

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

STATE OF TEXAS )  
 : ss.  
COUNTY OF MIDLAND )

The foregoing instrument was acknowledged before me this  
11<sup>th</sup> day of October, 1976, by Clarine E. Cardwell,  
Vice President of HONDO OIL & GAS COMPANY, a New Mexico corporation,  
on behalf of said corporation.

My commission expires:

June 1, 1977

James James  
Notary Public

STATE OF TEXAS )  
 : ss.  
COUNTY OF DALLAS )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of TEXAS PACIFIC OIL COMPANY, INC., a Delaware  
corporation, on behalf of said corporation.

My commission expires:

\_\_\_\_\_

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

STATE OF TEXAS )  
 : ss.  
COUNTY OF MIDLAND )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Attorney-in-Fact for Gulf Energy and Minerals Company, U.S., a  
division of GULF OIL CORPORATION, a Pennsylvania corporation, on  
behalf of said corporation.

My commission expires:

\_\_\_\_\_

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

STATE OF NEW MEXICO )  
 : ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by TOM P. STEPHENS, General  
Partner, on behalf of FRANKLIN, ASTON & FAIR, LTD., a limited  
partnership.

My commission expires:

\_\_\_\_\_

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

ATTEST:

YATES DRILLING COMPANY

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

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

ATTEST:

MYCO INDUSTRIES, INC.

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

\_\_\_\_\_  
S. P. Yates

Date: \_\_\_\_\_

\_\_\_\_\_  
Estelle H. Yates

Date: \_\_\_\_\_

\_\_\_\_\_  
Martin Yates III

Date: \_\_\_\_\_

\_\_\_\_\_  
Lillie M. Yates

Date: \_\_\_\_\_

\_\_\_\_\_  
John A. Yates

Date: \_\_\_\_\_

\_\_\_\_\_  
Peggy A. Yates

ATTEST:

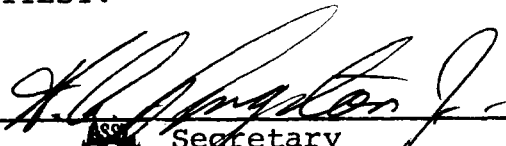
HONDO OIL & GAS COMPANY

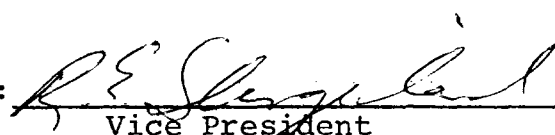
\_\_\_\_\_  
Assistant Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

ATTEST:

TEXAS PACIFIC OIL COMPANY, INC.

  
\_\_\_\_\_  
Secretary  
Date: SEP 7 1976

By:   
\_\_\_\_\_  
Vice President

JSZ

STATE OF TEXAS )  
: ss.  
COUNTY OF MIDLAND )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of HONDO OIL & GAS COMPANY, a New Mexico corporation,  
on behalf of said corporation.

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

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

STATE OF TEXAS )  
: ss.  
COUNTY OF DALLAS )

7<sup>th</sup> The foregoing instrument was acknowledged before me this  
day of October, 1976, by R. E. GINGERLAND,  
Vice President of TEXAS PACIFIC OIL COMPANY, INC., a Delaware  
corporation, on behalf of said corporation.

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

June 1, 1977

Ella Jean Smith  
Notary Public

RENEWED BY ME  
R. E. GINGERLAND  
My Commission Expires June 1, 1977

STATE OF TEXAS )  
: ss.  
COUNTY OF MIDLAND )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Attorney-in-Fact for Gulf Energy and Minerals Company, U.S., a  
division of GULF OIL CORPORATION, a Pennsylvania corporation, on  
behalf of said corporation.

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

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

STATE OF NEW MEXICO )  
: ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by TOM P. STEPHENS, General  
Partner, on behalf of FRANKLIN, ASTON & FAIR, LTD., a limited  
partnership.

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

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

Law	RHJ
Serv	5/8 C94
Exp.	11/2/76
Prod.	WJE

GULF OIL CORPORATION

Date: October 14, 1976

By: J. a. Hudson  
Attorney-in-Fact for Gulf  
Energy and Minerals Company,  
U.S., a Division of Gulf Oil  
Corporation

FRANKLIN, ASTON & FAIR, LTD.,  
a Limited Partnership

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tom P. Stephens, General Partner

ATTEST:

HARVEY E. YATES COMPANY

\_\_\_\_\_  
Secretary

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

Date: \_\_\_\_\_

ATTEST:

DEPCO, INC.

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

HUSKY OIL COMPANY OF DELAWARE

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact

ATTEST:

SOUTHLAND ROYALTY COMPANY

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Edward R. Hudson, Jr.

Date: \_\_\_\_\_

\_\_\_\_\_  
Ann F. Hudson

Date: \_\_\_\_\_

\_\_\_\_\_  
William P. Dooley

STATE OF TEXAS )  
: ss.  
COUNTY OF MIDLAND )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of HONDO OIL & GAS COMPANY, a New Mexico corporation,  
on behalf of said corporation.

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

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

STATE OF TEXAS )  
: ss.  
COUNTY OF DALLAS )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of TEXAS PACIFIC OIL COMPANY, INC., a Delaware  
corporation, on behalf of said corporation.

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

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

STATE OF TEXAS )  
: ss.  
COUNTY OF MIDLAND )

The foregoing instrument was acknowledged before me this  
11<sup>th</sup> day of October, 1976, by J. A. Ford,  
Attorney-in-Fact for Gulf Energy and Minerals Company, U.S., a  
division of GULF OIL CORPORATION, a Pennsylvania corporation, on  
behalf of said corporation.

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

June 1, 1977

E. L. Orrell  
Notary Public

E. L. Orrell

STATE OF NEW MEXICO )  
: ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by TOM P. STEPHENS, General  
Partner, on behalf of FRANKLIN, ASTON & FAIR, LTD., a limited  
partnership.

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

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

GULF OIL CORPORATION

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact for Gulf  
Energy and Minerals Company,  
U.S., a Division of Gulf Oil  
Corporation

FRANKLIN, ASTON & FAIR, LTD.,  
a Limited Partnership

Date: September 23, 1976

By: Tom P. Stephens  
Tom P. Stephens, General Partner

ATTEST:

HARVEY E. YATES COMPANY

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

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

ATTEST:

DEPCO, INC.

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

HUSKY OIL COMPANY OF DELAWARE

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact

ATTEST:

SOUTHLAND ROYALTY COMPANY

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

\_\_\_\_\_  
Edward R. Hudson, Jr.

Date: \_\_\_\_\_

\_\_\_\_\_  
Ann F. Hudson

Date: \_\_\_\_\_

\_\_\_\_\_  
William P. Dooley

STATE OF TEXAS )  
 : ss.  
COUNTY OF MIDLAND )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of HONDO OIL & GAS COMPANY, a New Mexico corporation,  
on behalf of said corporation.

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

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

STATE OF TEXAS )  
 : ss.  
COUNTY OF DALLAS )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of TEXAS PACIFIC OIL COMPANY, INC., a Delaware  
corporation, on behalf of said corporation.

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

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

STATE OF TEXAS )  
 : ss.  
COUNTY OF MIDLAND )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Attorney-in-Fact for Gulf Energy and Minerals Company, U.S., a  
division of GULF OIL CORPORATION, a Pennsylvania corporation, on  
behalf of said corporation.

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

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

STATE OF NEW MEXICO )  
 : ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this  
23rd day of September, 1976, by TOM P. STEPHENS, General  
Partner, on behalf of FRANKLIN, ASTON & FAIR, LTD., a limited  
partnership.

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

Carolyn B. Jones  
\_\_\_\_\_  
Notary Public

3-15-80



GULF OIL CORPORATION

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact for Gulf  
Energy and Minerals Company,  
U.S., a Division of Gulf Oil  
Corporation

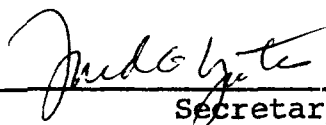
FRANKLIN, ASTON & FAIR, LTD.,  
a Limited Partnership

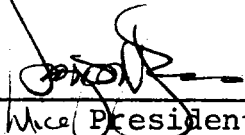
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tom P. Stephens, General Partner

ATTEST:

HARVEY E. YATES COMPANY

  
\_\_\_\_\_  
Secretary

By:   
\_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

ATTEST:

DEPCO, INC.

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

HUSKY OIL COMPANY OF DELAWARE

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact

ATTEST:

SOUTHLAND ROYALTY COMPANY

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Edward R. Hudson, Jr.

Date: \_\_\_\_\_

\_\_\_\_\_  
Ann F. Hudson

Date: \_\_\_\_\_

\_\_\_\_\_  
William P. Dooley

STATE OF NEW MEXICO )

: ss.

COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this  
24 day of September, 1976, by George M. Yates,  
President of HARVEY E. YATES COMPANY, a New Mexico corpora-  
tion, on behalf of said corporation.

My commission expires:

July 27, 1980

Rosemary Avery  
Notary Public

STATE OF COLORADO )

: ss.

CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of DEPCO, INC., a Delaware corporation, on behalf  
of said corporation.

My commission expires:

\_\_\_\_\_

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

STATE OF COLORADO )

: ss.

CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Attorney-in-Fact for HUSKY OIL COMPANY, a Delaware corporation, on  
behalf of said corporation.

My commission expires:

\_\_\_\_\_

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

STATE OF TEXAS )

: ss.

COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of SOUTHLAND ROYALTY COMPANY, a Texas corporation,  
on behalf of said corporation.

My commission expires:

\_\_\_\_\_

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

GULF OIL CORPORATION

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact for Gulf  
Energy and Minerals Company,  
U.S., a Division of Gulf Oil  
Corporation

FRANKLIN, ASTON & FAIR, LTD.,  
a Limited Partnership

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tom P. Stephens, General Partner

ATTEST:

HARVEY E. YATES COMPANY

\_\_\_\_\_  
Secretary

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

Date: \_\_\_\_\_

ATTEST:

DEPCO, INC.

Michael D. Shepard  
Michael D. Shepard, Secretary  
Date: September 24, 1976

By: J. V. Kowalski  
Vice President  
J. V. Kowalski

HUSKY OIL COMPANY OF DELAWARE

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact

ATTEST:

SOUTHLAND ROYALTY COMPANY

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Edward R. Hudson, Jr.

Date: \_\_\_\_\_

\_\_\_\_\_  
Ann F. Hudson

Date: \_\_\_\_\_

\_\_\_\_\_  
William P. Dooley

STATE OF NEW MEXICO )  
 : ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
\_\_\_\_ President of HARVEY E. YATES COMPANY, a New Mexico corpora-  
tion, on behalf of said corporation.

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

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

STATE OF COLORADO )  
 : ss.  
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this  
24th day of SEPTEMBER, 1976, by J. V. Kowalski  
Vice President of DEPCO, INC., a Delaware corporation, on behalf  
of said corporation.

My commission expires:  
My Commission Expires Sept. 16, 1980

*Loralyne I. Condos*  
\_\_\_\_\_  
Notary Public

STATE OF COLORADO )  
 : ss.  
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Attorney-in-Fact for HUSKY OIL COMPANY, a Delaware corporation, on  
behalf of said corporation.

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

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

STATE OF TEXAS )  
 : ss.  
COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of SOUTHLAND ROYALTY COMPANY, a Texas corporation,  
on behalf of said corporation.

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

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

GULF OIL CORPORATION

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact for Gulf  
Energy and Minerals Company,  
U.S., a Division of Gulf Oil  
Corporation

FRANKLIN, ASTON & FAIR, LTD.,  
a Limited Partnership

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tom P. Stephens, General Partner

ATTEST:

HARVEY E. YATES COMPANY

\_\_\_\_\_  
Secretary

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

Date: \_\_\_\_\_

ATTEST:

DEPCO, INC.

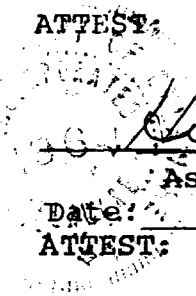
\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

ATTEST:

HUSKY OIL COMPANY OF DELAWARE

 \_\_\_\_\_  
Assistant Secretary

By: *J. H. McKel* \_\_\_\_\_  
Vice President *AMS*

Date: 10/1/76

ATTEST:

SOUTHLAND ROYALTY COMPANY

\_\_\_\_\_  
Secretary

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
Edward R. Hudson, Jr.

Date: \_\_\_\_\_

\_\_\_\_\_  
Ann F. Hudson

Date: \_\_\_\_\_

\_\_\_\_\_  
William P. Dooley

STATE OF NEW MEXICO )  
 : ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
\_\_\_\_ President of HARVEY E. YATES COMPANY, a New Mexico corpora-  
tion, on behalf of said corporation.

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

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

STATE OF COLORADO )  
 : ss.  
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of DEPCO, INC., a Delaware corporation, on behalf  
of said corporation.

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

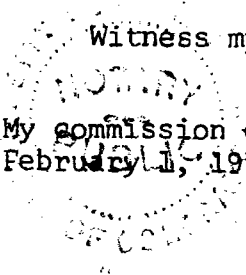
\_\_\_\_\_  
Notary Public

STATE OF COLORADO )  
COUNTY OF ARAPAHOE } ss

The foregoing instrument was acknowledged before me this 1st day of October,  
1976, by J. G. McKenzie, as Vice President of Husky Oil Company of Delaware, a  
Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.

My commission expires:  
February 1, 1977

  
\_\_\_\_\_  
Betty Jean Markach  
Notary Public

STATE OF TEXAS )  
 : ss.  
COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of SOUTHLAND ROYALTY COMPANY, a Texas corporation,  
on behalf of said corporation.

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

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

GULF OIL CORPORATION

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact for Gulf  
Energy and Minerals Company,  
U.S., a Division of Gulf Oil  
Corporation

FRANKLIN, ASTON & FAIR, LTD.,  
a Limited Partnership

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tom P. Stephens, General Partner

ATTEST:

HARVEY E. YATES COMPANY

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

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

ATTEST:

DEPCO, INC.

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

HUSKY OIL COMPANY OF DELAWARE

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact

ATTEST:

SOUTHLAND ROYALTY COMPANY

*Patricia A. Cox*  
\_\_\_\_\_  
Secretary  
Date: *10-8-76*

By: *[Signature]*  
\_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

\_\_\_\_\_  
Edward R. Hudson, Jr.

Date: \_\_\_\_\_

\_\_\_\_\_  
Ann F. Hudson

Date: \_\_\_\_\_

\_\_\_\_\_  
William P. Dooley

STATE OF NEW MEXICO )  
 : ss.  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
President of HARVEY E. YATES COMPANY, a New Mexico corpora-  
tion, on behalf of said corporation.

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

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

STATE OF COLORADO )  
 : ss.  
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Vice President of DEPCO, INC., a Delaware corporation, on behalf  
of said corporation.

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

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

STATE OF COLORADO )  
 : ss.  
CITY AND COUNTY OF DENVER )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by \_\_\_\_\_,  
Attorney-in-Fact for HUSKY OIL COMPANY, a Delaware corporation, on  
behalf of said corporation.

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

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

STATE OF TEXAS )  
 : ss.  
COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me this  
8th day of October, 1976, by Ronald B. Brown, Senior,  
Vice President of SOUTHLAND ROYALTY COMPANY, a ~~Delaware~~ corporation,  
on behalf of said corporation.

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

NANCY J. PAGE, Notary Public  
in and for Tarrant County, Texas  
My commission expires November 6, 1977

Nancy J. Page  
Notary Public



GULF OIL CORPORATION

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact for Gulf  
Energy and Minerals Company,  
U.S., a Division of Gulf Oil  
Corporation

FRANKLIN, ASTON & FAIR, LTD.,  
a Limited Partnership

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tom P. Stephens, General Partner

ATTEST:

HARVEY E. YATES COMPANY

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

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

ATTEST:

DEPCO, INC.

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

HUSKY OIL COMPANY OF DELAWARE

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact

ATTEST:

SOUTHLAND ROYALTY COMPANY

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

Date: 9-22-76

Edward R. Hudson, Jr.  
Edward R. Hudson, Jr.

Date: 9.22.76

Ann F. Hudson  
Ann F. Hudson

Date: \_\_\_\_\_

\_\_\_\_\_  
William P. Dooley

STATE OF TEXAS )

: ss.

COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me this  
2<sup>nd</sup> day of Sept., 1976, by EDWARD R. HUDSON, JR., and  
ANN F. HUDSON, his wife.

My commission expires:

L. W. O'DELL, Notary Public  
My Commission Expires June 1, 1977

L. W. O'DELL  
Notary Public

STATE OF NEW MEXICO )

: ss.

COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by WILLIAM P. DOOLEY, a single  
man.

My commission expires:

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

STATE OF NEW MEXICO )

: ss.

COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by FRANCES V. DOWLING, a married  
woman dealing in her sole and separate property.

My commission expires:

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

GULF OIL CORPORATION

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact for Gulf  
Energy and Minerals Company,  
U.S., a Division of Gulf Oil  
Corporation

FRANKLIN, ASTON & FAIR, LTD.,  
a Limited Partnership

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Tom P. Stephens, General Partner

ATTEST:

HARVEY E. YATES COMPANY

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

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

ATTEST:

DEPCO, INC.

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

HUSKY OIL COMPANY OF DELAWARE

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Attorney-in-Fact

ATTEST:

SOUTHLAND ROYALTY COMPANY

\_\_\_\_\_  
Secretary  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Vice President

Date: \_\_\_\_\_

\_\_\_\_\_  
Edward R. Hudson, Jr.

Date: \_\_\_\_\_

\_\_\_\_\_  
Ann F. Hudson

Date: 9-22-76

William P. Dooley  
William P. Dooley

STATE OF TEXAS )  
: ss.  
COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by EDWARD R. HUDSON, JR., and  
ANN F. HUDSON, his wife.

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

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

STATE OF NEW MEXICO )  
: ss.  
COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
22 day of September 1976, by WILLIAM P. DOOLEY, a single  
man.

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

Oct 24 1978

*William P. Dooley*  
Notary Public

STATE OF NEW MEXICO )  
: ss.  
COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by FRANCES V. DOWLING, a married  
woman dealing in her sole and separate property.

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

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

Date:

STATE OF NEW MEXICO )

The foregoing instrument was acknowledged before me this  
day of \_\_\_\_\_, 1976, by \_\_\_\_\_

\_\_\_\_\_

Notary Public

STATE OF NEW MEXICO )

The foregoing instrument was acknowledged before me this  
day of \_\_\_\_\_, 1976, by \_\_\_\_\_,

\_\_\_\_\_

Notary Public

STATE OF NEW MEXICO )

The foregoing instrument was acknowledged before me this  
day of \_\_\_\_\_, 1976, by \_\_\_\_\_,

\_\_\_\_\_

Notary Public

STATE OF NEW MEXICO )

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 1976, by S. P. YATES and ESTELLE H. YATES, his wife, by MARTIN YATES III and LILLIE M. YATES, his wife, and by JOHN A. YATES and PEGGY A. YATES, his wife.

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

STATE OF TEXAS )  
 : ss.  
COUNTY OF TARRANT )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by EDWARD R. HUDSON, JR., and  
ANN F. HUDSON, his wife.

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

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

STATE OF NEW MEXICO )  
 : ss.  
COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
\_\_\_\_ day of \_\_\_\_\_, 1976, by WILLIAM P. DOOLEY, a single  
man.

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

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

STATE OF NEW MEXICO )  
 : ss.  
COUNTY OF EDDY )

The foregoing instrument was acknowledged before me this  
24 day of Sept., 1976, by FRANCES V. DOWLING, a married  
woman dealing in her sole and separate property.

My commission expires:  
Jan. 22, 1978

Carita D. Simmons now Hill  
Notary Public



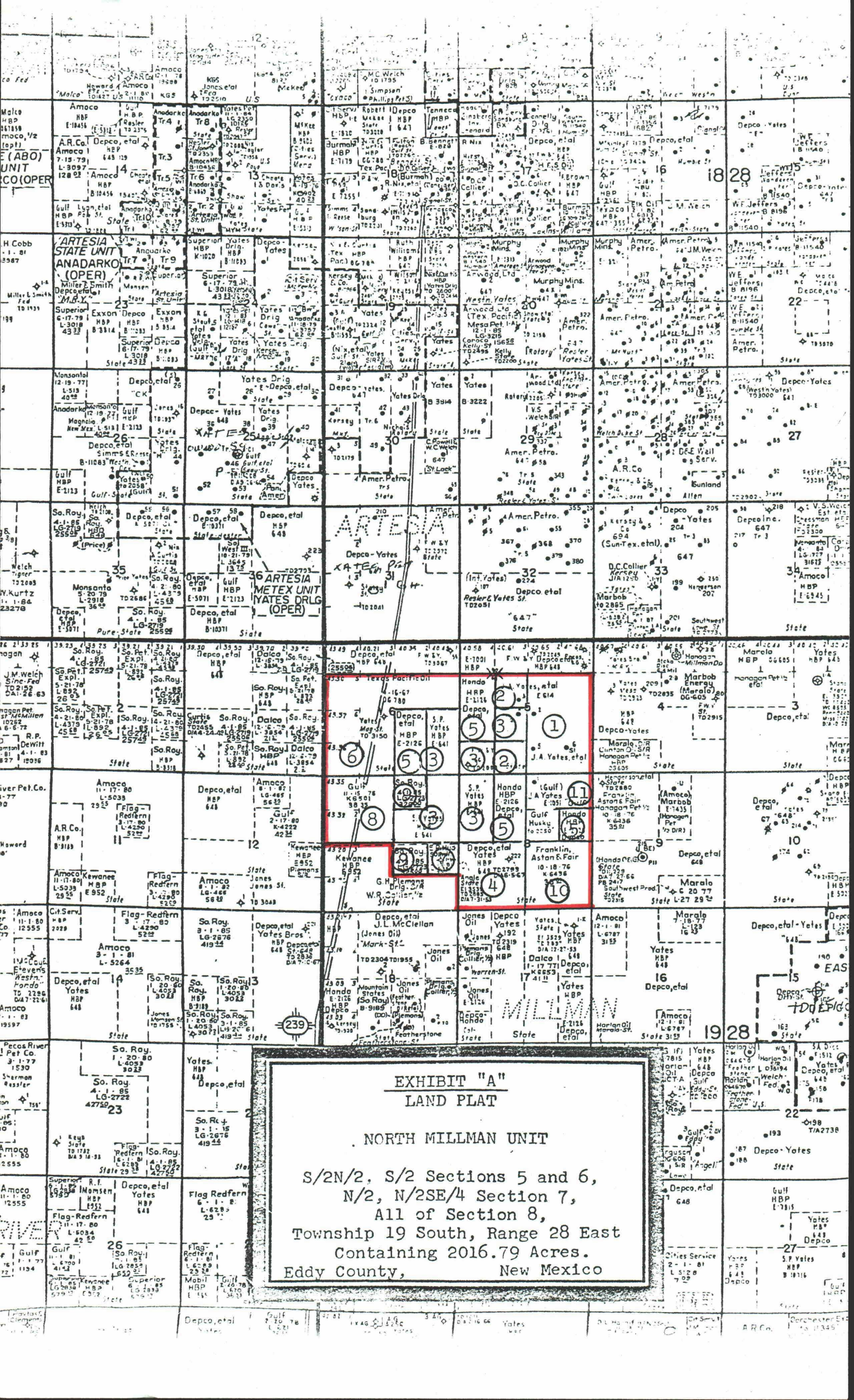


EXHIBIT "A"  
LAND PLAT

NORTH MILLMAN UNIT

S/2N/2, S/2 Sections 5 and 6,  
N/2, N/2SE/4 Section 7,  
All of Section 8,  
Township 19 South, Range 28 East  
Containing 2016.79 Acres.  
Eddy County, New Mexico



NORTH MILLMAN UNIT, EDDY COUNTY, NEW MEXICO

### Schedule of Tract Numbers, Ownership and Participation

DEPTH RIGHTS BELOW 3000 FEET

TRACT NO.	DESCRIPTION (ALL T-19-S, R-28-E)	ACRES	LEASE NO. & EXP. DATE	PERCENTAGE BASIC ROYALTY	PERCENTAGE LESSSEE OF RECORD	PERCENTAGE OVERRIDE OR PRO- DUCTION PAYMENT	WORKING INTEREST OWNER AND PERCENTAGE
1	Sec. 5: S/2 NE/4, SE/4	240.00	E-614-1 H.B.P.	State 12.5	S. P. Yates	4.37500	S. P. Yates Martin Yates, III Harvey E. Yates Co. Yates Pet. Corp. Myco Indus., Inc. Yates Drilling Co. John A. Yates
							44.00000 38.50000 15.00000 .62500 .62500 .62500 .62500
							100.00000
2	Sec. 5: SE/4 NW/4, SE/4 SW/4	80.00	E-700-1 H.B.P.	State 12.5	S. P. Yates	2.39583	Yates Pet. Corp. Myco Indus., Inc. Yates Drilling Co. William P. Doolley Harvey E. Yates Co. S. P. Yates Martin Yates, III John A. Yates
							9.58334 9.58333 9.58333 11.66666 12.50000 12.50000 12.50000 22.08334
							100.00000
							TRACT NO. 2 TOTAL
							100.00000



NORTH MILLMAN UNIT, EDDY COUNTY, NEW MEXICO

Schedule of Tract Numbers, Ownership and Participation

DEPTH RIGHTS BELOW 3000 FEET

TRACT NO.	DESCRIPTION (ALL T-19-S, R-28-E)	ACRES	PERCENTAGE		LESSOR OF RECORD	PERCENTAGE		WORKING INTEREST OWNER AND PERCENTAGE
			LEASE NO. & EXP. DATE	BASIC ROYALTY		OVERRIDE OR PRO- DUCTION PAYMENT		
1	Sec. 5: S/2 NE/4, SE/4	240.00	E-614-1 H.B.P.	State 12.5	S. P. Yates	4.37500		S. P. Yates 44.00000 Martin Yates, III 38.50000 Harvey E. Yates Co. 15.00000 Yates Pet. Corp. .62500 Myco Indus., Inc. .62500 Yates Drilling Co. .62500 John A. Yates .62500
TRACT NO. 1 TOTAL							100.00000	
2	Sec. 5: SE/4 NW/4, SE/4 SW/4	80.00	E-700-1 H.B.P.	State 12.5	S. P. Yates	2.39583		Yates Pet. Corp. 9.58334 Myco Indus., Inc. 9.58333 Yates Drilling Co. 9.58333 William P. Doooley 11.66666 Harvey E. Yates Co. 12.50000 S. P. Yates 12.50000 Martin Yates, III 12.50000 John A. Yates 22.08334
TRACT NO. 2 TOTAL							100.00000	

## Page 2 of 3

TRACT NO.	DESCRIPTION (ALL T-19-S, R-28-E)	ACRES	PERCENTAGE		PERCENTAGE		WORKING INTEREST OWNER AND PERCENTAGE
			LEASE NO. & EXP. DATE	BASIC ROYALTY	LESSEE OF RECORD	OVERRIDE OR PRO- DUCTION PAYMENT	
3	Sec. 5: NE/4 SW/4, SW/4 SW/4	360.00	E-641-1	State	S. P. Yates	2.18750	Yates Pet. Corp. 8.75000
	Sec. 6: E/2 SE/4		H.B.P.	12.5		Myco Indus., Inc. 8.75000	
	Sec. 7: E/2 NE/4, SW/4 NE/4					Yates Drilling Co. 8.75000	
	Sec. 8: W/2 NW/4					William P. Doolley 5.00000	
						Harvey E. Yates Co. 12.50000	
						Martin Yates, III 12.50000	
						S. P. Yates 12.50000	
						John A. Yates 21.25000	
						Frances V. Dowling 10.00000	
TRACT NO. 3 TOTAL 100.00000							
4	Sec. 8: SW/4	160.00	648-124	State	Hondo Oil & Gas Co.	2.25695	Hondo Oil & Gas Co. 50.00000
	648-130		12.5				
	648-131					Yates Pet. Corp. 18.05556	
	H.B.P.						
						Depco, Inc. 15.97222	
						Husky Oil Co. of Delaware 15.97222	
TRACT NO. 4 TOTAL 100.00000							
5	Sec. 5: SW/4 NW/4, NW/4 SW/4	280.00	E-2126	State	Hondo Oil & Gas Co.	1.12847	S. P. Yates 18.75000
	Sec. 6: W/2 SE/4		H.B.P.	12.5		Martin Yates, III 18.75000	
	Sec. 8: SE/4 NE/4, E/2 NW/4					Harvey E. Yates Co. 12.50000	
						Depco, Inc. 7.98611	
						Husky Oil Co. of Delaware 7.98611	
						Yates Pet. Corp. 9.02778	
						Hondo Oil & Gas Co. 25.00000	
TRACT NO. 5 TOTAL 100.00000							

TRACT NO.	DESCRIPTION (ALL T-19-S, R-28-E)	ACRES	PERCENTAGE		LESSEE OF RECORD	PERCENTAGE		WORKING INTEREST OWNER AND PERCENT
			LEASE NO. & EXP. DATE	BASIC ROYALTY		OVERRIDE OR PRO- DUCTION PAYMENT		
6	Sec. 6: Lot 5 (SW/4 NW/4) Lot 6 (NW/4 SW/4) Lot 7 (SW/4 SW/4) SE/4 NW/4, S/2 NE/4, E/2 SW/4	330.12	OG 780-5 H.B.P.	State 12.5	Texas Pacific Oil Company, Inc.	-0-		Texas Pacific Oil Company, Inc.
7	Sec. 7: NE/4 SE/4	40.00	L-5361-1 4-1-81	State 12.5	Edward R. Hudson, Jr.	7.47500		Edward R. Hudson, Jr.
8	Sec. 7: Lots 1 & 2 (W/2 NW/4), E/2 NW/4	166.67	K-6501 11-15-76	State 12.5	Gulf Oil Corporation	-0-		Gulf Oil Corp.
9	Sec. 7: NW/4 NE/4, NW/4 SE/4	80.00	LG-2723-1 4-1-85	State 12.5	Southland Royalty Co.	6.00000		Southland Royalty Company
10	Sec. 8: SE/4	160.00	K-6436-1 10-18-76	State 12.5	Franklin, Aston & Fair, Ltd.	-0-		Franklin, Aston & Fair, Ltd.
11	Sec. 8: N/2 NE/4, SW/4 NE/4	120.00	E-1051-4 H.B.P.	State 12.5	Gulf Oil Corporation	-0-		Gulf Oil Corp.
<hr/>								
TOTAL		2,016.79 Acres of State of New Mexico Lands						
100% of this unit is State of New Mexico Lands								

Unit Name NORTH MILLMAN UNIT -EXPLORATORY  
Operator Yates Petroleum Corporation  
County Eddy

DATE	OCC CASE NO.	OCC ORDER NO.	EFFECTIVE DATE	TOTAL ACREAGE	STATE	FEDERAL	INDIAN-FEE	SEGREGATION		TERM
								CLAUSE	Yes	
Commissioner 10-13-76	10/27/76		10-13-76	2,016.79	2,016.79	-0-	-0-		Yes	2 yrs.

UNIT AREA

TOWNSHIP 19 SOUTH, RANGE 28 EAST, N.M.P.M.

- Section 5: S/2N/2, S/2  
Section 6: SE/4, S/2NE/4, E/2SW/4, SE/4NW/4, Lots 5, 6 and 7  
Section 7: NE/4, N/2SE/4, E/2NW/4, Lots 1 and 2  
Section 8: All

acc

Unit Name NORTH MILLMAN STATE UNIT-EXPLORATORY  
Operator Yates Petroleum Corporation  
County Eddy

STATE TRACT NO.	LEASE NO.	INSTI-TUTION	SEC.	TWP.	RGE.	SUBSECTION	RATIFIED		ACREAGE	
							DATE	ACRES	NOT RATIFIED	LESSEE
1	E-614-1	Agri. College	5	19S	28E	S/2NE/4, SE/4	9-29-76	240.00		S. P. Yates
2	E-700-1	Agri. College	5	19S	28E	SE/4NW/4, SE/4SW/4	9-29-76	80.00		S. P. Yates
3	E-641-1	Agri. College	5	19S	28E	NE/4SW/4, SW/4SW/4	9-29-76	360.00		S. P. Yates
			6	19S	28E	E/2SE/4				
			7	19S	28E	E/2NE/4, SW/4NE/4				
			8	19S	28E	W/2NW/4				
4	648-124 648-130 648-131	Public Bldgs.	8	19S	28E	SW/4	10-11-76 9-29-76 9-24-76 10-1-76	160.00		Hondo Oil & Gas Co. Yates Pet. Corp. Depco, Inc. Husky Oil Co. of Delaware
5	E-2126	Agri. College	5 6 8	19S 19S 19S	28E 28E 28E	SW/4NW/4, NW/4SW/4 W/2SE/4 SE/4NE/4, E/2NW/4	10-11-76	280.00		Hondo Oil & Gas Co.
6	OG-780-5	Agri. College	6	19S	28E	Lot 5 (SW/4NW/4) Lot 6 (NW/4SW/4) Lot 7 (SW/4SW/4) SE/4NW/4, S/2NE/4, E/2SW/4	10-7-76	330.12		Texas Pacific Oil Co. Inc
7	L-5361-1	Public Bldgs.	7	19S	28E	NE/4SE/4	9-22-76	40.00		Edward R. Hudson, Jr.
8	K-6501	Public Bldgs.	7	19S	28E	Lots 1 & 2 (W/2NW/4), E/2NW/4	10-11-76	166.67		Gulf Oil Corporation
9	LG-2723-1	Public Bldgs.	7	19S	28E	NW/4NE/4, NW/4SE/4	10-8-76	80.00		Southland Royalty Co.
10	K-6436-1	Public Bldgs.	8	19S	28E	SE/4	9-23-76	160.00		Franklin, Aston & Fair, Lt
11	E-1051-4	Public Bldgs.	8	19S	28E	N/2NE/4, SW/4NE/4	10-11-76	120.00		Gulf Oil Corporation



PHIL R. LUCERO  
COMMISSIONER

# State of New Mexico



## Commissioner of Public Lands

August 11, 1976

TELEPHONE

505-827-2748

BEFORE EXAMINER STAMETS  
OIL CONSERVATION COMMISSION

EXHIBIT NO. 2

CASE NO. 5773

Submitted by

Hearing Date

P. O. BOX 1148  
SANTA FE, NEW MEXICO 87501

Mr. Robert E. Boling  
202 American Home Building  
Artesia, New Mexico 88210

Re: Proposed-North Millman Unit  
Eddy County, New Mexico

Dear Mr. Boling:

We have reviewed the unexecuted copy of unit agreement and Exhibits "A" and "B" which you submitted on behalf of Yates Petroleum Corporation for the North Millman Unit, Eddy County, New Mexico. The form of agreement meets the requirements of the Commissioner of Public Lands, therefore, the Commissioner has this date approved your agreement as to form and content and as a logical area for unitization.

On your Exhibit "B" please change the lease number from LG-2763-1 to LG-2723-1; under Tract 11 please change the assignment number from 45 to 4.

The following are required when filing the agreement for final approval.

1. Application for final approval stating all Tracts committed and Tracts not committed.
2. Two copies of Unit Agreement, one must contain original signatures
3. Two copies of all ratifications from Lessees of Record and Working Interest owners.
4. One copy of Operating Agreement.
5. Order of the New Mexico Oil Conservation Commission.

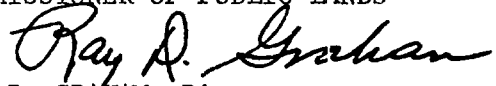
Mr. Robert E. Boling  
August 11, 1976  
Page 2.

The filing fee in the amount of Forty (\$40.00) Dollars has been received.

Very truly yours,

PHIL R. LUCERO  
COMMISSIONER OF PUBLIC LANDS

BY:

  
RAY D. GRAHAM, Director  
Oil and Gas Division

PRL/RDG/s