

# **GENERAL LOCATION MAP** **SUPPLEMENTAL WATER FLOOD SURVEY** **MURPHY OPERATING CORPORATION** **BLUITT (SAN ANDRES) FIELD** **ROOSEVELT COUNTY, NEW MEXICO**

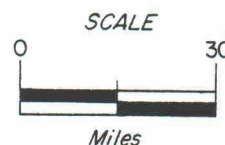


EXHIBIT "2"

*Rain Gensinc*P O BOX 6217  
ODESSA TEXAS*Nuclear  
Log*

FILING NO.		COMPANY <u>LAYTON ENTERPRISES, INC.</u>	
		WELL <u>BLUITT FEDERAL NO. 3</u>	
		FIELD <u>BLUITT (S.A.)</u>	
		COUNTY <u>ROOSEVELT</u>	STATE <u>NE</u>
		LOCATION: <u>660'PSL &amp; 1980'PEL</u>	OTHER
		BLK. <u>13</u>	
		TWP. <u>2-S</u>	
		RGE. <u>37-E</u>	
PERMANENT DATUM <u>GROUND LEVEL</u>		ELEV. <u>3091</u>	ELEV.
LOG MEASURED FROM <u>10' ABOVE GROUND LEVEL</u>			KB
DRILLING MEASURED FROM <u>D.P.</u>			DF
			CL
DATE	<u>10-17-77</u>	<u>10-17-77</u>	
RUN NO.	<u>1-N.W.</u>	<u>1-N.W.</u>	
TYPE LOG	<u>GAMMA RAY</u>	<u>NEUTRON</u>	
DEPTH-DRILLER			
DEPTH-LOGGER	<u>4727</u>	<u>4727</u>	
BOTTOM LOGGED INTERVAL	<u>4730</u>	<u>4726</u>	
TOP LOGGED INTERVAL	<u>4200</u>	<u>4200</u>	
TYPE FLUID IN HOLE	<u>WATER</u>		
SALINITY PPM CL	<u>---</u>		
DENSITY LB./GAL	<u>---</u>		
LEVEL	<u>ABOVE LOG</u>		
MAX. REC. TEMP. DEG. F	<u>---</u>		
OPR. RIG TIME	<u>MAST</u>		
RECORDED BY	<u>HARBEN</u>		
WITNESSED BY	<u>MR. LAYTON</u>		
RUN NO.	BORE HOLE RECORD		CASING RECORD
BIT	FROM	TO	SIZE WGT. FROM
			8 5/8 SURFACE
<u>7 7/8</u>	<u>402</u>	<u>4740</u>	4 1/2 SURFACE

THIS HEADING CONFORMS TO API STANDARD PRACTICE RP-33

— EXHIBIT "3" —

UNIT AGREEMENT

BLUITT SAN ANDRES UNIT

COUNTY OF ROOSEVELT

STATE OF NEW MEXICO

UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

INDEX

<u>Section</u>		<u>Page</u>
	Preliminary Recitals -----	1
1	Enabling Act and Regulations -----	1
2	Unit Area and Definitions -----	1
3	Exhibits -----	3
4	Expansion -----	3
5	Unitized Land -----	3
6	Unit Operator -----	3
7	Resignation or Removal of Unit Operator -----	4
8	Successor Unit Operator -----	4
9	Accounting Provisions and Unit Operating Agreement -----	4
10	Rights and Obligations of Unit Operator -----	5
11	Plan of Operations -----	5
12	Use of Surface and Use of Water -----	5
13	Tract Participation -----	6
14	Tracts Qualified for Participation -----	6
15A	Allocation of Unitized Substances -----	7
15B	Taking Unitized Substances in Kind -----	7
16	Outside Substances -----	8
17	Royalty Settlement -----	8
18	Rental Settlement -----	8
19	Conservation -----	9
20	Drainage -----	9
21	Leases and Contracts Conformed and Extended -----	9
22	Covenants Run with Land -----	10
23	Effective Date and Term -----	10
24	Rate of Prospecting, Development and Production -----	11
25	Nondiscrimination -----	11
26	Appearances -----	11
27	Notices -----	11
28	No Waiver of Certain Rights -----	11
29	Equipment and Facilities Not Fixtures Attached to Realty -----	11
30	Unavoidable Delay -----	12
31	Loss of Title -----	12
32	Nonjoinder and Subsequent Joinder -----	12
33	Counterparts -----	12
34	Joinder in Dual Capacity -----	13
35	Taxes -----	13
36	No Partnership -----	13
37	Production as of the Effective Date -----	13
38	No Sharing of Market -----	13

Exhibit "A" (Map of Unit Area)  
Exhibit "B" (Schedule of Ownership and Tract Participation)  
Exhibit "C" (Section 202 of Executive Order 11246)



UNIT AGREEMENT  
FOR THE DEVELOPMENT AND OPERATION  
OF THE  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st day of November, 1985, by and between the parties subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

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

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

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Section 1, Chapter 88, Laws 1943, as amended by Section 1, Chapter 162, Laws of 1951; Chapter 19, Article 10, Section 47, New Mexico Statutes Annotated) 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 Division of the State of New Mexico (hereinafter referred to as the "Division") is authorized by an Act of the Legislature (Chapter 72, laws of 1935 as amended; Chapter 70, Article 2, Section 2 et seq., New Mexico Statutes 1978 Annotated) to approve this Agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interest in the 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 interest in the below-defined unit area, and agree severally among themselves as follows:

SECTION 1. ENABLING ACT AND REGULATIONS. The Mineral Leasing Act of February 25, 1920, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid, pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this Agreement as to Federal lands, provided such regulations are not inconsistent with the terms of this Agreement; and as to non-Federal lands, the oil and gas operating regulations in effect as of the effective date hereof governing drilling and producing operations, not inconsistent with the terms hereof or the laws of the state in which the non-Federal land is located, are hereby accepted and made a part of this Agreement.

SECTION 2. UNIT AREA AND DEFINITIONS. For the purpose of this Agreement, the following terms and expressions as used herein shall mean:

(a) "Unit Area" is defined as those lands described in Exhibit "B" and depicted on Exhibit "A" hereof, and such land is hereby designated and recognized as constituting the Unit Area, containing 1800.00 acres, more or less, in Roosevelt County, New Mexico.

(b) "Land Commissioner" is defined as the Commissioner of Public Lands of the State of New Mexico.

(c) "Division" is defined as the Oil Conservation Division of the Department of Energy and Minerals of the State of New Mexico.

(d) "Director" is defined as the Director of the Bureau of Land Management for the State of New Mexico or any person authorized to act on the Director's behalf.

(e) "Secretary" is defined as the Secretary of the Interior of the United States of America, or his duly authorized delegate.

(f) "Department" is defined as the Department of the Interior of the United States of America.

(g) "Authorized Officer (AO)" is defined as any employee of the Bureau of Land Management who has been delegated the authority to perform the duties described in this Part.

(h) "Unitized Formation" shall mean that subsurface portion of the Unit Area commonly known as the San Andres formation, and which is the same formation that was encountered between the logged depths of 4640' (subsea elevation of -643) and 4676' (subsea elevation of -679') in the Murphy Operating Corporation Bluit Federal Well No. 3 as shown on the Nuclear Log of said well dated October 17, 1977, which well is located 660' FSL and 1980' FEL of Section 13, T-8-S, R-37-E, NMPM, Roosevelt County, New Mexico.

(i) "Unitized Substances" are all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons, other than outside substances, within and produced from the Unitized Formation, of the Unitized Land.

(j) "Tract" is each parcel of land described as such and given a Tract number in Exhibit "B."

(k) "Tract Participation" is defined as the percentage of participation shown on Exhibit "B" for allocating Unitized Substances to a Tract under this Agreement.

(l) "Unit Participation" is the sum of the percentages obtained by multiplying the Working Interest of a Working Interest Owner in each Tract by the Tract Participation of such Tract.

(m) "Working Interest" is the right to search for, produce and acquire Unitized Substances whether held as an incident of ownership of mineral fee simple title, under an oil and gas lease, or otherwise held, which interest is chargeable with and obligated to pay or bear, either in cash or out of production, or otherwise, all or a portion of the cost of drilling, developing and producing the Unitized Substances from the Unitized Formation and operations thereof hereunder. Provided that any royalty interest created out of a working interest subsequent to the execution of this Agreement by the owner of the working interest shall continue to be subject to such working interest burdens and obligations.

(n) "Working Interest Owner" is any party hereto owning a Working Interest, including a carried working interest owner, holding an interest in Unitized Substances by virtue of a lease, operating agreement, fee title or otherwise. The owner of oil and gas rights that are free of lease or other instrument creating a Working Interest in another shall be regarded as a Working Interest Owner to the extent of seven-eighths (7/8) of his interest in Unitized Substances, and as a Royalty Owner with respect to his remaining one-eighth (1/8) interest therein.

(o) "Royalty Interest" or "Royalty" is an interest other than a Working Interest in or right to receive a portion of the Unitized Substances or the proceeds thereof and includes the royalty interest reserved by the lessor or by an oil and gas lease and any overriding royalty interest, oil payment interest, net profit contracts, or any other payment or burden which does not carry with it the right to search for and produce Unitized Substances.

(p) "Royalty Owner" is the owner of a Royalty Interest.

(q) "Unit Operating Agreement" is the agreement entered into by and between the Unit Operator and the Working Interest Owners as provided in Section 9, infra, and shall be styled "Unit Operating Agreement, Bluit San Andres Unit, Roosevelt County, New Mexico."

(r) "Oil and Gas Rights" is the right to explore, develop and operate lands within the Unit Area for the production of Unitized Substances, or to share in the production so obtained or the proceeds thereof.

(s) "Outside Substances" is any substance obtained from any source other than the Unitized Formation and injected into the Unitized Formation.

(t) "Unit Manager" is any person or corporation appointed by Working Interest Owners to perform the duties of Unit Operator until the selection and qualification of a successor Unit Operator as provided for in Section 7 hereof.

(u) "Unit Operator" is the party designated by Working Interest Owners under the Unit Operating Agreement to conduct Unit Operations.

(v) "Unit Operations" is any operation conducted pursuant to this Agreement and the Unit Operating Agreement.



(w) "Unit Equipment" is all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations.

(x) "Unit Expense" is all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this Agreement and the Unit Operating Agreement for or on account of Unit Operations.

SECTION 3. EXHIBITS. The following exhibits are incorporated herein by reference: Exhibit "A" attached hereto is a map showing the Unit Area and the boundaries and identity of tracts and leases in said Unit Area to the extent shown to the Unit Operator. Exhibit "B" attached hereto is a schedule showing, to the extent known to the Unit Operator, the acreage comprising each tract, percentages and kind of ownership of oil and gas interests in all land in the Unit Area, and Tract Participation of each Tract. However, nothing herein or in said schedule or map shall be construed as a representation by any party hereto as to the ownership of any interest other than such interest or interests as are shown in said map or schedule as owned by such party. Exhibit "C" attached hereto is the provisions of paragraphs 1 through 7 of Section 202 of Executive Order 11246. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes render such revision necessary or when requested by the AO, and copies of such revision shall be filed with the Land Commissioner, and not less than seven copies shall be filed with the AO.

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

(a) The Working Interest Owner or Owners of a Tract or Tracts desiring to bring such Tract or Tracts into this unit, shall file an application therefor with Unit Operator requesting such admission.

(b) Unit Operator shall circulate a notice of the proposed expansion to each Working Interest Owner in the Unit Area and in the Tract proposed to be included in the unit, setting out the basis for admission, the Tract Participation to be assigned to each Tract in the enlarged Unit Area and other pertinent data. After negotiation (at Working Interest Owners' meeting or otherwise) if at least three Working Interest Owners having in the aggregate eighty percent (80%) Unit Participation then in effect have agreed to inclusion of such Tract or Tracts in the Unit Area, then Unit Operator shall:

(1) After obtaining preliminary concurrence by the Director, prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reason therefor, the basis for admission of the additional Tract or Tracts, the Tract Participation to be assigned thereto and the proposed effective date thereof; and

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

(3) File, upon expiration of said thirty (30) day period as set out in (2) immediately above with the Land Commissioner and AO the following: (a) evidence of mailing or delivering copies of said notice of expansion; (b) an application for approval of such expansion; (c) an instrument containing the appropriate joinders in compliance with the participation requirements of Section 14, and Section 32, infra; and (d) a copy of all objections received along with the operator's response thereto.

The expansion shall, after due consideration of all pertinent information and approval by the Land Commissioner and the AO, become effective as of the date prescribed in the notice thereof, preferably the first day of a month subsequent to the date of notice. The revised Tract Participation of the respective Tracts included within the Unit Area prior to such enlargement shall remain the same ratio one to another.

SECTION 5. UNITIZED LAND. All land committed to this Agreement as to the Unitized Formation shall constitute land referred to herein as "Unitized Land" or "Land subject to this Agreement." Nothing herein shall be construed to unitize, pool, or in any way affect the oil, gas and other minerals contained in or that may be produced from any formation other than the Unitized Formation as defined in Section 2(h) of this Agreement.

SECTION 6. UNIT OPERATOR. MURPHY OPERATING CORPORATION is hereby designated the Unit Operator, and by signing this instrument as Unit Operator, agrees and consents to accept the duties and obligations of Unit Operator for the oper-



the operation, development, and production of Unitized Substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of interests in Unitized Substances, when such interests are owned by it and the term "Working Interest Owner" when used herein shall refer to the Unit Operator as the owner of a Working Interest when such an interest is owned by it.

Unit Operator shall have a lien upon interests of Working Interest Owners in the Unit Area to the extent provided in the Unit Operating Agreement.

SECTION 7. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit Operator shall have the right to resign at any time, but such resignation shall not become effective so as to release Unit Operator from the duties and obligations of Unit Operator and terminate Unit Operator's rights as such for a period of six (6) months after written notice of intention to resign has been given by Unit Operator to all Working Interest Owners, the Land Commissioner and the AO unless a new Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator prior to the expiration of said period. The resignation or removal of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation or removal.

The Unit Operator shall, upon default or failure in the performance of its duties and obligations hereunder, be subject to removal by Working Interest Owners having in the aggregate seventy-five percent (75%) or more Unit Participation then in effect exclusive of the Working Interest Owner who is the Unit Operator. Such removal shall be effective upon notice thereof to the Land Commissioner and the AO.

In all such instances of effective resignation or removal, until a successor to Unit Operator is selected and approved as hereinafter provided, the Working Interest Owners shall be jointly responsible for the performance of the duties of the Unit Operator and shall, not later than thirty (30) days before such resignation or removal becomes effective, appoint a Unit Manager to represent them in any action to be taken hereunder.

The resignation or removal of Unit Operator under this Agreement shall not terminate its right, title or interest as the owner of a Working Interest or other interest in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, such Unit Operator shall deliver possession of all wells, equipment, books and records, materials, appurtenances and any other assets used in connection with the Unit Operations and used by the Working Interest Owners to the new duly qualified successor Unit Operator or to the Unit Manager if no such new Unit Operator is elected. Nothing herein contained shall be construed to relieve or discharge any Unit Operator or Unit Manager who resigns or is removed hereunder from any liability or duties accruing or performable by it prior to the effective date of such resignation or removal.

SECTION 8. SUCCESSOR UNIT OPERATOR. Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as hereinabove provided, the Working Interest Owners shall select a successor Unit Operator as herein provided. 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 Land Commissioner and the AO. If no successor Unit Operator or Unit Manager is selected and qualified as herein provided, the Land Commissioner and/or the Director, at their election, may declare this Agreement terminated.

In selecting a successor Unit Operator, the affirmative vote of three or more Working Interest Owners having a total of sixty-five percent (65%) or more of the total Unit Participation shall prevail; provided that if any one Working Interest Owner has a Unit Participation of more than thirty-five percent (35%), its negative vote or failure to vote shall not be regarded as sufficient unless supported by the vote of one or more other Working Interest Owners having a total Unit Participation of at least five percent (5%). If the Unit Operator who is removed votes only to succeed itself or fails to vote, the successor Unit Operator may be selected by the affirmative vote of the owners of at least seventy-five percent (75%) of the Unit Participation remaining after excluding the Unit Participation of the Unit Operator so removed.

SECTION 9. ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT. Costs and expenses incurred by Unit Operator and in conducting Unit Operations hereunder shall be paid, apportioned among and borne by the Working Interest Owners in accordance with the Unit Operating Agreement. Such Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing hereto in conformity with their underlying operating agreements, leases or other contracts and such other rights and obligations as

between Unit Operator and the Working Interest Owners as may be agreed upon by the Unit Operator and the Working Interest Owners; however, no such Unit Operating Agreement shall be deemed either to modify any of the terms and conditions of this Agreement or to relieve the Unit Operator of any right or obligation established under this Agreement, and in case of any inconsistency or conflict between this Agreement and the Unit Operating Agreement, this Agreement shall prevail. Copies of any Unit Operating Agreement executed pursuant to this Section shall be filed with the Land Commissioner and with the AO as required prior to approval of this Agreement.

SECTION 10. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Upon request, acceptable evidence of title to said rights shall be deposited with said Unit Operator, and together with this Agreement, shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this Agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

SECTION 11. PLAN OF OPERATIONS. It is recognized and agreed by the parties hereto that all of the land subject to this Agreement is reasonably proved to be productive of Unitized Substances and that the object and purpose of this Agreement is to formulate and to put into effect an improved recovery project in order to effect additional recovery of Unitized Substances, prevent waste and conserve natural resources. The parties hereto agree that the Unit Operator may, subject to the consent and approval of a Plan of Operation by the Working Interest Owners, the AO, the Land Commissioner and the Division, inject into the Unitized Formation, through any well or wells completed therein, brine, water, air, gas, oil, liquified petroleum gases and any one or more other substances or combination of substances, whether produced from the Unitized Land or not, and that the location of input wells and the rates of injection therein shall be governed by standards of good geological and petroleum engineering practices and conservation methods. Subject to like approval, the Plan of Operation may be revised as conditions may warrant.

The initial Plan of Operation shall be filed with the AO, the Land Commissioner and the Division concurrently with the filing of this Unit Agreement for final approval. Said initial plan of operations and all revisions thereof shall be as complete and adequate as the AO, the Land Commissioner and the Division may determine to be necessary for timely operation consistent herewith. Upon approval of this Agreement and the initial plan by the AO and the Commissioner, said plan, and all subsequently approved plans, shall constitute the operating obligations of the Unit Operator under this Agreement for the period specified therein. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for like approval a plan for an additional specified period of operations. After such operations are commenced, reasonable diligence shall be exercised by the Unit Operator in complying with the obligations of the approved Plan of Operation.

Notwithstanding anything to the contrary herein contained, should the Unit Operator fail to commence Unit Operations for the secondary recovery of Unitized Substances from the Unit Area within eighteen (18) months after the effective date of this Agreement, or any extension thereof approved by the AO, this Agreement shall terminate automatically as of the date of default.

SECTION 12. USE OF SURFACE AND USE OF WATER. The parties have to the extent of their rights and interests, hereby granted to Unit Operator the right to use as much of the surface of the Unitized Land as may reasonably be necessary for Unit Operations; provided that nothing herein shall be construed as leasing or otherwise conveying to the Unit Operator a site for water, gas injection or other plants or camp site.

Unit Operator shall have free use of water or brine or both from the Unitized Land for Unit Operations, except water from any well, lake, pond or irrigation ditch of a surface owner, unless approval for such use is granted by the surface owner.

Unit Operator shall pay the Owner for damages to growing crops, timber, fences, improvements and structures on the Unitized Land that result from Unit Operations, and such payments shall be considered as items of Unit Expense to be borne by all Working Interest Owners of lands subject hereto.

**SECTION 13. TRACT PARTICIPATION.** In Exhibit "B" attached hereto, there are listed and numbered the various Tracts within the Unit Area, and set forth opposite each Tract are figures which represent the Tract Participation, during Unit Operations if all Tracts in the Unit Area qualify as provided herein. The Tract Participation of each Tract as shown in Exhibit "B" was determined in accordance with the following formula:

Tract Participation	=	20% A	+	80% B
Where	A	=	Percent of Total Useable Wells in Unit Area.	
	B	=	Percent of Total Ultimate Primary Oil Recovery in Unit Area.	

In the event less than all Tracts are qualified on the Effective Date hereof, the Tract Participation shall be calculated on the basis of all such qualified Tracts rather than all Tracts in the Unit Area.

**SECTION 14. TRACTS QUALIFIED FOR PARTICIPATION.** On and after the Effective Date hereof, the Tracts within the Unit Area which shall be entitled to participation in the production of Unitized Substances shall be those Tracts more particularly described in Exhibit "B" that corner or have a common boundary (Tracts separated only by a public road or a railroad right-of-way shall be considered to have a common boundary), and that otherwise qualify as follows: (a) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the Working Interest have become parties to this Agreement and as to which Royalty Owners owning seventy-five percent (75%) or more of the Royalty Interest have become parties to this Agreement.

(b) Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the the Working Interest have become parties to this Agreement, and as to which Royalty Owners owning less than seventy-five percent (75%) of the Royalty Interest have become parties to this Agreement, and as to which (1) the Working Interest Owner who operates the Tract and at least seventy-five percent (75%) of all other Working Interest Owners in such Tract have joined in a request for the inclusion of such Tract, and as to which (2) owners of seventy-five percent (75%) of the combined Unit Participation in all Tracts that meet the requirements of Section 14(a) above have voted in favor of the inclusion of such tract.

(c) Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the Working Interest have become parties to this Agreement, regardless of the percentage of Royalty Interest therein that is committed hereto; and as to which (1) the Working Interest Owner who operates the Tract and a total of seventy-five percent (75%) or more of the other Working Interest Owners in such Tract who have become parties to this Agreement have joined in a request for inclusion of such Tract, and have executed and delivered, or obligated themselves to execute and deliver an indemnity agreement indemnifying and agreeing to hold harmless the other owners of committed Working Interests, their successors and assigns, against all claims and demands that may be made by the owners of Working Interest in such Tract who are not parties to this Agreement, and which arise out of the inclusion of the Tract; and as to which (2) the owners of seventy-five percent (75%) of the Unit Participation in all Tracts that meet the requirements of Section 14(a) and 14(b) have voted in favor of the inclusion of such tract and to accept the indemnity agreement. Upon the inclusion of such a Tract, the Tract Participations which would have been attributed to the non-subscribing owners of Working Interest in such Tract, had they become parties to this Agreement and the Unit Operating Agreement, shall be attributed to the Working Interest Owners in such Tract who have become parties to such agreements, and joined in the indemnity agreement, in proportion to their respective Working Interests in the Tract.

If, on the Effective Date of this Agreement, there is any Tract or Tracts which have not been effectively committed to or made subject to this Agreement by qualifying as above provided, then such Tract or Tracts shall not be entitled to participate hereunder. Unit Operator shall, when submitting this Agreement for final approval by the Land Commissioner and the AO, file therewith a schedule of those tracts which have been committed and made subject to this Agreement and are entitled to participate in Unitized Substances. Said schedule shall set forth, opposite each such committed Tract, the lease number or assignment number, the owner of record of the lease, and the percentage participation of such tract which shall be computed according to the participation formula set forth in Section 13 (Tract Participation) above. This schedule of participation shall be revised Exhibit "B" and upon approval thereof by the Land Commissioner and the AO, shall become a part of this Agreement and shall govern the allocation of production of Unitized Substances until a new schedule is approved by the Land Commissioner and AO.

SECTION 15A. ALLOCATION OF UNITIZED SUBSTANCES. All Unitized Substances produced and saved (less, save and except any part of such Unitized Substances used in conformity with good operating practices on Unitized Land for drilling, operating, camp and other production or development purposes and for injection or unavoidable loss in accordance with a Plan of Operation approved by the AO) shall be apportioned among and allocated to the qualified tracts in accordance with the respective tract participations effective hereunder during the respective schedule of participation in Exhibit "B." The amount of Unitized Substances so allocated to each tract, and only that amount (regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, on such tract) shall, for all intents, uses and purposes, be deemed to have been produced from such tract.

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

No tract committed to this Agreement and qualified for participation as above provided shall be subsequently excluded from participation hereunder on account of depletion of Unitized Substances.

If the working interest and/or the royalty interest in any tract are divided with respect to separate parcels or portions of such tract and owned now or hereafter in severalty by different persons, the Tract Participation shall, in the absence of a recordable instrument executed by all owners and furnished to Unit Operator fixing the divisions of ownership, be divided among such parcels or portions in proportion to the number of surface acres in each.

SECTION 15B. TAKING UNITIZED SUBSTANCES IN KIND. The Unitized Substances allocated to each Tract shall be delivered in kind to the respective Working Interest Owners and parties entitled thereto by virtue of the ownership of oil and gas rights therein. Each Working Interest Owner and the parties entitled thereto shall have the continuing right to receive such production in kind at a common point within the Unit Area and to sell or dispose of the same as it sees fit. Each party shall have the right to construct, maintain and operate all necessary facilities for that purpose on Unitized Land, provided the same are so constructed, maintained and operated so as not to interfere with operations carried on pursuant hereto. Subject to Section 17 hereof, any extra expenditure incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party responsible therefor under the controlling lease or contract. In the event any Interest Owner shall fail to take or otherwise adequately dispose of its proportionate share of the production from the Unitized Formation currently as and when produced, then so long as such condition continues, Unit Operator, for the account and at the expense of the Working Interest Owner of the Tract or Tracts concerned, and in order to avoid curtailing the operation of the Unit Area, may, but shall not be required to, sell or otherwise dispose of such production to itself or to others on a day-to-day basis, provided that all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year, and at not less than the prevailing market price in the area for like production, and the account of such Working Interest Owner shall be charged therewith as having received such production. The net proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owner of the Tract or Tracts concerned. Notwithstanding the foregoing, Unit Operator shall not make a sale into interstate commerce of any Working Interest Owner's share of gas production without first giving such Working Interest Owner sixty (60) days' notice of such intended sale.

Any Working Interest Owner receiving in kind or separately disposing of all or any part of the Unitized Substances allocated to any Tract, or receiving the proceeds therefrom if the same is sold or purchased by Unit Operator, shall be responsible for the payment of all Royalty, Overriding Royalty and Production Payments due thereon, and each such party shall hold each other Working Interest Owner harmless against all claims, demands and causes of action by owners of such royalty, overriding royalty and production payments.

If, after the Effective Date of this Agreement, there is any Tract or Tracts that are subsequently committed hereto, as provided in Section 4 (Expansion) hereof, or any Tract or Tracts within the Unit Area not committed hereto as of the Effective Date hereof but which are subsequently committed hereto under the provisions of Section 14 (Tracts Qualified for Participation) and Section 32 (Nonjoinder and Subsequent Joinder), or if any Tract is excluded from this



Agreement as provided for in Section 31 (Loss of Title), the schedule of participation as shown in Exhibit "B," upon approval by the Land Commissioner and the AO, shall govern the allocation of production on and after the effective date thereof until a revised schedule is approved as hereinabove provided.

If the Unit Area is enlarged, the revised Tract Participations of the Tracts which were within the Unit Area prior to the enlargement shall remain in the same ratio one to another.

SECTION 16. OUTSIDE SUBSTANCES. If gas obtained from formations not subject to this Agreement is introduced into the Unitized Formation for use in repressuring, stimulating of production or increasing ultimate recovery which shall be in conformity with a Plan of Operation first approved by the Land Commissioner and the AO, a like amount of gas with appropriate deduction for loss or depletion from any cause may be withdrawn from Unit wells completed in the Unitized Formation royalty free as to dry gas, but not royalty free as to the products extracted therefrom; provided that such withdrawal shall be at such time as may be provided in the approved Plan of Operator or as otherwise may be consented to or prescribed by the Land Commissioner and the AO as conforming to good petroleum engineering practices and provided further that such right of withdrawal shall terminate on the termination date of this Agreement.

SECTION 17. ROYALTY SETTLEMENT. The State of New Mexico and United States of America and all Royalty Owners who, under an existing contract, are entitled to take in kind a share of the substances produced from any Tract unitized hereunder, shall continue to be entitled to such right to take in kind their share of the Unitized Substances allocated to such Tract, and Unit Operator shall make deliveries of such Royalty share taken in kind in conformity with the applicable contracts, laws and regulations. Settlement for royalty not taken in kind shall be made by Working Interest Owners responsible therefor under existing contracts, laws and regulations on or before the last day of each month for Unitized Substances produced during the preceding calendar month; provided, however, that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any Royalty due under the leases, except that such Royalty shall be computed on Unitized Substances as allocated to each Tract in accordance with the terms of this Agreement. With respect to Federal leases committed hereto on which the royalty rate depends upon the daily average production per well, such average production shall be determined in accordance with the operating regulations pertaining to Federal leases as though the committed Tracts were included in a single consolidated lease.

If the amount of production or the proceeds thereof accruing to any Royalty Owner (except the United States of America) in a Tract depends on the average production per well or the average pipeline runs per well from such Tract during any period of time, then such production shall be determined from and after the Effective Date hereof by dividing the quantity of Unitized Substances allocated hereunder to such Tract during such period of time by the number of wells located thereon capable of producing Unitized Substances as of the Effective Date hereof, provided that any Tract not having any well so capable of producing Unitized Substances on the Effective Date hereof shall be considered as having one such well for the purpose of this provision.

All Royalty due the State of New Mexico and the United States of America and the other Royalty Owners hereunder shall be computed and paid on the basis of all Unitized Substances allocated to the respective Tract or Tracts committed hereto, in lieu of actual production from such Tract or Tracts.

Each Royalty Owner (other than the State of New Mexico and the United States of America) that executes this Agreement represents and warrants that it is the owner of a Royalty Interest in a Tract or Tracts within the Unit Area as its interest appears in Exhibit "B" attached hereto. If any Royalty Interest in a Tract or Tracts should be lost by title failure or otherwise in whole or in part, during the term of this Agreement, then the Royalty Interest of the party representing himself to be the owner thereof shall be reduced proportionately and the interests of all parties shall be adjusted accordingly.

SECTION 18. RENTAL SETTLEMENT. Rentals or minimum Royalties due on the leases committed hereto shall be paid by Working Interest Owners responsible therefor under existing contracts, laws and regulations provided that nothing herein contained shall operate to relieve the lessees of any land from their respective lease obligations for the payment of any rental or minimum Royalty in lieu thereof, due under their leases. Rental for lands of the State of New Mexico subject to this Agreement shall be paid at the rate specified in the respective leases from the State of New Mexico. Rental or minimum Royalty for lands of the United States of America subject to this Agreement shall be paid at

the rate specified in the respective leases from the United States of America, unless such rental or minimum Royalty is waived, suspended or reduced by law or by approval of the Secretary or his duly authorized representative.

SECTION 19. CONSERVATION. Operations hereunder and production of Unitized Substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to Federal and State laws and regulations.

SECTION 20. DRAINAGE. The Unit Operator shall take appropriate and adequate measures to prevent drainage of Unitized Substances from unitized land by wells on land not subject to this Agreement.

The Unit Operator, upon approval by the Working Interest Owners, the AO and the Land Commissioner, is hereby empowered to enter into a borderline agreement or agreements with working interest owners of adjoining lands not subject to this Agreement with respect to operation in the border area for the maximum economic recovery, conservation purposes and proper protection of the parties and interest affected.

SECTION 21. LEASES AND CONTRACTS CONFORMED AND EXTENDED. The terms, conditions and provisions of all leases, subleases and other contracts relating to exploration, drilling, development or operation for oil and gas on lands committed to this Agreement are hereby expressly modified and amended to the extent necessary to make the same conform to the provisions hereof, but otherwise to remain in full force and effect, and the parties hereto hereby consent that the Secretary and the Land Commissioner, respectively, shall and by their approval hereof, or by the approval hereof by their duly authorized representatives, do hereby establish, alter, change or revoke the drilling, producing, rental, minimum Royalty and Royalty requirements of Federal and State leases committed hereto and the regulations in respect thereto to conform said requirements to the provisions of this Agreement.

Without limiting the generality of the foregoing, all leases, subleases and contracts are particularly modified in accordance with the following:

(a) The development and operation of lands subject to this Agreement under the terms hereof shall be deemed full performance of all obligations for development and operation with respect to each part or separately owned Tract subject to this Agreement, regardless of whether there is any development of any particular part or Tract of the Unit Area, notwithstanding anything to the contrary in any lease, operating agreement or other contract by and between the parties hereto, or their respective predecessors in interest, or any of them.

(b) Drilling, producing or improved recovery operations performed hereunder shall be deemed to be performed upon and for the benefit of each Tract, and no lease shall be deemed to expire by reason of failure to drill or produce wells situated on the land therein embraced.

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

(d) Each lease, sublease, or contract relating to the exploration, drilling, development, or operation for oil and gas which by its terms might expire prior to the termination of this Agreement, is hereby extended beyond any such term so provided therein, so that it shall be continued in full force and effect for and during the term of this Agreement.

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

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

embraced in such lease, then the same as to all lands embraced therein shall remain in full force and effect so long as such operations are diligently prosecuted, and if they result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil or gas in paying quantities is being produced from any portion of said lands.

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

SECTION 22. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this Agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee or other successor in interest. No assignment or transfer of any Working Interest subject hereto shall be binding upon Unit Operator until the first day of the calendar month after Unit Operator is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument or transfer; and no assignment or transfer of any Royalty Interest subject hereto shall be binding upon the Working Interest Owner responsible therefor until the first day of the calendar month after said Working Interest Owner is furnished with the original, or acceptable photostatic or certified copy, of the recorded instrument or transfer.

SECTION 23. EFFECTIVE DATE AND TERM. This Agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective on the first day of the calendar month next following the approval of this Agreement by the AO, the Land Commissioner and the Division.

If this Agreement does not become effective on or before June 1, 1986, it shall ipso facto expire on said date (hereinafter called "expiration date") and thereafter be of no further force or effect, unless prior thereto this Agreement has been executed or ratified by Working Interest Owners owning a combined Participation of at least eighty percent (80%); and at least seventy-five percent (75%) of such Working Interest Owners committed to this Agreement have decided to extend said expiration date for a period not to exceed one (1) year (hereinafter called "extended expiration date"). If said expiration date is so extended and this Agreement does not become effective on or before said extended expiration date, it shall ipso facto expire on said extended expiration date and thereafter be of no further force and effect.

Unit Operator shall file for record within thirty (30) days after the Effective Date of this Agreement, in the office where a counterpart of this Agreement is recorded, a certificate to the effect that this Agreement has become effective according to its terms and stating further the effective date.

The terms of this Agreement shall be for and during the time that Unitized Substances are produced from the unitized land and so long thereafter as drilling, reworking and other operations (including improved recovery operations) are prosecuted thereon without cessation of more than ninety (90) consecutive days unless sooner terminated as herein provided.

This Agreement may be terminated with the approval of the Land Commissioner and the AO by Working Interest Owners owning eighty percent (80%) of the Unit Participation then in effect whenever such Working Interest Owners determine that Unit Operations are no longer profitable, or in the interest of conservation. Upon approval, such termination shall be effective as of the first day of the month after said Working Interest Owners' determination. Notice of any such termination shall be filed by Unit Operator in the office of the County Clerk of Roosevelt County, New Mexico, within thirty (30) days of the effective date of termination.

Upon termination of this Agreement, the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate Tracts just as if this Agreement had never been entered into.

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

SECTION 24. RATE OF PROSPECTING, DEVELOPMENT AND PRODUCTION. All production and the disposal thereof shall be in conformity with allocations and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and development and within the limits made or fixed by the Commissioner to alter or modify the quantity and rate of production under this Agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided, further, that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the Land Commissioner and as to any lands in the State of New Mexico or privately-owned lands subject to this Agreement or to the quantity and rate of production from such lands in the absence of specific written approval thereof by the Division.

Powers in this Section vested in the Director shall only be exercised after notice to Unit Operator and opportunity for hearing to be held not less than fifteen (15) days from notice, and thereafter subject to administrative appeal before becoming final.

SECTION 25. NONDISCRIMINATION. Unit Operator in connection with the performance of work under this Agreement relating to leases of the United States, agrees to comply with the clauses set forth in Exhibit "C" attached hereto and made a part hereof.

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

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

SECTION 28. NO WAIVER OF CERTAIN RIGHTS. Nothing in this Agreement contained shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense as to the validity or invalidity of any law of the State wherein said Unitized Lands are located, or regulations issued thereunder in any way affecting such party, or as a waiver by any such party of any right beyond his or its authority to waive; provided, however, each party hereto covenants that it will not resort to any action to partition the unitized land or the Unit Equipment.

SECTION 29. EQUIPMENT AND FACILITIES NOT FIXTURES ATTACHED TO REALTY. Each Working Interest Owner has heretofore placed and used on its Tract or Tracts committed to this Agreement various well and lease equipment and other property, equipment and facilities. It is also recognized that additional equipment and facilities may hereafter be placed and used upon the Unitized Land as now or hereafter constituted. Therefore, for all purposes of this Agreement, any such equipment shall be considered to be personal property and not fixtures attached to realty. Accordingly, said well and lease equipment and personal property is hereby severed from the mineral estates affected by this Agreement, and it is agreed that any such equipment and personal property shall be and remain personal property of the Working Interest Owners for all purposes.



SECTION 30. UNAVOIDABLE DELAY. All obligations under this Agreement requiring the Unit Operator to commence or continue improved recovery operations or to operate on or produce Unitized Substances from any of the lands covered by this Agreement shall be suspended while, but so long as, the Unit Operator, despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, acts of God, Federal, State or municipal law or agency, unavoidable accident, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

SECTION 31. LOSS OF TITLE. In the event title to any Tract of unitized land shall fail so as to render the Tract inoperable under this Agreement, such Tract shall be automatically regarded as not committed hereto as of the first day of the calendar month in which the failure of title is determined and there shall be such readjustment of future costs and benefits as may be required on account of the loss of such title. In the event of a dispute as to title to any Royalty, Working Interest or other interest subject thereto, payment or delivery on account thereof may be withheld without liability or interest until the dispute is finally settled; provided, that as to State or Federal land or leases, no payments of funds due the State of New Mexico or the United States of America shall be withheld, but such funds shall be deposited as directed by the Land Commissioner and/or the AO (as the case may be), to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

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

SECTION 32. NONJOINDER AND SUBSEQUENT JOINDER. Joinder by any Royalty Owner, at any time, must be accompanied by appropriate joinder of the corresponding Working Interest Owner in order for the interest of such Royalty Owner to be regarded as effectively committed. Joinder to this Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement in order for such interest to be regarded as effectively committed to this Agreement.

Any oil or gas interest in the Unitized Formations not committed hereto prior to submission of this Agreement to the Land Commissioner and the AO for final approval may thereafter be committed hereto upon compliance with the applicable provisions of this Section and of Section 14 (Tracts Qualified for Participation) hereof, at any time up to the effective date hereof on the same basis of participation as provided in said Section 14, by the owner or owners thereof subscribing, ratifying, or consenting in writing to this Agreement and, if the interest is a Working Interest, by the owner of such interest subscribing also to the Unit Operating Agreement.

It is understood and agreed, however, that from and after the Effective Date hereof the right of subsequent Joinder as provided in this Section shall be subject to such requirements or approvals and on such basis as may be agreed upon by Working Interest Owners owning not less than sixty-five percent (65%) of the Unit Participation then in effect, and approved by the Land Commissioner and AO. Such subsequent joinder by a proposed Working Interest Owner must be evidenced by his execution or ratification of this Agreement and the Unit Operating Agreement and, where State or Federal land is involved, such Joinder must be approved by the Land Commissioner or AO. Such Joinder by a proposed Royalty Owner must be evidenced by his execution, ratification or consent of this Agreement and must be consented to in writing by the Working Interest Owner responsible for the payment of any benefits that may accrue hereunder in behalf of such proposed Royalty Owner. Except as may be otherwise herein provided, subsequent joinder to this Agreement shall be effective as of the first day of the month following the filing with the Land Commissioner and the AO of duly executed counterparts of any and all documents necessary to establish effective commitment of any Tract or interest to this Agreement, unless objection to such joinder by the Land Commissioner or the AO is duly made sixty (60) days after such filing.

SECTION 33. COUNTERPARTS. This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties and may be ratified or consented to by separate instrument in writing, specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document, and regardless of whether or not it is executed by all other parties owning or claiming an interest in the land within the described Unit Area.

SECTION 34. JOINDER IN DUAL CAPACITY. Execution as herein provided by any party as either a Working Interest Owner or a Royalty Owner shall commit all interests owned or controlled by such party; provided, that if the party is the owner of a Working Interest, he must also execute the Unit Operating Agreement.

SECTION 35. TAXES. Each party hereto shall, for its own account, render and pay its share of any taxes levied against or measured by the amount or value of the Unitized Substances produced from the unitized land; provided, however, that if it is required or if it be determined that the Unit Operator or the several Working Interest Owners must pay or advance said taxes for the account of the parties hereto, it is hereby expressly agreed that the parties so paying or advancing said taxes shall be reimbursed therefor by the parties hereto, including Royalty Owners, who may be responsible for the taxes on their respective allocated share of said Unitized Substances. No taxes shall be charged to the United States or to the State of New Mexico, nor to any lessor who has a contract with a lessee which requires his lessee to pay such taxes.

SECTION 36. NO PARTNERSHIP. The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective. This Agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligation as herein provided.

SECTION 37. PRODUCTION AS OF THE EFFECTIVE DATE. Unit Operator shall make a proper and timely gauge of all leases and other tanks within the unitized land in order to ascertain the amount of merchantable oil above the pipeline connection in such tanks as of the effective date hereof. All such oil which has then been produced in accordance with established allowables shall be and remain the property of the Interest Owner entitled thereto, the same as if the unit has not been formed; and the responsible Working Interest Owner shall promptly remove said oil from the unitized land. Any such oil not so removed shall be sold by Unit Operator for the account of such Working Interest Owners, subject to the payment of all Royalty to Royalty Owners under the terms hereof. The oil that is in excess of the prior allowable of the wells from which it was produced shall be regarded as Unitized Substances produced after Effective Date hereof.

If, as of the Effective Date hereof, any Tract is over-produced with respect to the allowable of the wells on that Tract and the amount of over-production has been sold or otherwise disposed of, such over-production shall be regarded as a part of the Unitized Substances produced after the Effective Date hereof and shall be charged to such Tract as having been delivered to the parties entitled to Unitized Substances allocated to such Tract.

SECTION 38. NO SHARING OF MARKET. This Agreement is not intended to provide and shall not be construed to provide, directly or indirectly, for any cooperative refining, joint sale or marketing of Unitized Substances.

EXECUTED this 1st day of November, 1985.

ATTEST:

"UNIT OPERATOR" & "WORKING INTEREST OWNER"  
MURPHY OPERATING CORPORATION

\_\_\_\_\_  
Nadine Reed, Secretary

By: \_\_\_\_\_  
A. J. Murphy, Chairman & Chief Executive  
Officer

"NON-OPERATORS"

\_\_\_\_\_  
F. W. Baumgartner  
9785 Maroon Circle, Suite G-104  
Englewood, Colorado 80112

\_\_\_\_\_  
Mr. J. E. Cieszinski  
22 Riverside Drive  
Roswell, New Mexico 88201

\_\_\_\_\_  
Mr. A. W. Dillard, Jr.  
Post Office Box 423  
Midland, Texas 79701

\_\_\_\_\_  
James H. Hamersley  
Box 282A SHS  
Duxbury, Massachusetts 02331

ATTEST:

HANOVER PETROLEUM CORPORATION

\_\_\_\_\_  
, Secretary

By: \_\_\_\_\_  
Ward M. Clark, Vice President  
2950 One Allen Center  
Houston, Texas 77002

HARVARD & LEMAY EXPLORATION, LTD.

By: \_\_\_\_\_  
Post Office Box 936  
Roswell, New Mexico 88202-0936

\_\_\_\_\_  
Tom L. Ingram  
Post Office Box 1757  
Roswell, New Mexico 88202-1757

KELLY FAMILY TRUST

By: \_\_\_\_\_  
Arthur Kelly  
10889 Wilshire Boulevard, Suite 1032  
Los Angeles, California 90024

\_\_\_\_\_  
Earl A. Latimer, Jr.  
1802 West Fourth Street  
Roswell, New Mexico 88201

ATTEST:

KAISER-FRANCIS OIL COMPANY

\_\_\_\_\_  
, Secretary

By: \_\_\_\_\_  
Post Office Box 21468  
Tulsa, Oklahoma 74121-1468

ATTEST:

LAYTON ENTERPRISES, INC.

\_\_\_\_\_  
Mary L. Layton, Secretary

\_\_\_\_\_  
Donald R. Layton, President  
3103 79th Street  
Lubbock, Texas 79423

\_\_\_\_\_  
Jack L. McClellan  
Post Office Drawer 730  
Roswell, New Mexico 88202-0730

\_\_\_\_\_  
Larry McIntosh  
130 Spring Park Drive, Suite 103  
Midland, Texas 79705

\_\_\_\_\_  
Willis L. Sanburg  
22156 Highway 550  
Montrose, Colorado 81401

\_\_\_\_\_  
Frank Southworth  
5650 S. Syracuse Circle, Suite 217  
Englewood, Colorado 80111

ATTEST:

TRINITY RESOURCES, INC.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

By: \_\_\_\_\_, President  
2600 Republic Bank Center  
700 Louisiana Street  
Houston, Texas 77002

\_\_\_\_\_  
Ralph H. Viney  
500 North Loraine, Suite 1000  
Midland, Texas 79701

\_\_\_\_\_  
John B. Wogan, Jr.  
600 South Cherry Street, Suite 800  
Denver, Colorado 80222

ATTEST:

THE WISER OIL COMPANY

\_\_\_\_\_  
\_\_\_\_\_, Secretary

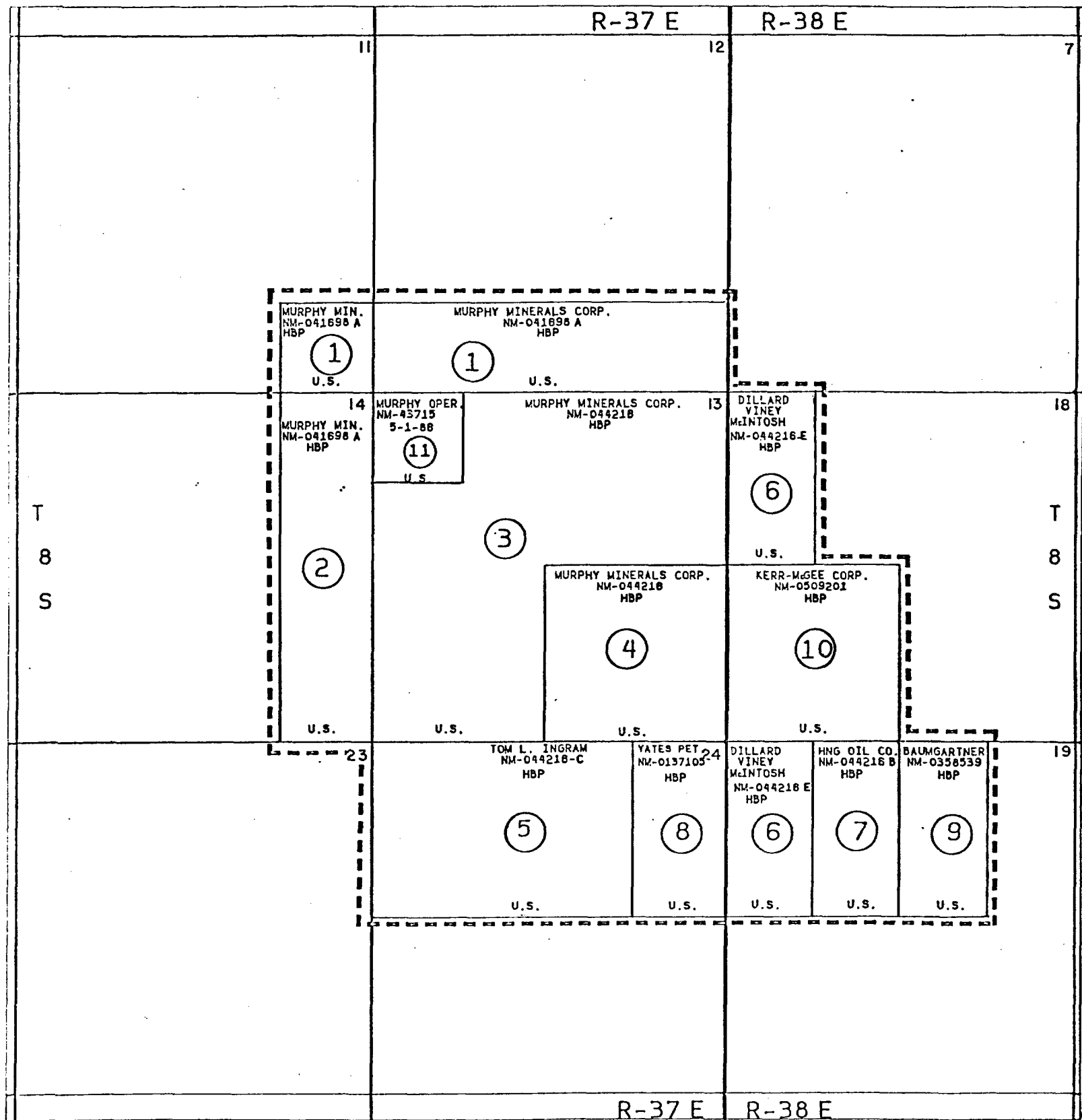
By: \_\_\_\_\_, President  
905 Oil and Gas Building  
Wichita Falls, Texas 76307



## EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN UNIT AGREEMENT, BLUITT SAN ANDRES UNIT, COUNTY OF ROOSEVELT, STATE OF NEW MEXICO, DATED NOVEMBER 1, 1985.

BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO



SCALE: 1"=2000'



TRACT NUMBER



UNIT OUTLINE



FEDERAL LANDS: 1,800.00 ACRES  
100% UNIT AREA

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent		Working Interest Owner	W. I. Percent Ownership	INITIAL PARTICIPATING PERCENT UNIT INTEREST
						Owner-ship	Owner			
1.	Kirkpatrick Federal T-8-S, R-37-E Sec. 11: SW/4SE/4, Sec. 12: S/2SW/4, S/2SE/4 200.0 acres	NM-041698A 6-1-58	Murphy Minerals Corporation	USA 12.5%	Ben A. Copas, Jr.	0.3911700	Hanover Petrol. Corp.	-	13.7500000	0.637890000
					Margaret L. Davey	0.4000000	(25% of 55%)	-		
					John W. Gates	1.0000000	Trinity Resources, Inc.(B)	-		
					M. R. Kirkpatrick	0.4000000	(58.75% of 55%)	-	32.3125000	1.499041500
					T. A. Kirkpatrick	0.4000000	J. E. Cieszinski	-		
					W. H. Kirkpatrick	0.4000000	(100% of 1%)	-	1.0000000	0.046392000
					Mary Ann McCaw	1.0000000	Tom L. Ingram	-		
					Eugene E. Nearburg	0.2210000	(100% of 18%)	-	18.0000000	0.000000000
					Annie K. Williams	0.4000000	Earl A. Latimer, Jr.	-		
					Vida B. Wentz,		(100% of 1%)	-	1.0000000	0.046392000
					Trustee of the		The Wiser Oil Co.	-		
					Peter L. & Vida B.		(100% of 25%)	-	25.0000000	1.159800000
					Wentz Revocable		Murphy Operating Corp. (B)	-		
					Trust 8-1-63	0.2550000	(16.25% of 55%)	-	8.9375000	0.414628500
						Initial Participating Interests*		0.0000000	100.0000000	0.835056000
										4.639200000
2.	Spears Federal T-8-S, R-37-E Sec. 14: E/2E/2 160.0 acres	NM-041698A 6-1-58	Murphy Minerals Corporation	USA 12.5%	Ben A. Copas, Jr.	0.3911700	Hanover Petrol. Corp.	-	13.7500000	0.250002500
					Margaret L. Davey	0.4000000	(25% of 55%)	-		
					John W. Gates	1.0000000	Trinity Resources, Inc.(B)	-		
					M. R. Kirkpatrick	0.4000000	(58.75% of 55%)	-	32.3125000	0.587505875
					T. A. Kirkpatrick	0.4000000	J. E. Cieszinski	-		
					W. H. Kirkpatrick	0.4000000	(100% of .5%)	-	1.0000000	0.018182000
					Mary Ann McCaw	1.0000000	Tom L. Ingram	-		
					Eugene E. Nearburg	0.2210000	(100% of 18%)	-	18.0000000	0.000000000
					Annie K. Williams	0.4000000	Earl A. Latimer, Jr.	-		
					Vida B. Wentz,		(100% of 1%)	-	1.0000000	0.018182000
					Trustee of the		The Wiser Oil Co.	-		
					Peter L. & Vida B.		(100% of 25%)	-	25.0000000	0.454550000
					Wentz Revocable		Murphy Operating Corp. (B)	-		
					Trust 8-1-63	0.2550000	(16.25% of 55%)	-	8.9375000	0.162501625
						Initial Participating Interests*		0.0000000	100.0000000	0.327276000
										1.818200000

\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.

(final copy 11/15/85)

INITIAL

(final copy 11/15/85)

INITIAL

**\*\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.**

EXHIBIT "B" TO UNIT AGREEMENT

BLUITT SAN ANDRES UNIT

ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent Owner-ship	Working Interest Owner	W. I. Percent Ownership	INITIAL PARTICIPATING	
									PERCENT UNIT	INTEREST
5.	Ingram Federal "E" T-8-S, R-38-E Sec. 24: W/2NE/4; NW/4 240.0 acres	NM-044216-C 4-1-59	Tom L. Ingram	USA 12.5%	Estate of Bertrand O. Baetz	5.000	Tom L. Ingram (100%)	<u>100.0000000</u> 100.0000000	<u>6.093500000</u> 6.093500000	
6.	Roden Bluittt T-8-S, R-38-E Sec. 18: W/2NW/4 Sec. 19: W/2NW/4 160.0 acres	NM-044216-E 4-1-59	A. W. Dillard, Jr. Ralph H. Viney Larry H. McIntosh	USA 12.5%	Estate of Bertrand O. Baetz Peggy E. Baetz	2.500 2.500	A. W. Dillard, Jr. (33.33% of 100%) Ralph H. Viney (33.33% of 100%) Larry McIntosh (33.33% of 100%) Initial Participating Interests**	33.3333333 33.3333333 33.3333333 0.000000000 <u>2.107233334</u> 6.321700000	2.107233333 0.000000000 2.107233333 <u>2.107233334</u> 6.321700000	
7.	Roden Federal T-8-S, R-38-E Sec. 19: E/2NW/4 80.0 acres	NM-044216-B 4-1-59	HNG Oil Company	USA 12.5%	Estate of Bertrand O. Baetz HNG Oil Company	5.000 7.500	Hanover Petrol. Corp. *(25% of 68.75%) Trinity Resources, Inc.(A) *(58.75% of 68.75%) Harvard & LeMay Explor. Ltd. 1976A *(6.25% of 68.75%) Murphy Operating Corp. (A) *(10% of 68.75%) Trinity Resources, Inc.(B) (100% of 13.25%) Tom L. Ingram (100% of 18.00%) *Jack L. McClellan Initial Participating Interests**	17.1875000 - 40.3906250 - 4.2968750 6.8750000 13.2500000 18.0000000 0.0000000 <u>0.0000000</u> 100.0000000	0.771925000 - 1.814023750 - 0.000000000 0.308770000 0.595084000 0.000000000 0.000000000 <u>1.001397250</u> 4.491200000	

\*Retained interest before payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.  
\*\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent Owner-ship	Working Interest Owner	W. I. Percent Ownership	INITIAL PARTICIPATING PERCENT UNIT INTEREST	
8.	McCaw Federal T-8-S, R-37-E Sec. 24: E/2NE/4 80.0 acres	NM-0137105 6-1-61	Yates Petroleum Corporation	USA 12.5%	Yates Brothers, a Partnership Yates Petroleum Corp.	5.000 12.500	Hanover Petrol. Corp.			
							*(25% of 68.75%)	-	17.1875000	0.879329688
							Trinity Resources, Inc. (A)	-		
							*(58.75% of 68.75%)	-	40.3906250	2.066424766
							Harvard & LeMay Explor. Ltd. 1976A			
							*(6.25% of 68.75%)	-	4.2968750	0.000000000
							Murphy Operating Corp. (A)	-		
							*(10% of 68.75%)	-	6.8750000	0.351731874
							Trinity Resources, Inc. (B)	-		
							(100% of 13.25%)	-	13.2500000	0.67783250
9.	Baumgartner U.S.A. T-8-S, R-38-E Sec. 19: W/2NE/4 80.0 acres	NM-0358539 3-1-63	F. W. Baumgartner	USA 12.5%	Joanne Baumgartner George B. Judd	3.000 1.000	Kelly Family Trust (20% of 100%)	20.0000000	0.000000000	
							James H. Hamersley (20% of 100%)	20.0000000	0.000000000	
							Frank Southworth (10% of 100%)	10.0000000	0.000000000	
							Willis L. Sanburg (20% of 100%)	20.0000000	0.000000000	
							John B. Wogan, Jr. (10% of 100%)	10.0000000	0.000000000	
							F. W. Baumgartner (20% of 100%)	20.0000000	0.000000000	
							Initial Participating Interests**	0.0000000	1.140730422	
								100.0000000	5.116100000	

\*Retained interest before payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.

\*\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.



(final copy 11/15/85)

$$\frac{\text{TOTAL FEDERAL ACREAGE}}{\text{TOTAL UNIT ACREAGE}} = 100\% \text{ of Unit}$$

-9-

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

AFTER PAYOUT OF  
INTERESTS UNITIZED  
BY STATUTE

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent		W. I. Percent Ownership	BY STATUTE PERCENT UNIT INTEREST
						Owner- ship	Working Interest Owner		
1.	Kirkpatrick Federal T-8-S, R-37-E Sec. 11: SW/4SE/4 Sec. 12: S/2SW/4, S/2SE/4 200.0 acres	NM-041698A 6-1-58	Murphy Minerals Corporation	USA 12.5%	Ben A. Copas, Jr.	0.3911700	Hanover Petrol. Corp.	-	0.637890000
					Margaret L. Davey	0.4000000	(25% of 55%)	-	13.7500000
					John W. Gates	1.0000000	Trinity Resources, Inc. (B)	-	32.3125000
					M. R. Kirkpatrick	0.4000000	(58.75% of 55%)	-	1.499041500
					T. A. Kirkpatrick	0.4000000	J. E. Cieszinaki	-	0.046392000
					W. H. Kirkpatrick	0.4000000	(100% of 1%)	-	0.000000000
					Mary Ann McCaw	1.0000000	Tom L. Ingram	-	0.046392000
					Eugene E. Nearburg	0.2210000	(100% of 18%)	-	0.000000000
					Annie K. Williams	0.4000000	Earl A. Latimer, Jr.	-	0.000000000
					Vida B. Wentz,		(100% of 1%)	-	0.046392000
					Trustee of the		The Wiser Oil Co.	-	1.159800000
					Peter L. & Vida B.		(100% of 25%)	-	0.000000000
					Wentz Revocable		Murphy Operating Corp. (B)	-	0.414628500
					Trust 8-1-63	0.2550000	(16.25% of 55%)	-	0.00000000
						Initial Participating Interests*		100.00000000	0.835056000
								4.6392000000	
2.	Spears Federal T-8-S, R-37-E Sec. 14: E/2E/2 160.0 acres	NM-041698A 6-1-58	Murphy Minerals Corporation	USA 12.5%	Ben A. Copas, Jr.	0.3911700	Hanover Petrol. Corp.	-	0.250002500
					Margaret L. Davey	0.4000000	(25% of 55%)	-	32.3125000
					John W. Gates	1.0000000	Trinity Resources, Inc. (B)	-	0.587505875
					M. R. Kirkpatrick	0.4000000	(58.75% of 55%)	-	0.018182000
					T. A. Kirkpatrick	0.4000000	J. E. Cieszinaki	-	0.000000000
					W. H. Kirkpatrick	0.4000000	(100% of .5%)	-	0.000000000
					Mary Ann McCaw	1.0000000	Tom L. Ingram	-	0.018182000
					Eugene E. Nearburg	0.2210000	(100% of 18%)	-	0.000000000
					Annie K. Williams	0.4000000	Earl A. Latimer, Jr.	-	0.000000000
					Vida B. Wentz,		(100% of 1%)	-	0.018182000
					Trustee of the		The Wiser Oil Co.	-	0.454550000
					Peter L. & Vida B.		(100% of 25%)	-	0.162501625
					Wentz Revocable		Murphy Operating Corp. (B)	-	0.00000000
					Trust 8-1-63	0.2550000	(16.25% of 55%)	-	0.327276000
						Initial Participating Interests*		100.00000000	1.818200000

\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

ROOSEVELT COUNTY, NEW MEXICO										AFTER PAYOUT OF INTERESTS UNITIZED BY STATUTE	
Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent Owner-ship	Working Interest Owner	W. I. Percent Ownership	PERCENT UNIT INTEREST	PERCENT UNIT INTEREST	
3.	Baetz Federal T-8-S, R-37-E Sec. 13: NE/4, SW/4, E/2NW/4, SW/4NW/4 440.0 acres	NM-044216 4-1-59	Murphy Minerals Corporation	USA 12.5%	Ben A. Copas, Jr. Estate of Bertrand O. Baetz Eugene E. Nearburg Vida B. Wentz, Trustee of the Peter L. & Vida B. Wentz Revocable Trust 8-1-63 Murphy Minerals Corporation	0.1380600	Hanover Petrol. Corp. (25% of 50%) Trinity Resources, Inc.(8) (58.75% of 50%) Kaiser-Francis Oil Co. (100% of 4%) Earl A. Latimer, Jr. (100% of .1%) Tom L. Ingram (100% of 18%) The Wiser Oil Co. (100% of 25%) Murphy Operating Corp. (8) (16.25% of 50%) J. E. Cieszinski (100% of 1%) Layton Enterprises, Inc. (100% of 1%) Initial Participating Interests*	12.5000000 29.3750000 4.0000000 1.0000000 18.0000000 25.0000000 8.1250000 1.0000000 1.0000000 0.358359000 0.358359000 7.883898000 35.835900000	4.479487500 10.526795625 0.000000000 0.358359000 0.000000000 8.958975000 2.911666875 0.358359000 0.358359000 7.883898000 35.835900000		

\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.

EXHIBIT "B" TO UNIT AGREEMENT

BLUITT SAN ANDRES UNIT

ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent		W. I. Percent Ownership	AFTER PAYOUT OF INTERESTS UNITIZED BY STATUTE PERCENT UNIT INTEREST	
						Owner-ship	Working Interest			
4.	Bluitt Federal T-8-S, R-37-E Sec. 13: SE/4 160.0 acres	NM-044216 4-1-59	Murphy Minerals Corporation	USA 12.5%	Estate of Bertrand					
					O. Baatz	4.5000000	* (25% of 68.75%)	-	17.1875000	3.116385938
					George W. Benz	0.1600000	Trinity Resources, Inc. (A)			
					Board of Regents		* (58.75% of 68.75%)	-	40.3906250	7.323506953
					University of NM	0.1920000	Harvard & LeMay Explor. Ltd. 1976A			
					Board of Regents					
					New Mexico Military Institute		* (6.25% of 68.75%)	-	4.2968750	0.000000000
					Conquistador Council,	0.0360000	Murphy Operating Corp. (A)			
					Boy Scouts of America		* (10% of 68.75%)	-	6.8750000	1.246554375
					Trust Fund	0.0120000	Trinity Resources, Inc. (B)			
					Oscar A. Bourg, Jr.	0.6400000	(100% of 13.25%)	-	13.2500000	2.402450250
					Bourg Management		Tom L. Ingram			
					Trust		(100% of 18.00%)	-	18.0000000	0.000000000
					Ben A. Copas, Jr.	0.2560000	* Jack L. McClellan	-	0.0000000	0.000000000
					Charles W.	0.1380600	Initial Participating Interests**		0.0000000	4.042802484
					Farnham, Jr.	0.1200000			100.0000000	18.131700000
					Robert B. Farnham	0.1200000				
					Walter B. Farnham	0.1200000				
					University of Chicago					
					Chicago	0.1600000				
					Tom L. Ingram	1.4400000				
					Earl A. Latimer, Jr.	0.0800000				
					Mary F. Love	0.1200000				
					The Wiser Oil Co.	2.0000000				
					Eugene E. Nearburg	0.0780000				
					Vida B. Wentz,					
					Trustee of the					
					Peter L. & Vida					
					B. Wentz Revocable					
					Trust 8-1-63	0.2400000				
					Robert A. Woods	0.0800000				
					Murphy Minerals Corp	2.5839400				

\*Retained interest before payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.

\*\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent		Working Interest Owner	AFTER PAYOUT OF INTERESTS UNITIZED BY STATUTE		
						Owner-ship	Owner-ship		W. I. Percent Ownership	Percent Unit Interest	BY STATUTE PERCENT UNIT INTEREST
5.	Ingram Federal "E" T-8-S, R-37-E Sec. 24: W/2NE/4; NW/4 240.0 acres	NM-044216-C 4-1-59	Tom L. Ingram	USA 12.5%	Estate of Bertrand O. Baetz	5.000		Tom L. Ingram (100%)	<u>100.0000000</u> 100.0000000	<u>6.093500000</u> 6.093500000	
6.	Roden Bluitt T-8-S, R-38-E Sec. 18: W/2NW/4 Sec. 19: W/2NW/4 160.0 acres	NM-044216-E 4-1-59	A. W. Dillard, Jr. Ralph H. Viney Larry H. McIntosh	USA 12.5%	Estate of Bertrand O. Baetz Peggy E. Baetz	2.500 2.500		A. W. Dillard, Jr. (33.33% of 100%) Ralph H. Viney (33.33% of 100%) Larry McIntosh (33.33% of 100%) Initial Participating Interests**	0.3333333333 0.3333333333 0.3333333334 <u>0.0000000000</u> 1.0000000000	2.107233333 0.000000000 2.107233333 <u>2.107233334</u> 6.321700000	
7.	Roden Federal T-8-S, R-38-E Sec. 19: E/2NW/4 80.0 acres	NM-044216-B 4-1-59	HNG Oil Company	USA 12.5%	Estate of Bertrand O. Baetz HNG Oil Company	5.000 7.500		Hanover Petrol. Corp. *(25% of 68.75%) Trinity Resources, Inc.(A) *(58.75% of 68.75%) Trinity Resources, Inc.(B) (100% of 13.25%) Harvard & LeMay Explor. Ltd. 1976A *(6.25% of 68.75%) Murphy Operating Corp. (A) *(10% of 68.75%) Tom L. Ingram (100% of 18.00%) *Jack L. McClellan Initial Participating Interests**	17.1875000 - 40.3906250 - 13.2500000 - 4.2968750 - 6.8750000 - 18.0000000 0.0000000 <u>0.0000000</u> 100.0000000	0.771925000 - 1.814023750 - 0.595084000 - 0.000000000 - 0.308770000 - 0.000000000 0.000000000 <u>1.001397250</u> 4.491200000	

\*Retained interest before payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.

\*\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent Owner- ship	Working Interest	Owner	W. I. Percent Ownership	AFTER PAYOUT OF INTERESTS UNITIZED BY STATUTE	
										PERCENT UNIT INTEREST	PERCENT UNIT INTEREST
8.	McCaw Federal T-8-S, R-37-E Sec. 24: E/2NE/4 80.0 acres	NM-0137105 6-1-61	Yates Petroleum Corporation	USA 12.5%	Yates Brothers, a Partnership Yates Petroleum Corp.	5.000 12.500	Hanover Petrol. Corp. *(25% of 68.75%) Trinity Resources, Inc.(A) *(58.75% of 68.75%) Trinity Resources, Inc.(B) (100% of 13.25%) Harvard & LeMay Explor. Ltd. 1976A *(6.25% of 68.75%) Murphy Operating Corp. (A) *(10% of 68.75%) Tom L. Ingram (100% of 18.00%) *Jack L. McClellan Initial Participating Interests**	-	17.1875000 40.3906250 13.2500000 -	0.879329688 2.066424766 0.677883250 -	0.879329688 2.066424766 0.677883250 -
9.	Baumgartner U.S.A. T-8-S, R-38-E Sec. 19: W/2NE/4 80.0 acres	NM-0358539 3-1-63	F. W. Baumgartner	USA 12.5%	Joanne Baumgartner George B. Judd	3.000 1.000	Kelly Family Trust (20% of 100%) James H. Hamersley (20% of 100%) Frank Southworth (10% of 100%) Willis L. Sanburg (20% of 100%) John B. Wogan, Jr. (10% of 100%) F. W. Baumgartner (20% of 100%)	-	20.0000000 20.0000000 10.0000000 20.0000000 10.0000000 20.0000000 20.0000000 20.0000000 100.0000000	0.507660000 0.507660000 0.253830000 0.507660000 0.253830000 0.507660000 0.507660000 0.507660000 2.538300000	0.507660000 0.507660000 0.253830000 0.507660000 0.253830000 0.507660000 0.507660000 0.507660000 2.538300000

\*Retained interest before payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.  
\*\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

AFTER PAYOUT OF  
INTERESTS UNITIZED

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent		W. I. Percent Ownership	BY STATUTE	
						Owner- ship	Working Interest		Percent Ownership	PERCENT UNIT INTEREST
10.	Shaw Federal T-8-S, R-38-E Sec. 18: SW/4 160.0 acres	NM-0509201 2-1-64	Kerr-McGee Corporation	USA 12.5%	Kerr-McGee Corp.	9.375	Hanover Petrol. Corp.	17.1875000	2.580565625	
							*(25% of 68.75%) -			
							Trinity Resources, Inc. (A)			
							*(58.75% of 68.75%) -			
							Trinity Resources, Inc. (B)			
							(100% of 13.25%) -			
							Harvard & LeMay Explor. Ltd. 1976A			
							*(6.25% of 68.75%) -			
							Murphy Operating Corp. (A)			
							*(10% of 68.75%) -			
11.	Burkhart Federal T-8-S, R-37-E Sec. 13: NW/4NW/4 40.0 acres	NM-43715 5-1-81	Murphy Operating Corporation	USA 12.5%	Murphy Operating (B) Corp. (100%)		Tom L. Ingram	6.8750000	1.032226250	
							(100% of 18.00%) -			
							*Jack L. McClellan -			
							Initial Participating			
							Interests**			
									0.0000000	3.347697406
									100.0000000	15.014200000
									100.0000000	0.000000000
									100.0000000	0.000000000



EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent Owner-ship	Working Interest Owner	W. I. Percent Ownership	AFTER PAYOUT OF FARMOUT INTERESTS	
									PERCENT UNIT	INTEREST
1.	Kirkpatrick Federal T-8-S, R-37-E Sec. 11: SW/4SE/4 Sec. 12: S/2SW/4, S/2SE/4 200.0 acres	NM-041698A 6-1-58	Murphy Minerals Corporation	USA 12.5%	Ben A. Copas, Jr. Margaret L. Davey John W. Gates M. R. Kirkpatrick T. A. Kirkpatrick W. H. Kirkpatrick Mary Ann McCaw Eugene E. Nearburg Annie K. Williams Vida B. Wentz, Trustee of the Peter L. & Vida B. Wentz Revocable Trust 8-1-63	0.3911700 0.4000000 1.0000000 0.4000000 0.4000000 0.4000000 1.0000000 0.2210000 0.4000000	J. E. Cieszinski Hanover Petrol. Corp. Tom L. Ingram Earl A. Latimer, Jr. Layton Enterprises, Inc.- Larry McIntosh Murphy Operating Corp. (A) Murphy Operating Corp. (B) Trinity Resources, Inc.(A) Trinity Resources, Inc.(B) The Wiser Oil Co. -	- - - - - - (A) (B) (A) (B) - -	1.0555072 15.4188368 9.0000000 1.0555072 0.0470322 0.2765605 0.3857614 9.3953816 3.9217665 33.0559675 26.3876791 100.0000000	0.048967088 0.715310677 0.417528000 0.048967089 0.002181920 0.012830193 0.017896245 0.435870543 0.181938591 1.533532443 1.224177211 4.639200000
2.	Spears Federal T-8-S, R-37-E Sec. 14: E/2E/2 160.0 acres	NM-041698A 6-1-58	Murphy Minerals Corporation	USA 12.5%	Ben A. Copas, Jr. Margaret L. Davey John W. Gates M. R. Kirkpatrick T. A. Kirkpatrick W. H. Kirkpatrick Mary Ann McCaw Eugene E. Nearburg Annie K. Williams Vida B. Wentz, Trustee of the Peter L. & Vida B. Wentz Revocable Trust 8-1-63	0.3911700 0.4000000 1.0000000 0.4000000 0.4000000 0.4000000 1.0000000 0.2210000 0.4000000	J. E. Cieszinski Hanover Petrol. Corp. Tom L. Ingram Earl A. Latimer, Jr. Layton Enterprises, Inc.- Larry McIntosh Murphy Operating Corp. (A) Murphy Operating Corp. (B) Trinity Resources, Inc.(A) Trinity Resources, Inc.(B) The Wiser Oil Co. -	- - - - - - (A) (B) (A) (B) - -	1.0555072 15.4188368 9.0000000 1.0555072 0.0470322 0.2765605 0.3857614 9.3953816 3.9217665 33.0559675 26.3876791 100.0000000	0.019191231 0.280345291 0.163638000 0.019191231 0.000855141 0.005028422 0.007013915 0.170826828 0.071305558 0.601023601 0.479780782 1.818200000

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Overriding		Basic Roy. & Percent.	Percent		Working Interest Owner	W. I. Percent Ownership	AFTER PAYOUT OF FARMOUT INTERESTS	
				Royalty Owner	ship		Owner-	Interest			PERCENT UNIT INTEREST	INTEREST
3.	Baetz Federal T-8-S, R-37-E Sec. 13: NE/4, SW/4, E/2NW/4, SW/4NW/4 440.0 acres	NM-044216 4-1-59	Murphy Minerals Corporation	Ben A. Copas, Jr.	0.1380600	J. E. Cieszinski	-	-	-	1.0678421	0.382670824	
				Estate of Bertrand O. Baetz			Hanover Petrol. Corp.	-	-	14.5396894	5.210428561	
				Eugene E. Nearburg	4.5000000	Tom L. Ingram	-	-	-	9.0000000	3.225231000	
				Vida B. Wentz, Trustee	0.0780000	Kaiser-Francis Oil Co.	-	-	-	2.0000000	0.716718000	
				of the Peter L. & Vida B. Wentz Revocable Trust 8-1-63		Earl A. Latimer, Jr.	-	-	-	1.0678421	0.382670824	
				Murphy Minerals Corporation		Layton Enterprises, Inc.-	-	-	-	1.0574839	0.378958861	
						Larry McIntosh	-	-	-	0.3380184	0.121131920	
						Murphy Operating Corp. (A)	-	-	-	0.4714862	0.168961323	
						Murphy Operating Corp. (B)	-	-	-	8.6846330	3.112216416	
						Trinity Resources, Inc.(A)	-	-	-	4.7932701	1.717711496	
						Trinity Resources, Inc.(B)	-	-	-	30.2836825	10.852430173	
						The Wiser Oil Co.	-	-	-	26.6960523	9.566770602	
										100.0000000	35.833900000	

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent Owner-ship	Working Interest	W. I. Percent Ownership	AFTER PAYOUT OF	
									FARMOUT INTERESTS PERCENT UNIT	INTEREST
4.	Bluitt Federal T-8-S, R-37-E Sec. 13: SE/4 160.0 acres	NM-044216 4-1-59	Murphy Minerals Corporation	USA 12.5%	Estate of Bertrand O. Baetz George W. Bentz Board of Regents University of NM Board of Regents New Mexico Military Institute Conquistador Council, Boy Scouts of America Trust Fund Oscar A. Bourg, Jr. Bourg Management Trust Ben A. Copas, Jr. Charles W. Farnham, Jr. Robert B. Farnham Walter B. Farnham University of Chicago Tom L. Ingram Earl A. Latimer, Jr. Mary F. Love The Wiser Oil Co. Eugene E. Nearburg Vida B. Wentz, Trustee of the Peter L. & Vida B. Wentz Revocable Trust 8-1-63 Robert A. Woods Murphy Minerals Corp	4.5000000 0.1600000 0.1920000 - - - 0.0360000 - - 0.0120000 0.0640000 - 0.2560000 0.1380600 0.1200000 0.1200000 0.1200000 - 0.1600000 1.4400000 0.0800000 0.1200000 2.0000000 0.0780000 - 0.2400000 0.0800000 2.5839400	J. E. Cieszinski Hanover Petrol. Corp. Harvard & LeMay Explor. Ltd. 1976A* Tom L. Ingram Earl A. Latimer, Jr. Layton Enterprises, Inc.- Jack L. McClellan* Larry McIntosh Murphy Operating Corp. (A)* Murphy Operating Corp. (B) Trinity Resources, Inc.(A)* Trinity Resources, Inc.(B) The Wiser Oil Co.	- - - - - - - - - (A)* (B) (A)* (B) -	0.0687576 19.2547136 2.1484375 9.0000000 0.0687576 0.0582596 0.0000000 0.3425797 7.3528486 0.5671848 45.2485771 14.1709445 1.7189394 100.0000000	0.012466917 3.491206913 0.389548242 1.631853000 0.012466917 0.010563451 0.000000000 0.062115520 1.333196447 0.102840268 8.204336247 2.569433151 0.311672927 18.131700000

\*Retained interest before payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding		Percent Owner-ship	Working Interest	Owner	AFTER PAYOUT OF FARMOUT INTERESTS	
					Royalty	Owner				W. I. Percent Ownership	PERCENT UNIT INTEREST
5.	Ingram Federal "E" T-8-S, R-37-E Sec. 24: W/2NE/4; NW/4 240.0 acres	NM-044216-C 4-1-59	Tom L. Ingram	USA 12.5%	Estate of Bertrand O. Baetz		5.000	(100%)	Tom L. Ingram	100.0000000 100.0000000	6.093500000 6.093500000
6.	Roden Bluit T-8-S, R-38-E Sec. 18: W/2NW/4 Sec. 19: W/2NW/4 160.0 acres	NM-044216-E 4-1-59	A. W. Dillard, Jr. Ralph H. Viney Larry H. McIntosh	USA 12.5%	Estate of Bertrand O. Baetz Peggy E. Baetz		2.500 2.500		J. E. Cieszinski A. W. Dillard, Jr. Hanover Petrol. Corp. Earl A. Latimer, Jr. Layton Enterprises, Inc. Larry McIntosh Murphy Operating Corp. (A) Murphy Operating Corp. (B) Trinity Resources, Inc. (A) Trinity Resources, Inc. (B) Ralph H. Viney The Wiser Oil Co.	0.1027911 33.3333333 3.0904385 0.1027911 0.0870968 33.8454823 0.7143730 0.8479289 7.2625304 1.3767917 16.6666667 2.5697762 100.0000000	0.006498142 2.107233333 0.195368252 0.006498142 0.005505996 2.139609855 0.045160520 0.053603519 0.459115393 0.087036640 1.053616666 0.162453542 6.321700000
7.	Roden Federal T-8-S, R-38-E Sec. 19: E/2NW/4 80.0 acres	NM-044216-B 4-1-59	HNG Oil Company	USA 12.5%	Estate of Bertrand O. Baetz HNG Oil Company		5.000 7.500		J. E. Cieszinski Hanover Petrol. Corp.* Harvard & LeMay Explor. Ltd. 1976A* Tom L. Ingram Earl A. Latimer, Jr. Layton Enterprises, Inc.- Jack L. McClellan* Larry McIntosh Murphy Operating Corp. (A)* Murphy Operating Corp. (B) Trinity Resources, Inc. (A)* Trinity Resources, Inc. (B) The Wiser Oil Co.	- 19.2547136 - 2.1484375 9.0000000 0.0687576 0.0582596 - 0.0000000 - 0.3425797 7.3528486 0.5671848 45.2485771 14.1709445 - 1.7189394 100.0000000	0.003088040 0.864767699 - 0.096490625 0.404208000 0.003088040 0.002616554 0.000000000 0.015385939 0.330231136 0.025473409 2.032204093 0.636445461 0.077201004 4.491200000

\*Retained interest before payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.

\*\*as defined more specifically by Exhibit "D" to that certain Unit Operating Agreement dated November 1, 1985.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Overriding		Basic Roy. & Percent.	Percent		Working Interest	Owner- ship	W. I.		AFTER PAYOUT OF	
				Royalty Owner	Owner		ship	Percent			Ownership	Percent	FARMOUT INTERESTS PERCENT UNIT	
8.	McCaw Federal T-8-S, R-37-E Sec. 24: E/2NE/4 80.0 acres	NM-0137105 6-1-61	Yates Petroleum Corporation	Yates Brothers, a Partnership Yates Petroleum Corp.	USA 12.5%		5.000 12.500		J. E. Cieszinski Hanover Petrol. Corp.* Harvard & LeMay Explor. Ltd. 1976A*	- - -	0.0687576 19.2547136 2.1484375	0.003517706 0.985090405 0.109916211		
				Tom L. Ingram					-	-	9.00000000	0.460449000		
				Earl A. Latimer, Jr.					-	-	0.0687576	0.003517706		
				Layton Enterprises, Inc.					-	-	0.0582596	0.002980618		
				Jack L. McClellan*					-	-	0.00000000	0.000000000		
				Larry McIntosh					-	-	0.3425797	0.017526719		
				Murphy Operating Corp. (A)*					-	-	7.3528486	0.376179085		
				Murphy Operating Corp. (B)					-	-	0.5671848	0.029017749		
				Trinity Resources, Inc. (A)*					-	-	45.2485771	2.314962453		
				Trinity Resources, Inc. (B)					-	-	14.1709445	0.724999691		
				The Wiser Oil Co.					-	-	1.7189394	0.087942657		
											100.00000000	5.116100000		
9.	Baumgartner U.S.A. T-8-S, R-38-E Sec. 19: W/2NE/4 80.0 acres	NM-0358539 3-1-63	F. W. Baumgartner	Joanne Baumgartner George B. Judd	USA 12.5%		3.000 1.000		Kelly Family Trust (20% of 100%) James H. Hamersley (20% of 100%) Frank Southworth (10% of 100%) Willis L. Sanburg (20% of 100%) John B. Wogan, Jr. (10% of 100%) F. W. Baumgartner (20% of 100%)	- - - - - - -	20.00000000 20.00000000 10.00000000 20.00000000 10.00000000 20.00000000 20.00000000	0.507660000 0.507660000 0.253830000 0.507660000 0.253830000 0.507660000 0.507660000		
											20.00000000	0.507660000		
											1.0000000000	2.538300000		

\*Retained interest before payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Lease Name,				Overriding		Percent		Working		W. I.		AFTER PAYOUT OF	
Tract	Description of Land	Serial No.	Lessee of	Basic Roy.	Royalty	Owner-	ship	Interest	Owner	Percent	Ownership	FARMOUT INTERESTS	PERCENT UNIT
No.	and No. Acres	& Lease Date	Record	& Percent.	Owner							INTEREST	
10.	Shaw Federal T-8-S, R-38-E Sec. 18: SW/4 160.0 acres	NM-0509201 2-1-64	Kerr-McGee Corporation	USA 12.5%	Kerr-McGee Corp.	9.375	J. E. Cieszinski Hanover Petrol. Corp.* Harvard & LeMay Explor. Ltd. 1976A* Tom L. Ingram Earl A. Latimer, Jr.- Layton Enterprises, Inc. Jack L. McClellan* Larry McIntosh Murphy Operating Corp. (A)* Murphy Operating Corp. (B) Trinity Resources, Inc. (A)* Trinity Resources, Inc. (B) The Wiser Oil Co.	- - - - -	0.0687576 19.2547137 2.1484377 9.0000000 0.0687576 0.0582596 0.0000000 0.3425797 7.3528486 0.5671848 45.2485768 14.1709445 1.7189394 100.0000000	0.010323400 2.890941220 0.322570730 1.351278000 0.010323400 0.008747209 0.000000000 0.051435599 1.103971393 0.085158279 6.793711815 2.127653958 0.258084997 15.014200000			
11.	Burkhart Federal T-8-S, R-37-E Sec. 13: NW/4NW/4 40.0 acres	NM-43715 5-1-81	Murphy Operating Corporation	USA 12.5%			Murphy Operating Corp. (B)			100.0000000 100.0000000		0.000000000 0.000000000	
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000
													100.000000000





EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding		Percent Ownership	Working Interest	Owner	W. I.		AFTER PAYOUT OF MCCLELLAN INTEREST	
					Royalty Owner	ship				Percent Ownership	PERCENT UNIT INTEREST	PERCENT UNIT INTEREST	
3.	Baetz Federal T-8-S, R-37-E Sec. 13: NE/4, SW/4, E/2NW/4, SW/4NW/4 440.0 acres	NM-044216 4-1-59	Murphy Minerals Corporation	USA 12.5%	Ben A. Copas, Jr. Estate of Bertrand O. Baetz Eugene E. Nearburg Vida B. Wentz, Trustee of the Peter L. & Vida B. Wentz Revocable Trust 8-1-63 Murphy Minerals Corporation	0.1380600 4.5000000 0.0780000	J. E. Cieszinski Hanover Petrol. Corp. Tom L. Ingram Kaiser-Francis Oil Co. Earl A. Latimer, Jr. Layton Enterprises, Inc.- Larry McIntosh Murphy Operating Corp. (A) Murphy Operating Corp. (B) Trinity Resources, Inc. (A) Trinity Resources, Inc. (B) The Wiser Oil Co.	- - - - - - - - - -	1.0678421 14.5396894 9.0000000 2.0000000 1.0678421 1.0574839 0.3380184 0.4714862 8.6846330 4.7932701 30.2836825 26.6960523 100.0000000	0.382670824 5.210428561 3.225231000 0.716718000 0.382670824 0.378958861 0.121131920 0.168961323 3.112216416 1.717711496 10.852430173 9.566770602 35.835900000			

(final copy 11/15/85)

\*Retained interest after payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding		Percent Ownership	Working Interest	Owner	W. I.		AFTER PAYOUT OF MCCLELLAN INTEREST	
					Royalty Owner	Royalty Owner				Percent Ownership	Percent Ownership	PERCENT UNIT INTEREST	PERCENT UNIT INTEREST
5.	Ingram Federal "E" T-8-S, R-37-E Sec. 24: W/2NE/4; NW/4 240.0 acres	NM-044216-C 4-1-59	Tom L. Ingram	USA 12.5%	Estate of Bertrand O. Baetz		5.000		Tom L. Ingram (100%)	100.0000000 100.0000000		6.093500000 6.093500000	
6.	Roden Bluitt T-8-S, R-38-E Sec. 18: W/2NW/4 Sec. 19: W/2NW/4 160.0 acres	NM-044216-E 4-1-59	A. W. Dillard, Jr. 1/3 Ralph H. Viney 1/3 Larry H. McIntosh 1/3	USA 12.5%	Estate of Bertrand O. Baetz Peggy E. Baetz		2.500 2.500		J. E. Cieszinski A. W. Dillard, Jr. Hanover Petrol. Corp. Earl A. Latimer, Jr. Layton Enterprises, Inc. Larry McIntosh Murphy Operating Corp. (A) Murphy Operating Corp. (B) Trinity Resources, Inc. (A) Trinity Resources, Inc. (B) Ralph H. Viney The Wiser Oil Co.	0.1027911 33.3333333 3.0904385 0.1027911 0.0870968 33.8454823 0.7143730 0.8479289 7.2625304 1.3767917 16.6666667 2.5697762 100.0000000		0.006498142 2.107233333 0.195368252 0.006498142 0.005505996 2.139609855 0.045160520 0.053603519 0.459115393 0.087036640 1.053616666 0.162453542 6.321700000	
7.	Roden Federal T-8-S, R-38-E Sec. 19: E/2NW/4 80.0 acres	NM-044216-B 4-1-59	HNG Oil Company	USA 12.5%	Estate of Bertrand O. Baetz HNG Oil Company		5.000 7.500		J. E. Cieszinski Hanover Petrol. Corp.* Harvard & LeMay Explor. Ltd. 1976A* Tom L. Ingram Earl A. Latimer, Jr. Layton Enterprises, Inc.- Jack L. McClellan* Larry McIntosh Murphy Operating Corp. (A)* Murphy Operating Corp. (B) Trinity Resources, Inc. (A)* Trinity Resources, Inc. (B) The Wiser Oil Co.	- 18.4734636 - 1.9531250 9.0000000 0.0687576 0.0582596 3.1250000 - 0.3425797 7.0403486 0.5671848 43.4126396 14.1709445 - 1.7189394 100.0000000		0.003088040 0.829680199 - 0.087718750 0.404208000 0.003088040 0.002616554 0.140350000 0.015385939 0.316196136 0.025473409 1.949748468 0.636445461 0.077201004 4.491200000	

\*Retained interest after payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Tract No.	Lease Name, Description of Land and No. Acres	Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding		Percent Owner-ship	Working Interest Owner	W. I. Percent Ownership	AFTER PAYOUT OF MCCLELLAN INTEREST	
					Royalty Owner	ship				PERCENT UNIT INTEREST	
8.	McCaw Federal T-8-S, R-37-E Sec. 24: E/2NE/4 80.0 acres	NM-0137105 6-1-61	Yates Petroleum Corporation	USA 12.5%	Yates Brothers, a Partnership		5,000	J. E. Cieszinski	-	0.0687576	0.003517706
					Yates Petroleum Corp.	12.500		Hanover Petrol. Corp.*	-	18.4734636	0.945120873
								Harvard & LeMay Explor. Ltd. 1976A*	-		
										1.9531250	0.099923828
								Tom L. Ingram	-	9.0000000	0.460449000
								Earl A. Latimer, Jr.	-	0.0687576	0.003517706
								Layton Enterprises, Inc.-	-	0.0582596	0.002980618
								Jack L. McClellan*	-	3.1250000	0.159878125
								Larry McIntosh	-	0.3425797	0.017526719
								Murphy Operating Corp. (A)*	-	7.0403486	0.360191273
								Murphy Operating Corp. (B)	-	0.5671848	0.029017749
								Trinity Resources, Inc.(A)*	-	43.4126396	2.221034055
								Trinity Resources, Inc.(B)	-	14.1709445	0.724999691
9.	Baumgartner U.S.A. T-8-S, R-38-E Sec. 19: W/2NE/4 80.0 acres	NM-0358539 3-1-63	F. W. Baumgartner	USA 12.5%	Joanne Baumgartner	3,000	1,000	Kelly Family Trust		20.0000000	0.507660000
					George B. Judd	1,000		(20% of 100%)			
								James H. Hamersley		20.0000000	0.507660000
								(20% of 100%)			
								Frank Southworth		10.0000000	0.253830000
								(10% of 100%)			
								Willis L. Sanburg		20.0000000	0.507660000
								(20% of 100%)			
								John B. Wogan, Jr.		10.0000000	0.253830000
								(10% of 100%)			
								F. W. Baumgartner		20.0000000	0.507660000
								(20% of 100%)			
										20.0000000	0.507660000
										1.0000000000	2.538300000

\*Retained interest after payout in accordance with terms of recorded conveyance and assignment dated 10-17-75.

EXHIBIT "B" TO UNIT AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

(final copy 11/15/85)

Lease Name, Tract Description of Land and No. Acres		Serial No. & Lease Date	Lessee of Record	Basic Roy. & Percent.	Overriding Royalty Owner	Percent Owner- ship	Working Interest Owner	W. I. Percent Ownership	AFTER PAYOUT OF MCCLELLAN INTEREST PERCENT UNIT INTEREST	
10.	Shaw Federal T-8-S, R-38-E Sec. 18: SW/4 160.0 acres	NM-0509201 2-1-64	Kerr-McGee Corporation	USA 12.5%	Kerr-McGee Corp.	9.375	J. E. Cieszinski Hanover Petrol. Corp.* Harvard & LeMay Explor. Ltd. 1976A* Tom L. Ingram Earl A. Latimer, Jr.- Layton Enterprises, Inc. Jack L. McClellan* Larry McIntosh Murphy Operating Corp. (A)* Murphy Operating Corp. (B) Trinity Resources, Inc.(A)* Trinity Resources, Inc.(B) The Wiser Oil Co.	0.0687576 18.4734636 1.9531250 9.0000000 0.0687576 0.0582596 3.1250000 0.3425797 7.0403486 0.5671848 43.4126396 14.1709445 1.7189394 100.0000000	0.010323400 2.773642782 0.293246121 1.351278000 0.010323400 0.008747209 0.469193750 0.051435599 1.057052018 0.085158279 6.518060487 2.127653958 0.258084997 15.014200000	
11.	Burkhart Federal T-8-S, R-37-E Sec. 13: NW/4NW/4 40.0 acres	NM-43715 5-1-81	Murphy Operating Corporation	USA 12.5%			Murphy Operating Corp. (B)	100.0000000 100.0000000	0.000000000 0.000000000	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.000000000</u>	
									<u>100.0000000</u>	

## EXHIBIT "C"

Attached to and made part of that certain Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico, dated November 1, 1985.

### EQUAL EMPLOYMENT OPPORTUNITY PROVISION

During the performance of this contract, the Operator (meaning and referring separately to each party hereto) agrees as follows:

- (1) The Operator will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Operator will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action 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 Operator agrees to post in conspicuous places, available to employees and applicants for employment notices to be provided setting forth the provisions of this non-discrimination clause.
- (2) The Operator will, in all solicitations or advertisements for employees placed by or on behalf of the Operator, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- (3) The Operator will send to each labor union or representative of workers with which Operator has a collective bargaining agreement or other contract or understanding, a notice to be provided, advising the said labor union or workers' representatives of the Operator's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Operator will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) The Operator will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to Operator's books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the Operator's non-compliance with the non-discrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the Operator may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (7) The Operator will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Operator will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for non-compliance: Provided, however, that in the event the Operator becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Operator may request the United States to enter into such litigation to protect the interests of the United States.

Operator acknowledges that Operator may be required to file Standard Form 100 (EEO-1) promulgated jointly by the Office of Federal Contract Compliance, the Equal Employment Opportunity Commission and Plans for Progress with the appropriate agency within 30 days of the date of contract award if such report has not been filed for the current year and otherwise comply with or file such other compliance reports as may be required under Executive Order 11246, as amended and Rules and Regulations adopted thereunder.

Operator further acknowledges that Operator may be required to develop a written affirmative action compliance program as required by the Rules and Regulations approved by the Secretary of Labor under authority of Executive Order 11246 and supply each other party hereto with a copy of such program if so requested.

### CERTIFICATION OF NONSEGREGATED FACILITIES

By entering into this contract, the Operator certifies that Operator does not and will not maintain or provide for Operator's employees any segregated facilities at any of Operator's establishments, and that Operator does not and will not permit Operator's employees to perform their services at any location, under Operator's control, where segregated facilities are maintained. The Operator agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Operator further agrees that (except where Operator has obtained identical certifications from proposed contractors and subcontractors for specific time periods) Operator will obtain identical certifications from proposed contractors and subcontractors prior to the award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause; that Operator will retain such certifications in Operator's files and that Operator will forward the following notice to such proposed contractors and subcontractors (except where the proposed contractors or subcontractors have submitted identical certifications for specific time periods): Notice to prospective contractors and subcontractors of requirement for certifications of nonsegregated facilities. A Certificate of Nonsegregated Facilities must be submitted prior to the award of a contract or subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

— EXHIBIT "4" —

UNIT OPERATING AGREEMENT  
BLUITT SAN ANDRES UNIT  
COUNTY OF ROOSEVELT  
STATE OF NEW MEXICO



UNIT OPERATING AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

INDEX

		<u>Page</u>
	Preliminary Recitals -----	1
ARTICLE 1	CONFIRMATION OF UNIT AGREEMENT	
	1.1 Confirmation of Unit -----	1
ARTICLE 2	EXHIBITS	
	2.1 Exhibits -----	1
	2.2 Revision of Exhibits -----	1
	2.3 Reference to Exhibits -----	1
ARTICLE 3	SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS	
	3.1 Overall Supervision -----	1
	3.2 Specific Authorities and Duties -----	1
ARTICLE 4	MANNER OF EXERCISING SUPERVISION -----	2
	4.1 Designation of Representatives -----	2
	4.2 Meetings -----	2
	4.3 Voting Procedure -----	2
ARTICLE 5	INDIVIDUAL RIGHTS OF WORKING INTEREST OWNERS	
	5.1 Reservation of Rights -----	3
	5.2 Specific Rights -----	3
ARTICLE 6	UNIT OPERATOR	
	6.1 Unit Operator -----	3
	6.2 Resignation or Removal & Selection of Successor -----	3
ARTICLE 7	AUTHORITIES AND DUTIES OF UNIT OPERATOR	
	7.1 Exclusive Right to Operate Unit -----	3
	7.2 Workmanlike Conduct -----	3
	7.3 Liens and Encumbrances -----	3
	7.4 Employees -----	3
	7.5 Records -----	3
	7.6 Reports to Working Interest Owners -----	3
	7.7 Reports to Governmental Authorities -----	3
	7.8 Engineering and Geological Information -----	3
	7.9 Expenditures -----	3
	7.10 Wells Drilled by Unit Operator -----	4
	7.11 Border Agreements -----	4
ARTICLE 8	TAXES	
	8.1 Ad Valorem Taxes -----	4
	8.2 Other Taxes -----	4
ARTICLE 9	INSURANCE	
	9.1 Insurance -----	4
ARTICLE 10	ADJUSTMENT OF INVESTMENTS	
	10.1 Personal Property Taken Over -----	4
	10.2 Inventory and Evaluation of Personal Property -----	4
	10.3 Investment Adjustment -----	4
	10.4 General Facilities -----	5
	10.5 Ownership of Personal Property & Facilities -----	5

		<u>Page</u>
ARTICLE 11	UNIT EXPENSE	
	11.1 Basis of Charges to Working Interest Owners -----	5
	11.2 Budgets -----	5
	11.3 Advance Billings -----	5
	11.4 Commingling of Funds -----	5
	11.5 Lien & Security Interest of Unit Operator and Working Interest Owners -----	5
	11.6 Unpaid Unit Expense -----	5
	11.7 Uncommitted Royalty -----	6
	11.8 Rentals -----	6
	11.9 Carved-out Interests -----	6
ARTICLE 12	NON-UNITIZED FORMATIONS	
	12.1 Right to Operate -----	6
	12.2 Multiple Completions -----	6
ARTICLE 13	TITLES	
	13.1 Warranty and Indemnity -----	6
	13.2 Failure Because of Unit Operations -----	6
ARTICLE 14	LIABILITY, CLAIMS AND SUITS	
	14.1 Individual Liability -----	6
	14.2 Settlements -----	7
ARTICLE 15	LAWS AND REGULATIONS	
	15.1 Internal Revenue Provision -----	7
ARTICLE 16	NOTICES	
	16.1 Notices -----	7
ARTICLE 17	WITHDRAWAL OF WORKING INTEREST OWNER	
	17.1 Withdrawal -----	7
	17.2 Limitation on Withdrawal -----	8
ARTICLE 18	ABANDONMENT OF WELLS	
	18.1 Rights of Former Owners -----	8
	18.2 Plugging -----	8
ARTICLE 19	EFFECTIVE DATE AND TERM	
	19.1 Effective Date -----	8
	19.2 Term -----	8
ARTICLE 20	ABANDONMENT OF OPERATIONS	
	20.1 Termination -----	8
ARTICLE 21	EXCISE TAX PROVISIONS	
	21.1 Crude Oil Excise Tax -----	9
	21.2 Amendment by Working Interest Owners -----	9
ARTICLE 22	EXECUTION	
	22.1 Original, Counterpart, or Other Instruments -----	9
ARTICLE 23	GOVERNMENTAL REGULATIONS	
	23.1 Governmental Regulations -----	9
ARTICLE 24	SUCCESSORS AND ASSIGNS	
	24.1 Successors and Assigns -----	9
	Exhibit "D" (Schedule of Unit Participation)	
	Exhibit "E" (Accounting Procedure)	
	Exhibit "F" (Insurance Provisions)	

UNIT OPERATING AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st day of November, 1985, by and between the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to become a party hereto.

WITNESSETH

WHEREAS, the parties hereto as Working Interest Owners have executed, as of the date hereof, an Agreement entitled "Unit Agreement, Bluitt San Andres Unit, Roosevelt County, New Mexico," herein referred to as "Unit Agreement," which, among other things, provides for a separate agreement to be entered into by Working Interest Owners to provide for Unit Operations as therein defined.

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

ARTICLE 1  
CONFIRMATION OF UNIT AGREEMENT

1.1 Confirmation of Unit Agreement. The Unit Agreement is hereby confirmed and by reference made a part of this Agreement. The definitions in the Unit Agreement are adopted for all purposes of this Agreement. If there is any conflict between the Unit Agreement and this Agreement, the Unit Agreement shall govern.

ARTICLE 2  
EXHIBITS

2.1 Exhibits. The following exhibits are incorporated herein by reference:

2.1.1 Exhibits A, B and C of the Unit Agreement.

2.1.2 Exhibit D, attached hereto, is a schedule showing the Unit Participation of each Working Interest Owner. Exhibit D, or a revision thereof, shall not be conclusive as to the information therein, except it may be used as showing the Unit Participations of Working Interest Owners for purposes of this Agreement until shown to be in error or revised as herein authorized.

2.1.3 Exhibit E, attached hereto, is the Accounting Procedure applicable to Unit Operations. If there is any conflict between this Agreement and Exhibit E, this Agreement shall govern.

2.1.4 Exhibit F, attached hereto, contains insurance provisions applicable to Unit Operations.

2.2 Revision of Exhibits. Whenever Exhibit A or B are revised, Exhibit D shall be revised accordingly and be effective as of the same date. Unit Operator shall also revise Exhibit D from time to time as required to conform to changes in ownership of which Unit Operator has been notified as provided in the Unit Agreement.

2.3 Reference to Exhibits. When reference is made herein to an exhibit, it is to the exhibit as originally attached or, if revised, to the last revision.

ARTICLE 3  
SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS

3.1 Overall Supervision. Working Interest Owners shall exercise overall supervision and control of all matters pertaining to Unit Operations pursuant to this Agreement and the Unit Agreement. In the exercise of such authority, each Working Interest Owner shall act solely in its own behalf in the capacity of an individual owner and not on behalf of the owners as an entirety.

3.2 Specific Authorities and Duties. The matters with respect to which Working Interest Owners shall decide and take action shall include, but not be limited to the following:

3.2.1 Method of Operation. The method of operation, including the type or types of pressure maintenance, secondary recovery, or other recovery program to be employed.

3.2.2 Drilling of Wells. The drilling of any well whether for production of Unitized Substances, for use as an injection well, or for other purposes.

3.2.3 Well Recompletion and Change of Status. The recompletion, abandonment, or permanent change of status of any well, or the use of any well for injection or other purposes.

3.2.4 Expenditures. The making of any single expenditure in excess of Fifteen Thousand Dollars (\$15,000.00); however, approval by Working Interest Owners of the drilling, reworking, deepening or plugging back of any well shall include approval of all necessary expenditures required therefor, and for completing, testing, and equipping the well, including necessary flow lines, separators, and lease tankage.

3.2.5 Disposition of Unit Equipment. The selling or otherwise disposing of any major item of surplus Unit Equipment, if the current price of new equipment similar thereto is Five Thousand Dollars (\$5,000.00) or more.

3.2.6 Appearance Before a Court or Regulatory Agency. The designating of a representative to appear before any court or regulatory agency in matters pertaining to Unit Operations; however, such designation shall not prevent any Working Interest Owner from appearing in person or from designating another representative on its own behalf.

3.2.7 Audits. The auditing of the accounts of Unit Operator pertaining to Unit Operations hereunder; however, the audits shall:

- (a) not be conducted more than once each year except upon the resignation or removal of the Unit Operator, and
- (b) be made upon the approval of the owner or owners of a majority of Working Interest other than that of Unit Operator, at the expense of all Working Interest Owners other than Unit Operator, or
- (c) be made at the expense of those Working Interest Owners requesting such audit, if owners of less than a majority of Working Interest, other than that of Unit Operator, request such an audit, and
- (d) be made upon not less than thirty (30) days written notice to Unit Operator.

3.2.8 Inventories. The taking of periodic inventories under the terms of Exhibit E.

3.2.9 Technical Services. The authorizing of charges to the Joint Account for services by consultants of Unit Operator's technical personnel not covered by the overhead charges provided by Exhibit E.

3.2.10 Assignments to Committees. The appointment of committees to study any problems in connection with Unit Operations.

3.2.11 The removal of Unit Operator and the selection of successor.

3.2.12 The enlargement of the Unit Area.

3.2.13 The adjustment and readjustment of investments.

3.2.14 The termination of the Unit Agreement.

3.2.15 Border Line Agreements.

#### ARTICLE 4 MANNER OF EXERCISING SUPERVISION

4.1 Designation of Representatives. Each Working Interest Owner shall inform Unit Operator in writing of the names and addresses of the representative and alternate who are authorized to represent and bind such Working Interest Owner with respect to Unit Operations. The representative or alternate may be changed from time to time by written notice to Unit Operator.

4.2 Meetings. All meetings of Working Interest Owners shall be called by Unit Operator upon its own motion or at the request of two (2) or more Working Interest Owners having a total Unit Participation then in effect of not less than ten percent (10%). No meeting shall be called on less than fourteen (14) days advance written notice, with agenda for the meeting attached. Working Interest Owners who attend the meeting may amend items included in the agenda and may act upon an amended item or other items presented at the meeting. The representative of Unit Operator shall be chairman of each meeting.

4.3 Voting Procedure. Working Interest Owners shall decide all matters coming before them as follows:

4.3.1 Voting Interest. Each Working Interest Owner shall have a voting interest equal to its Unit Participation in effect at the time of the vote.

4.3.2 Vote Required. Unless otherwise provided herein or in the Unit Agreement, Working Interest Owners shall determine all matters by the affirmative vote of four or more Working Interest Owners having a combined voting interest of at least sixty-five percent (65%); however, should any one Working Interest Owner have more than thirty percent (30%) voting interest, its negative vote or failure to vote shall not defeat a motion and such motion shall pass if approved by Working Interest Owners having a majority voting interest, unless three or more Working Interest Owners have a combined voting interest of at least ten percent (10%) likewise vote against the motion or fail to vote.

4.3.3 Vote at Meeting by Nonattending Working Interest Owner. Any Working Interest Owner who is not represented at a meeting may vote on any agenda item by letter or telegram addressed to the representative of Unit Operator if its vote is received prior to the vote at the meeting, provided the agenda items are not amended.

4.3.4 Poll Votes. Working Interest Owners may vote on and decide, by letter or telegram, any matter submitted in writing to Working Interest Owners. If a meeting is not requested, as provided in Section 4.2, within seven (7) days after a written proposal is sent to Working Interest Owners, the vote taken by letter or telegram shall become final. Unit Operator will give prompt notice of the results of such voting to all Working Interest Owners.

## ARTICLE 5 INDIVIDUAL RIGHTS OF WORKING INTEREST OWNERS

5.1 Reservation of Rights. Working Interest Owners severally reserve to themselves all their rights, except as otherwise provided in this Agreement and the Unit Agreement.

5.2 Specific Rights. Each Working Interest Owner shall have, among others, the following specific rights:

5.2.1 Access to Unit Area. Access to the Unit Area at all reasonable times to inspect Unit Operations, all wells, and the records and data pertaining thereto.

5.2.2 Reports. The right to receive from Unit Operator, upon written request, copies of all reports to any governmental agency, reports of crude oil runs and stocks, inventory reports, and all other information pertaining to Unit Operations. The cost of gathering and furnishing information not ordinarily furnished by Unit Operator to all Working Interest Owners shall be charged to the Working Interest Owner that requests the information.

## ARTICLE 6 UNIT OPERATOR

6.1 Unit Operator. MURPHY OPERATING CORPORATION is hereby designated as the initial Unit Operator.

6.2 Resignation or Removal and Selection of Successor. The resignation or removal of Unit Operator and the selection of a successor shall be governed by the provisions of the Unit Agreement.

## ARTICLE 7 AUTHORITIES AND DUTIES OF UNIT OPERATOR

7.1 Exclusive Right to Operate Unit. Subject to the provisions of this Agreement and to instructions from Working Interest Owners, Unit Operator shall have the exclusive right and be obligated to conduct Unit Operations.

7.2 Workmanlike Conduct. Unit Operator shall conduct Unit Operations in a good and workmanlike manner as would a prudent operator under the same or similar circumstances. Unit Operator shall freely consult with Working Interest Owners and keep them informed of all matters which Unit Operator, in the exercise of its best judgment, considers important. Unit Operator shall not be liable to Working Interest Owners for damages, unless such damages result from its gross negligence or willful misconduct.

7.3 Liens and Encumbrances. Unit Operator shall endeavor to keep the lands and leases in the Unit Area and Unit Equipment free from all liens and encumbrances occasioned by Unit Operations, except the lien and security interest of Unit Operator and Working Interest Owners granted hereunder.

7.4 Employees. The number of employees used by Unit Operator in conducting Unit Operations, their selection, hours of labor, and compensation shall be determined by Unit Operator. Such employees shall be the employees of Unit Operator.

7.5 Records. Unit Operator shall keep correct books, accounts, and records of Unit Operations.

7.6 Reports to Working Interest Owners. Unit Operator shall furnish Working Interest Owners periodic reports of Unit Operations.

7.7 Reports to Governmental Authorities. Unit Operator shall make all reports to governmental authorities that it has the duty to make as Unit Operator.

7.8 Engineering and Geological Information. Unit Operator shall furnish to a Working Interest Owner, upon written request, a copy of all logs and other engineering and geological data pertaining to wells drilled for Unit Operations.

7.9 Expenditures. Unit Operator is authorized to make single expenditures not in excess of Fifteen Thousand Dollars (\$15,000.00) without prior approval of Working Interest Owners. If an emergency occurs, Unit Operator may immediately make or incur such expenditures as in its opinion are required to deal with the emergency. Unit Operator shall report to Working Interest Owners, as promptly as possible, the nature of the emergency and the action taken.

7.10 Wells Drilled by Unit Operator. All wells drilled by Unit Operator shall be at the usual rates prevailing in the area. Unit Operator may employ its own tools and equipment, but the charge therefor shall not exceed the usual rates prevailing in the area, and the work shall be performed by Unit Operator under the same terms and conditions as are usual in the area in contracts of independent contractors doing work of a similar nature.

7.11 Border Agreements. Unit Operator may, after approval by Working Interest Owners, enter into border agreements with respect to lands adjacent to the Unit Area for the purpose of coordinating operations.

## ARTICLE 8 TAXES

8.1 Ad Valorem Taxes. Beginning with the first calendar year after the Effective Date hereof, Unit Operator shall make and file all necessary ad valorem tax renditions and returns with the proper taxing authorities with respect to all property of each Working Interest Owner used or held by Unit Operator for Unit Operations. Unit Operator shall settle assessments arising therefrom. All such ad valorem taxes shall be paid by Unit Operator and charged to the joint account; however, if the interest of a Working Interest Owner is subject to a separately assessed overriding royalty interest, production payment, or other interest in excess of a one-eighth (1/8) royalty, such Working Interest Owner shall notify Unit Operator of such interest prior to the rendition date and shall be given credit for the reduction in taxes paid resulting therefrom. Any Working Interest Owner dissatisfied with any assessment of its interest in real or personal property shall have the right, at its own expense, and after due notice to the Operator, to protest and resist any such assessment.

8.2 Other Taxes. Each Working Interest Owner shall pay or cause to be paid all production, severance, gathering, and other taxes imposed upon or with respect to the production or handling of its share of Unitized Substances.

## ARTICLE 9 INSURANCE

9.1 Insurance. Unit Operator, with respect to Unit Operations, shall: (a) comply with the Workmen's Compensation Laws of the State; (b) carry Employer's Liability and other insurance required by the laws of the State; and (c) provide other insurance as set forth in Exhibit F.

## ARTICLE 10 ADJUSTMENT OF INVESTMENTS

10.1 Personal Property Taken Over. Upon Effective Date, Working Interest Owners shall deliver to Unit Operator the following:

10.1.1 Wells. All wells completed in the Unitized Formation.

10.1.2 Well and Lease Equipment. The casing and tubing in each such well, the wellhead connections thereon, and all other lease and operating equipment that is used in the operation of such wells which Working Interest Owners determine is necessary or desirable for conducting Unit Operations.

10.1.3 Records. A copy of all production and well records for such wells.

10.2 Inventory and Evaluation of Personal Property. Working Interest Owners shall at Unit Expense inventory and evaluate, as determined by Working Interest Owners, the personal property taken over by Unit Operator under Section 10.1.2. Such inventory shall include and be limited to those items of equipment considered controllable under Exhibit "E" except, upon determination of Working Interest Owners, items considered uncontrollable may be included in the inventory in order to insure a more equitable adjustment of investment. Casing shall be included in the inventory for record purposes, but shall be excluded from evaluation and investment adjustment.

10.3 Investment Adjustment. Upon approval of Working Interest Owners of the inventory and evaluation, each Working Interest Owner shall be credited with the value, as determined in accordance with Section 10.2 above, of its interest in all personal property taken over by Unit Operator under Section 10.1.2 and charged with an amount equal to that obtained by multiplying the total value of all such personal property taken over by Unit Operator under Section 10.1.2 by such Working Interest Owner's Unit Participation, as shown in Exhibit "D." If

the charge against any Working Interest Owner is greater than the amount credited to such Working Interest Owner, the resulting net charge shall be paid and in all other respects be treated as any other item of Unit Expense chargeable against such Working Interest Owner. If the credit to any Working Interest Owner is greater than the amount charged against such Working Interest Owner, the resulting net credit shall be paid to such Working Interest Owner by Unit Operator out of funds received by it in settlement of the net charges described above.

10.4 General Facilities. The acquisition of warehouses, warehouse stocks, lease houses, camps, facility systems, and office buildings necessary for Unit Operations shall be by negotiation by the owners thereof and Unit Operator, subject to the approval of Working Interest Owners.

10.5 Ownership of Personal Property and Facilities. Each Working Interest Owner, individually, shall by virtue hereof own an undivided interest, equal to its Unit Participation, in all personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this Agreement.

## ARTICLE 11 UNIT EXPENSE

11.1 Basis of Charges to Working Interest Owners. Unit Operator initially shall provide for all Unit Expense in accordance with the provisions of this Article 11. Each Working Interest Owner shall reimburse Unit Operator for its share of Unit Expense in proportion to the respective Unit Participations of the parties hereto. All charges, credits, and accounting for Unit Expense shall be in accordance with Exhibit "E."

11.2 Budgets. Before or as soon as practical after the Effective Date, Unit Operator shall prepare a budget of estimated Unit Expense for the remainder of the calendar year, and, on or before the first day of each August thereafter, shall prepare a budget for the ensuing calendar year. A budget shall set forth the estimated Unit Expense by quarterly periods. Budgets shall be estimates only, and shall be adjusted or corrected by Working Interest Owners and Unit Operator whenever an adjustment or correction is proper. A copy of each budget and adjusted budget shall be furnished promptly to each Working Interest Owner.

11.3 Advance Billing. Unit Operator shall have the right, without prejudice to other rights or remedies, to require Working Interest Owners to advance their respective shares of estimated Unit Expense by submitting to Working Interest Owners, on or before the 15th day of any month, an itemized estimate thereof for the succeeding two months, with a request for payment in advance. Within fifteen (15) days after receipt of the estimate, each Working Interest Owner shall pay to Unit Operator its share of such estimate. Adjustments between estimated and actual Unit Expense shall be made by Unit Operator at the close of each calendar month, and the accounts of Working Interest Owners shall be adjusted accordingly.

11.4 Commingling of Funds. Funds received by Unit Operator under this Agreement need not be segregated or maintained by it as a separate fund, but may be commingled with its own funds.

11.5 Lien and Security Interest of Unit Operator and Working Interest Owners. Each Working Interest Owner grants to Unit Operator a lien upon its Oil and Gas Rights in each Tract, and a security interest in its share of Unitized Substances when extracted and its interest in all Unit Equipment, to secure payment of its share of Unit Expense, together with interest thereon at the rate of Prime +2% per annum but not to be less than 21% per annum. To the extent that Unit Operator has a security interest under the Uniform Commercial Code of the State, Unit Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by Unit Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Working Interest Owner in the payment of its share of Unit Expense, Unit Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Working Interest Owner's share of Unitized Substances until the amount owed by such Working Interest Owner, plus interest has been paid. Each purchaser shall be entitled to rely upon Unit Operator's written statement concerning the amount of any default. Unit Operator grants a like lien and security interest to the Working Interest Owners.

11.6 Unpaid Unit Expense. If any Working Interest Owner fails or is unable to pay its share of Unit Expense within sixty (60) days after rendition of a statement therefor by Unit Operator, the non-defaulting Working Interest Owners shall, upon request by Unit Operator, pay the unpaid amount as if it were Unit Expense in the proportion that the Unit Participation of each Working Interest Owner bears to the Unit Participation of all such Working Interest Owners. Each

Working Interest Owner so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in Section 11.5 of this Agreement.

11.7 Uncommitted Royalty. Should an owner of a Royalty Interest in any Tract fail to become a party to the Unit Agreement, and, as a result thereof, the actual Royalty Interest payments with respect to such Tract are more or less than the Royalty Interest payments computed on the basis of the Unitized Substances that are allocated to such Tract under the Unit Agreement, the difference shall be borne by or inure to the benefit of Working Interest Owners, in proportion to their respective Unit Participations at the time the Unitized Substances were produced; however, the difference to be borne by or inure to the benefit of the Working Interest Owners shall not exceed an amount computed on the basis of one-eighth (1/8) of the difference between the Unitized Substances allocated to the Tract and the Unitized Substances produced from the Tract. Such adjustments shall be made by charges and credits to the joint account.

11.8 Rentals. The Working Interest Owners in each Tract shall pay all rentals, minimum royalty, advance rentals or delay rentals due under the lease thereon and shall concurrently submit to the Unit Operator evidence of payment.

11.9 Carved-out Interests. Any overriding royalty, production payment, net proceeds interest, carried interest or any other interest carved out of a Working Interest shall be subject to this Agreement. If a Working Interest Owner does not pay its share of Unit Expense and the proceeds from the sale of Unitized Substances under Article 11.5 are insufficient for that purpose, the security rights provided for therein may be applied against the carved-out interests with which such Working Interest is burdened. In such event, the owner of such carved-out interest shall be subrogated to the security rights granted by Article 11.5.

## ARTICLE 12 NON-UNITIZED FORMATIONS

12.1 Right to Operate. Any Working Interest Owner that now has or hereafter acquires the right to drill for and produce oil, gas or other minerals, from a formation underlying the Unit Area other than the Unitized Formation, shall have the right to do so notwithstanding this Agreement or the Unit Agreement. In exercising the right, however, the Working Interest Owner shall exercise care to prevent unreasonable interference with Unit Operations. No Working Interest Owner shall produce Unitized Substances through any well drilled or operated by it. If any Working Interest Owner drills any well into or through the Unitized Formation, the Unitized Formation shall be protected in a manner satisfactory to Working Interest Owners so that the production of Unitized Substances will not be affected adversely.

12.2 Multiple Completions. No well now or hereafter completed in the unitized formations shall ever be completed as a multiple completion with any other formation unless such multiple completion and the subsequent handling of the multiple completion is approved by Working Interest Owners in accordance with Article 4.3 of this Agreement.

## ARTICLE 13 TITLES

13.1 Warranty and Indemnity. Each Working Interest Owner represents and warrants that it is the owner of the respective working interest set forth opposite its name in Exhibit "B" of the Unit Agreement, and agrees to indemnify and hold harmless the other Working Interest Owners from any loss due to failure, in whole or in part, of its title to any such interest, except failure of title arising out of Unit Operations; however, such indemnity and any liability for breach of warranty shall be limited to an amount equal to the net value that has been received from the sale or receipt of Unitized Substances attributed to the interest as to which title failed. Each failure of title will be deemed to be effective, insofar as this Agreement is concerned, as of 7:00 A.M. on the first day of the calendar month in which such failure is finally determined, and there shall be no retroactive adjustment of Unit Expense, or retroactive allocation of Unitized Substances or the proceeds therefrom, as a result of title failure.

## ARTICLE 14 LIABILITY, CLAIMS, AND SUITS

14.1 Individual Liability. The duties and obligations, and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing herein shall ever be construed as creating a partnership of any kind, joint venture, association, or trust among Working Interest Owners.



14.2 Settlements. Unit Operator may settle any single damage claim or suit involving Unit Operations if the expenditure does not exceed Five Thousand Dollars (\$5,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, Working Interest Owners shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Unit Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be an item of Unit Expense. If a claim is made against any Working Interest Owner or if any Working Interest Owner is sued on account of any matter arising from Unit Operations over which such Working Interest Owner individually has no control because of the rights given Working Interest Owners and Unit Operator by this Agreement and the Unit Agreement, the Working Interest Owner shall immediately notify the Unit Operator, and the claim or suit shall be treated as any other claim or suit involving Unit Operations.

ARTICLE 15  
LAWS AND REGULATIONS

15.1 Internal Revenue Provision. Notwithstanding any provisions herein that the rights and liabilities of the parties hereunder are several and not joint or collective, or that this Agreement and operations hereunder shall not constitute a partnership, if for Federal income tax purposes this Agreement and the operations hereunder are regarded as a partnership, then each of the parties hereto elects to be excluded from the application of all of the provisions of Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1954, as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Unit Operator is hereby authorized and directed to execute on behalf of each of the parties hereto such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulations 1.761-1(a). Should there be any requirement that each party hereto further evidence this election, each party hereto agrees to execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. Each party hereto further agrees not to give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Unit Area is located, or any future income tax law of the United States, contain provisions similar to those in Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1954, under which an election similar to that provided by Section 761 of the Code is permitted, each of the parties agrees to make election as may be permitted, or required by such laws. In making this election, each of the parties states that the income derived by such party from the operations under this Agreement can be adequately determined without the computation of partnership taxable income.

ARTICLE 16  
NOTICES

16.1 Notices. All notices required hereunder shall be in writing and shall be deemed to have been properly served when sent by certified mail ("return receipt requested") or telegram to the address of the representative of each Working Interest Owner as furnished to Unit Operator in accordance with Article 4.

ARTICLE 17  
WITHDRAWAL OF WORKING INTEREST OWNER

17.1 Withdrawal. A Working Interest Owner may withdraw from this Agreement by transferring, without warranty of title, either express or implied, to the other Working Interest Owners, all its Oil and Gas Rights, exclusive of Royalty Interests, together with its interest in all Unit Equipment and in all wells used in Unit Operations. The instrument of transfer may be delivered to Unit Operator for the transferees. Such transfer shall not relieve the Working Interest Owner from any obligation or liability incurred prior to the date of the delivery of the instrument of transfer; however, the tender has to be accepted unless Working Interest Owners decide within ninety (90) days to terminate the Unit. The interest transferred shall be owned by the transferees in proportion to their respective Unit Participations in effect. The transferees, in proportion to the respective interest so acquired, shall pay transferor, for its interest in Unit Equipment, the net salvage value thereof as determined by Working Interest Owners. In the event such withdrawing party's interest in the aforesaid fair salvage value after deducting the estimated cost of salvaging

same is less than the withdrawing party's share of estimated cost of plugging and abandoning the wells then being used or held for Unit Operations, then the withdrawing party, as condition precedent to withdrawal, shall pay in cash to the party or parties succeeding to its interest a sum equal to the deficiency. Within sixty (60) days after receiving delivery of the transfer, Unit Operator shall render a final statement to the withdrawing owner for its share of Unit Expense, including any deficiency in salvage value, as determined by Working Interest Owners, incurred as of the first day of the month following the date of receipt of the transfer. Provided all Unit Expense, including any deficiency hereunder, due from the withdrawing owner has been paid in full within thirty (30) days after the rendering of such final statement by the unit Operator, the transfer shall be effective the first day of the month following its receipt by Unit Operator and, as of such effective date, withdrawing owner shall be relieved from all further obligations and liabilities hereunder and under the Unit Agreement, and the rights of the withdrawing Working Interest Owner hereunder and under the Unit Agreement shall cease insofar as they existed by virtue of the interest transferred.

17.2 Limitation on Withdrawal. Notwithstanding anything set forth in Section 17.1, Working Interest Owners may refuse to permit the withdrawal of a Working Interest Owner if its Working Interest is burdened by any royalties, overriding royalties, production payments, net proceeds interest, carried interest, or any other interest created out of the Working Interest in excess of one-eighth (1/8) lessor's royalty, unless the other Working Interest Owners willing to accept the assignment agree to accept the Working Interest subject to such burdens.

#### ARTICLE 18 ABANDONMENT OF WELLS

18.1 Rights of Former Owners. If Working Interest Owners decide to permanently abandon any well within the Unit Area prior to termination of the Unit Agreement, Unit Operator shall give written notice thereof to the Working Interest Owners of the tract on which the well is located, and they shall have the option for a period of ninety (90) days after the sending of such notice to notify the Unit Operator in writing of their election to take over and own the well. Within ten (10) days after the Working Interest Owners of the Tract have notified the Unit Operator of their election to take over the well, they shall pay Unit Operator, for credit to the joint account, the amount determined by Working Interest Owners to be the net salvage value of the casing and equipment in and on the well. The Working Interest Owners of the Tract, by taking over the well, agree to seal off the Unitized Formation, and upon abandonment to plug the well in compliance with applicable laws and regulations.

18.2 Plugging. If the Working Interest Owners of a Tract do not elect to take over a well located within the Unit Area that is proposed for Abandonment, Unit Operator shall plug and abandon the well in compliance with applicable laws and regulations.

#### ARTICLE 19 EFFECTIVE DATE AND TERM

19.1 Effective Date. This Agreement shall become effective when the Unit Agreement becomes effective.

19.2 Term. This Agreement shall continue in effect so long as the Unit Agreement remains in effect, and thereafter until (a) all unit wells have been plugged and abandoned or turned over to Working Interest Owners in accordance with Article 20; (b) all Unit Equipment and real property acquired for the joint account have been disposed of by Unit Operator in accordance with instructions of Working Interest Owners; and (c) there has been a final accounting.

#### ARTICLE 20 ABANDONMENT OF OPERATIONS

20.1 Termination. Upon termination of the Unit Agreement, the following will occur:

20.1.1 Oil and Gas Rights. Oil and Gas Rights in and to each separate Tract shall no longer be affected by this Agreement, and thereafter the parties shall be governed by the terms and provisions of the leases, contracts and other instruments affecting the separate Tracts.

20.1.2 Right to Operate. Working Interest Owners of any Tract that desire to take over and continue to operate wells located thereon may do so by paying Unit Operator, for credit to the joint account, the net salvage values, as determined by Working Interest Owners, of the casing and equipment in and on the wells taken over and by agreeing upon abandonment to plug each well in compliance with applicable laws and regulations.

20.1.3 Salvaging Wells. Unit Operator shall salvage as much of the casing and equipment in or on wells not taken over by Working Interest Owners of separate Tracts as can economically and reasonably be salvaged, and shall cause the wells to be plugged and abandoned in compliance with applicable laws and regulations.

20.1.4 Cost of Abandonment. The cost of abandonment of Unit Operations shall be Unit Expense.

20.1.5 Distribution of Assets. Working Interest Owners shall share in the distribution of Unit Equipment, or the proceeds thereof, in proportion to their Unit Participations.

## ARTICLE 21 EXCISE TAX PROVISIONS

21.1 Crude Oil Excise Tax. For the period during which excise taxes are payable under the Crude Oil Windfall Profit Tax Act of 1980 on any party's Unitized Substances, the first crude oil allocated to any Tract after distribution of any incremental tertiary crude as hereinafter provided shall be the tax tier type of crude oil actually produced or considered to have been produced during the base period under I.R.C. regulations but not to exceed its Tract Participation share or the amount of such tax tier type of crude oil currently available. Any excess of a tax tier type of crude oil existing after the foregoing specific identification allocation shall be allocated to the remaining Tracts in the unit which have an underallocation of crude oil in proportion to the amount of their relative underallocations of crude oil. Anything hereinabove notwithstanding, any incremental tertiary oil as defined under I.R.C. Section 4993 shall be allocated to each Tract in accordance with its Tract Participation prior to any other allocation of tax tier type of crude oil under this Article 21.1. In no case shall the sum of the different tax tier types of crude oil allocated to any Tract exceed the total amount of crude oil allocable under its Tract Participation.

21.2 Amendment by Working Interest Owners. This Article 21 may be amended or deleted by vote of the Working Interest Owners using the voting procedure set out in Article 4.3 of this Operating Agreement if in the opinion of the Working Interest Owners (a) application of Article 21 as written becomes unworkable or inequitable as a result of changes in laws or regulations of any governmental agency, or (b) amendment or deletion of this Article 21 is necessary to comply with applicable laws, rules, regulations or orders of any governmental agency having jurisdiction.

## ARTICLE 22 EXECUTION

22.1 Original, Counterpart, or Other Instruments. An owner of a Working Interest may become a party to this Agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to become a party hereto. The signing of such instrument shall have the same effect as if all parties had signed the same instrument.

## ARTICLE 23 GOVERNMENTAL REGULATIONS

23.1 Governmental Regulations. Working Interest Owners agree to release Unit Operator from any and all losses, damages, injuries, claims and causes of action arising out of, incident to or resulting directly or indirectly from Unit Operator's interpretation or application of rules, regulations or orders of any governmental agency or predecessor agencies to the extent Unit Operator's interpretation or application of such rules, rulings, regulations or orders were made in good faith. Working Interest Owners further agree to reimburse Unit Operator for their proportionate share of any amounts Unit Operator may be required to refund, rebate or pay as a result of an incorrect interpretation or application of the above noted rules, rulings, regulations or orders, together with their proportionate part of interest and penalties owing by Unit Operator as a result of such incorrect interpretation or application of such rules, rulings, regulations or orders.

## ARTICLE 24 SUCCESSORS AND ASSIGNS

24.1 Successors and Assigns. This Agreement shall extend to, be binding upon, and inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors and assigns, and shall constitute a

covenant running with the lands, leases and interests covered hereby.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates opposite their respective signatures.

"UNIT OPERATOR" AND "WORKING INTEREST OWNER"  
MURPHY OPERATING CORPORATION

ATTEST:

\_\_\_\_\_  
Nadine Reed, Secretary

By: \_\_\_\_\_  
A. J. Murphy, Chairman & Chief  
Executive Officer

"NON-OPERATORS"

\_\_\_\_\_  
F. W. Baumgartner  
9785 Maroon Circle, Suite G-104  
Englewood, Colorado 80112

\_\_\_\_\_  
Mr. J. E. Cieszinski  
22 Riverside Drive  
Roswell, New Mexico 88201

\_\_\_\_\_  
Mr. A. W. Dillard, Jr.  
Post Office Box 423  
Midland, Texas 79701

\_\_\_\_\_  
James H. Hamersley  
Box 282A SHS  
Duxbury, Massachusetts 02331

ATTEST:

HANOVER PETROLEUM CORPORATION

\_\_\_\_\_, Secretary

By: \_\_\_\_\_  
Ward M. Clark, Vice President  
2950 One Allen Center  
Houston, Texas 77002

HARVARD & LEMAY EXPLORATION, LTD.

By: \_\_\_\_\_  
Post Office Box 936  
Roswell, New Mexico 88202-0936

\_\_\_\_\_  
Tom L. Ingram  
Post Office Box 1757  
Roswell, New Mexico 88202-1757

KELLY FAMILY TRUST

By: \_\_\_\_\_  
Arthur Kelly  
10889 Wilshire Boulevard, Suite 1032  
Los Angeles, California 90024

\_\_\_\_\_  
Earl A. Latimer, Jr.  
1802 West Fourth Street  
Roswell, New Mexico 88201

ATTEST:

KAISER-FRANCIS OIL COMPANY

\_\_\_\_\_, Secretary

By: \_\_\_\_\_  
Post Office Box 21468  
Tulsa, Oklahoma 74121-1468

LAYTON ENTERPRISES, INC.

ATTEST:

\_\_\_\_\_  
Mary L. Layton, Secretary

\_\_\_\_\_  
Donald R. Layton, President  
3103 79th Street  
Lubbock, Texas 79423

\_\_\_\_\_  
Jack L. McClellan  
Post Office Drawer 730  
Roswell, New Mexico 88202-0730

\_\_\_\_\_  
Larry McIntosh  
130 Spring Park Drive, Suite 103  
Midland, Texas 79705

\_\_\_\_\_  
Willis L. Sanburg  
22156 Highway 550  
Montrose, Colorado 81401

\_\_\_\_\_  
Frank Southworth  
5650 S. Syracuse Circle, Suite 217  
Englewood, Colorado 80111

TRINITY RESOURCES, INC.

ATTEST:

\_\_\_\_\_  
, Secretary

By: \_\_\_\_\_, President  
2600 Republic Bank Center  
700 Louisiana Street  
Houston, Texas 77002

\_\_\_\_\_  
Ralph H. Viney  
500 North Loraine, Suite 1000  
Midland, Texas 79701

\_\_\_\_\_  
John B. Wogan, Jr.  
600 South Cherry Street, Suite 800  
Denver, Colorado 80222

THE WISER OIL COMPANY

ATTEST:

\_\_\_\_\_  
, Secretary

By: \_\_\_\_\_, President  
905 Oil and Gas Building  
Wichita Falls, Texas 76307

EXHIBIT "D"  
TO UNIT OPERATING AGREEMENT  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

Percent Unit Participation					
Working Interest Owner	Original Participation*	Initial Participating Interests (1)	After Payout of Interests Unitized by Statute (2)	After Payout of Interests (3)	After Payout of McClellan Interest (4)
F. W. Baumgartner (2)	0.507660000	0.000000000	0.507660000	0.507660000	0.507660000
J. E. Cieszinski (1)	0.422933000	0.566168568	0.550513697	0.486723349	0.486723349
A. W. Dillard, Jr. (Fixed Interest)	2.107233333	2.107233333	2.107233333	2.107233333	2.107233333
James H. Hamersley (2)	0.507660000	0.000000000	0.507660000	0.507660000	0.507660000
Hanover Petroleum Corporation (1) (4)	12.715586251	17.02199383	16.551331777	14.633459014	14.299449764
Harvard & LeMay Exploration, Ltd. (3) (4)	1.837051562	0.000000000	0.000000000	0.918525781	0.835023468
Tom L. Ingram A (fixed interest)	21.401870000	6.093500000	6.093500000	6.093500000	6.093500000
Tom L. Ingram B (3)	0.000000000	0.000000000	0.000000000	7.654185000	7.654185000
Kelly Family Trust (2)	0.507660000	0.000000000	0.507660000	0.507660000	0.507660000
Kaiser-Francis Oil Co. (3)	1.433436000	0.000000000	0.000000000	0.716718000	0.716718000
Earl A. Latimer, Jr. (1)	0.422933000	0.566168568	0.550513697	0.486723349	0.486723349
Layton Enterprises, Inc. (1)	0.358359000	0.479725162	0.466460499	0.412409749	0.412409749
Jack L. McClellan (1)	0.000000000	0.000000000	0.000000000	0.000000000	1.336037000
Larry McIntosh (1)	2.107233334	2.820894279	2.742895007	2.425064171	2.425064171
Murphy Operating Corporation - A (1) (4)	2.939282499	3.934735206	3.825937623	3.382610061	3.249006361
Murphy Operating Corporation - B (1)	3.488797000	4.670354887	4.541217016	4.015007008	4.015007008
Willis L. Sanburg (2)	0.507660000	0.000000000	0.507660000	0.507660000	0.507660000
Frank Southworth (2)	0.253830000	0.000000000	0.253830000	0.253830000	0.253830000
Trinity Resources, Inc. - A (1) (4)	29.881627688	40.001698548	38.895629676	34.388628682	33.603706945
Trinity Resources, Inc. - B (1)	5.664799000	7.583307854	7.373625238	6.519212119	6.519212119
Ralph H. Viney (3)	2.107233333	0.000000000	0.000000000	1.053616666	1.053616666
The Wiser Oil Company (1)	10.573325000	14.154214212	13.762842437	12.168083718	12.168083718
John B. Wogan, Jr. (2)	0.253830000	0.000000000	0.253830000	0.253830000	0.253830000
	<u>100.000000000</u>	<u>100.000000000</u>	<u>100.000000000</u>	<u>100.000000000</u>	<u>100.000000000</u>

(1) indicates unit participants who have agreed to bear their pro rata share of costs for interests that have been farmed out to the unit and for interests to be unitized by statute;

(2) indicates interests of unit participants after payout of interests to be unitized by statute;

(3) indicates interests of unit participants after payout of interests that have been farmed out to unit;

(4) indicates interests of unit participants after payout of McClellan interest.

**EXHIBIT " E "**

Attached to and made a part of that certain Unit Operating Agreement,  
Bluitt San Andres Unit, County of Roosevelt, State of New  
Mexico, dated November 1, 1985.

**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.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

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

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"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. Statement and Billings**

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

**3. Advances and Payments by Non-Operators**

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding <sup>two</sup> month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate as defined in Section 11.5 of UOA or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

**4. Adjustments**

Payment of any such bills shall not prejudice the right of any Non-Operator 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 Controllable Material as provided for in Section V.

**5. 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 Joint Account 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 adjustments of accounts as provided for in Paragraph 4 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. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

**6. Approval by Non-Operators**

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

COPAS

## II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

### 1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

### 2. Labor

- A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.
- (2) Salaries of First Level Supervisors in the field.
- (3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.
- B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs 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. 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 costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.
- D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

### 3. Employee Benefits

Operator's current costs 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 chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty-three per cent (23%) or the per cent most recently recommended by the Council of Petroleum Accountants Societies of North America.

### 4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. 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, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.
- 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, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.
- C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of \$200 or less excluding accessorial charges.

### 6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

### 7. Equipment and Facilities Furnished by Operator

- A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.
- B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

### 8. 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 other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

### 9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.



COPAS

**10. 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.

**11. Insurance**

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

**12. 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 in the necessary and proper conduct of the Joint Operations.

**III. OVERHEAD****1. Overhead - Drilling and Producing Operations**

- i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

- ( ☒ ) Fixed Rate Basis, Paragraph 1A, or  
(     ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. 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 the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

- ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall (     ) shall not ( ☒ ) be covered by the Overhead rates.

**A. Overhead - Fixed Rate Basis**

- (1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate \$ 4,000.00  
Producing Well Rate \$ 400.00

- (2) Application of Overhead - Fixed Rate Basis shall be as follows:

**(a) Drilling Well Rate**

- [1] Charges for onshore drilling wells shall begin on the date the 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 suspension of drilling operations for fifteen (15) or more consecutive days.
- [2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.
- [3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

**(b) Producing Well Rates**

- [1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.
- [2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.
- [3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.
- [4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.
- [5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

- (3) The well rates shall be adjusted as of the first day of April 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 calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

000000

**B. Overhead - Percentage Basis**

(1) Operator shall charge the Joint Account at the following rates:

## (a) Development

\_\_\_\_\_ Percent ( %) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

## (b) Operating

\_\_\_\_\_ Percent ( %) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:

For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, re-drilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

**2. Overhead - Major Construction -- To be included in Authority for Expenditure.**

~~To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of \$ \_\_\_\_\_:~~

~~A. \_\_\_\_\_ % of total costs if such costs are more than \$ \_\_\_\_\_ but less than \$ \_\_\_\_\_; plus~~

~~B. \_\_\_\_\_ % of total costs in excess of \$ \_\_\_\_\_ but less than \$1,000,000; plus~~

~~C. \_\_\_\_\_ % of total costs in excess of \$1,000,000.~~

~~Total cost shall mean the 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 and workover wells shall be excluded.~~

**3. Amendment of Rates**

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

**IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS**

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

**1. Purchases**

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

**2. Transfers and Dispositions**

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

**A. New Material (Condition A)**

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

## (2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

**B. Good Used Material (Condition B)**

Material in sound and serviceable condition and suitable for reuse without reconditioning:

## (1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

## (2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

- (b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

**C. Other Used Material (Condition C and D)**

**(1) Condition C**

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

**(2) Condition D**

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. 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. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

**D. Obsolete Material**

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

**E. Pricing Conditions**

- (1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.
- (2) 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 published or listed prices 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 providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided 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 ten 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.

## **V. INVENTORIES**

The Operator shall maintain detailed records of Controllable Material.

**1. Periodic Inventories, Notice and Representation**

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. 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.

**2. Reconciliation and Adjustment of Inventories**

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable 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.

**4. Expense of Conducting Periodic Inventories**

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

EXHIBIT "F"

Attached to and made a part of that certain Unit Operating Agreement, Bluit San Andres Unit, County of Roosevelt, State of New Mexico, dated November 1, 1985.

---

INSURANCE

Unit Operator and Unit Operator's contractors and subcontractors shall, during the drilling and completing of any and all well or wells drilled on the Unit Area and during the performance of all operations, carry the following described minimum insurance coverage on the Unit Area.

- A. Employer's Liability with limit of \$300,000 and Workmen's Compensation Insurance covering Operator's employees and the employees of Operator's contractors and subcontractors engaged in operations under this Agreement, in compliance with the laws of the State where the work is to be performed.
- B. General Public Liability Insurance covering the parties hereto in connection with all operations conducted by Operator or Operator's contractors and subcontractors with Bodily Injury or Death limit of not less than Two Hundred Fifty Thousand Dollars (\$250,000.00) for injury to or death of any one person; not less than Five Hundred Thousand Dollars (\$500,000.00) for injury to or death of more than one person resulting from any one accident and for Property Damage with a limit of not less than Two Hundred Fifty Thousand Dollars (\$250,000.00) for damage to property for each accident; and
- C. Automobile Public Liability and Property Damage Insurance covering the parties hereto in connection with all operations conducted by Operator or Operator's contractors and subcontractors with Bodily Injury or Death limit of not less than Two Hundred Fifty Thousand Dollars (\$250,000.00) for injury to or death of any one person; not less than Five Hundred Thousand Dollars (\$500,000.00) for injury to or death of more than one person resulting from any one accident and for Property Damage with a limit of not less than Two Hundred Fifty Thousand Dollars (\$250,000.00) for damage to property for each accident.
- D. Such additional insurance as may hereafter be deemed necessary by the Unit Operator or as may be required by law.

Unit operator shall require its contractors and subcontractors working and performing services on land committed hereto to carry other insurance of the types specified above and such amounts as the Unit Operator shall deem necessary. All insurance coverage shall be carried at the joint expense and for the benefit of the parties hereto.



# United States Department of the Interior

## BUREAU OF LAND MANAGEMENT

Roswell District Office

P. O. Box 1397

Roswell, New Mexico 88201

IN REPLY  
REFER TO:

Bluitt San Andres

May 9, 1984

Murphy Operating Corporation  
Attention: A. J. Murphy  
P.O. Drawer 2648  
Roswell, NM 88201

Gentlemen:

Your application of February 17, 1984, filed with the Bureau of Land Management, Roswell, New Mexico, requested the designation of the Bluitt San Andres unit area, embracing 1800 acres, more or less, as logically subject to operations under the unitization provision of the Mineral Leasing Act as amended.

Pursuant to unit plan regulations 43 CFR 3186, the land requested as outlined on your plat "Exhibit "A" Bluitt San Andres Unit, Roosevelt County, New Mexico" is hereby designated as a logical unit area for the purpose of conducting secondary recovery operations by waterflooding and will be limited to the San Andres formation as defined by Section 2(h) of the unit.

Your basis for allocation of unitized substances and your proposed form of unit are acceptable with the following modification.

1. The tract numbers should be renumbered from the older to younger leases.


If conditions are such that further modification to the agreement is deemed necessary, three copies of the proposed modifications with appropriate justification must be submitted to this office through the District Manager, Bureau of Land Management, for preliminary approval.

In the absence of any other type of land requiring special provisions or of any objection not now apparent, a duly executed agreement identical with said form, modified as outlined above, will be approved, if submitted in approvable status within a reasonable period of time.

However, notice is hereby given that the right is reserved to deny approval of any executed agreement submitted which, in our opinion, does not have the full commitment of sufficient lands to afford effective control of operations in the unit area.

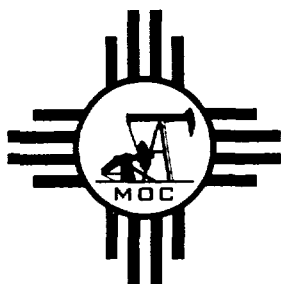
When the executed agreement is transmitted to the District Manager, Roswell, New Mexico for approval include the latest status of all acreage. In preparation of Exhibits "A" and "B", follow closely the format of the sample exhibits attached to the standard form of unit agreement for unproved areas.

Sincerely yours,

  
District Manager

Associate

Enclosure:



MURPHY OPERATING CORPORATION  
 UNITED BANK PLAZA, SUITE 300  
 400 NORTH PENNSYLVANIA AVENUE  
 POST OFFICE BOX 2648  
 ROSWELL, NEW MEXICO 88202-2648

TELEPHONE  
 505 623-7210

BLUITT SAN ANDRES UNIT  
 ROOSEVELT COUNTY, NEW MEXICO

Schedule A  
 Ratification of Unit Agreement and Unit Operating Agreement  
 WORKING INTEREST OWNERS

X - ratification attached  
 O - ratification requested but not received

NAME	Original Unit Participation Interests	Initial Participating Interests
X J. E. Cieszinski 22 Riverside Drive Roswell, New Mexico 88201	0.422933000	0.566168568
X A. W. Dillard, Jr. Post Office Box 423 Midland, Texas 79702	2.107233333	2.107233333
X Hanover Petroleum Corporation 2950 One Allen Center Houston, Texas 77002	12.715586251	17.021999383
X Harvard & LeMay Exploration, Ltd. Post Office Box 936 Roswell, New Mexico 88202-0936	1.837051562	0.000000000
X Tom L. Ingram Post Office Box 1757 Roswell, New Mexico 88202-1757	21.401870000 0.000000000	6.093500000 0.000000000
X Kaiser-Francis Oil Company Post Office Box 21468 Tulsa, Oklahoma 74121-1468	1.433436000	0.000000000
X Earl A. Latimer, Jr. 1802 West Fourth Street Roswell, New Mexico 88201	0.422933000	0.566168568
X Layton Enterprises, Inc. 3103 79th Street Lubbock, Texas 79423	0.358359000	0.479725162
X McClellan Oil Corporation Post Office Drawer 730 Roswell, New Mexico 88202-0730	0.000000000	0.000000000
X Larry H. McIntosh 130 Spring Park Drive, Suite 103 Midland, Texas 79705	2.107233334	2.820894279
X Murphy Operating Corporation Post Office Box 2648 Roswell, New Mexico 88202-2648	2.939282499 3.488797000	3.934735206 4.670354887
X Trinity Resources, Inc. 2600 Republic Bank Center 700 Louisiana Street Houston, Texas 77002	29.881627688 5.664799000	40.001698548 7.583307854
X The Wiser Oil Company 905 Oil and Gas Building Wichita Falls, Texas 76307	10.573325000	14.154214212

	NAME	Original Unit Participation Interests	Initial Participating Interests
X	John B. Wogan, Jr. 600 South Cherry Street Suite 800 Denver, Colorado 80222	0.253830000	0.000000000
0	Ralph H. Viney ** - <i>Don't want due to</i> 500 North Loraine, Suite 1000 <i>not fully</i> Midland, Texas 79701	2.107233333	0.000000000
TOTAL COMMITTED		<u>97.715530000</u>	<u>100.000000000</u>
0	F. W. Baumgartner * <i>Don't want</i> 9785 Maroon Circle, Suite G-104 <i>at 100%</i> Englewood, Colorado 80112	0.507660000	0.000000000
0	James H. Hamersley * Box 282A SHS Duxbury, Massachusetts 02331	0.507660000	0.000000000
0	Kelly Family Trust * 10889 Wilshire Boulevard, Suite 1032 Los Angeles, California 90024	0.507660000	0.000000000
0	Willis L. Sanburg * 22156 Highway 550 Montrose, Colorado 81401	0.507660000	0.000000000
0	Frank K. Southworth * 5650 South Syracuse Circle, Suite 217 Englewood, Colorado 80111	0.253830000	0.000000000
TOTAL OUTSTANDING		<u>2.284470000</u>	<u>0.000000000</u>

\* Indicated intent to accept statutory unitization proceedings per telephone conversation 12/02/85 with F. W. Baumgartner's attorney, Scott Hall of the Campbell and Black Law Firm.

\*\* Indicated intent to ratify per various telephone conversations, delay in processing.



RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: J. E. Cieski  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF NEW MEXICO )  
COUNTY OF CHAVES ) ss

The foregoing instrument was acknowledged before me this 26<sup>th</sup>  
day of November, 1985, by J. E. Cieski  
of \_\_\_\_\_.

My Commission Expires:

September 20, 1987

Nadine Reed  
Notary Public

**NADINE REED RETURN THIS COPY**

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: [Signature]  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Texas )  
COUNTY OF Midland ) ss

The foregoing instrument was acknowledged before me this 25<sup>th</sup>  
day of October, 1985, by W. L. [Signature]  
of \_\_\_\_\_

My Commission Expires:

2-25-88

[Signature]  
Notary Public

RETURN THIS COPY

"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

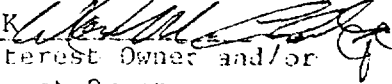
WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: HANOVER PETROLEUM CORPORATION  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: WARD M. CLARK   
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

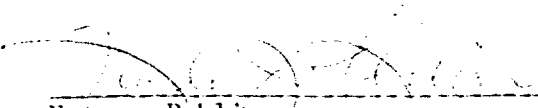
DATE:

Its: VICE PRESIDENT  
(Signature and capacity as fiduciary  
if applicable)

STATE OF TEXAS )  
COUNTY OF HARRIS ) ss

The foregoing instrument was acknowledged before me this 10th  
day of August, 1985, by WARD M. CLARK, VICE PRESIDENT  
of HANOVER PETROLEUM CORPORATION

My Commission Expires:

  
Notary Public

LINDA J. KEILERS  
Notary Public-State of Texas

RETURN THIS COPY

"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1935, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: HARVARD & LEMAY EXPLORATION, LTD. - SERIES 1976  
(Name of business entity if applicable)

WITNESS OR ATTEST:

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

Frank E. Curtis, Jr.  
(Signature of Working Interest Owner and/or Overriding Royalty Interest Owner as applicable) Frank E. Curtis, Jr., Agent and Attorney-in-Fact for H. Lee Harvard, General Partner of Harvard & LeMay Exploration Co., a Limited Partnership.

DATE: \_\_\_\_\_

Its: \_\_\_\_\_

(Signature and capacity as fiduciary if applicable)

STATE OF California )  
COUNTY OF San Diego ) ss

The foregoing instrument was acknowledged before me this 31<sup>st</sup> day of December, 1985, by Frank E. Curtis, Jr. of Harvard & LeMay Exploration Co., Limited Partnership.

My Commission Expires: \_\_\_\_\_

Notary Public

BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluit San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluit San Andres Unit as initially constituted; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

By James L. Ingram  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

The foregoing instrument was acknowledged before me this 19th  
day of November, 1985, by Tom L. Ingram  
of P. O. Box 1757  
Roswell, NM 88201

OFFICIAL SEAL

Signature Donald G. Cole, Jr.

DONALD G. COLE, JR.

NOTARY PUBLIC NEW MEXICO

Notary Public

NOTARY BOND FILED WITH STATE OF NEW MEXICO

My Commission Expires 9/25/88

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: Kaiser-Francis Oil Company  
(Name of business entity if applicable)

XXXXXXXXXX ATTEST:

Eric C. Lowe  
Eric C. Lowe, Assistant Secretary

By: George B. Kaiser  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

11-20-85

Its: President  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Oklahoma )  
COUNTY OF Tulsa ) ss

The foregoing instrument was acknowledged before me this 20th  
day of November, 1985, by George B. Kaiser  
President of Kaiser-Francis Oil Company

My Commission Expires:

11-21-87

Notary Public

RETURN THIS COPY

"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1935, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

James H. Carroll

By: [Signature]  
(Signature of Working Interest Owner and/or Overriding Royalty Interest Owner as applicable)

DATE:

November 25, 1985

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary if applicable)

STATE OF New Mexico )  
COUNTY OF Chaves ) ss

The foregoing instrument was acknowledged before me this 27th day of November, 1985, by Dr. Earl A. Latimer, Jr. of \_\_\_\_\_.

My Commission Expires:

February 24, 1989

[Signature]  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: LAYTON ENTERPRISES, INC.  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Mary L. Layton  
Mary L. Layton, Secretary

By: Donald R. Layton  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable) Donald R. Layton  
President

DATE:

11-30-85

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Texas )  
COUNTY OF Lubbock ) ss

The foregoing instrument was acknowledged before me this 27th  
day of November, 1985, by Donald R. Layton, President  
of Layton Enterprises, Inc.

My Commission Expires:

12-31-1990

Cheryl Layton  
Notary Public

RETURN THIS COPY



"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: McCLELLAN OIL CORPORATION  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: [Signature]  
(Signature of Working Interest Owner and/or Overriding Royalty Interest Owner as applicable)

Barbara A. McClellan  
Barbara A. McClellan, Vice President

DATE:

November 26, 1985 Its: \_\_\_\_\_  
(Signature and capacity as fiduciary if applicable)

STATE OF NEW MEXICO )  
COUNTY OF CHAVES ) ss

The foregoing instrument was acknowledged before me this 26th day of November, 1985, by Jack L. McClellan, President of McCLELLAN OIL CORPORATION, a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

10-14-87 [Signature]  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: MURPHY OPERATING CORPORATION  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Nadine Reed  
Nadine Reed, Secretary

By: A. J. Murphy  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

A. J. Murphy

DATE:

November 15, 1985

Its: Chairman and Chief Executive Officer  
(Signature and capacity as fiduciary  
if applicable)

STATE OF NEW MEXICO )  
 ) ss  
COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this 15th  
day of November, 1985, by A. J. Murphy, Chairman & C.E.O.,  
of Murphy Operating Corporation, a New Mexico  
corporation

My Commission Expires:

January 19, 1987

[Signature]  
Notary Public

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Trinity Resources, Inc.  
2600 Republic Bank Center  
700 Louisiana

Entity: Houston, Texas 77002  
(Name of business entity if applicable)

WITNESS OR ATTEST:

*Louis H. Smulders*

By: *Louis H. Smulders*  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

11-26-85

Its: Louis H. Smulders Executive Vice President  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Texas )  
COUNTY OF Harris ) ss

The foregoing instrument was acknowledged before me this 26th  
day of November, 1985, by Louis H. Smulders,  
Executive Vice of Trintiy Resources, Inc.,  
President

My Commission Expires:

6-16-86

*Virginia D. Hawkins*  
Notary Public Virginia D. Hawkins

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: The Wiser Oil Company  
(Name of business entity if applicable)

WITNESS OR ATTEST:

*Michael L. Smith*  
Secretary

By: *John C. Wright*  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

November 20, 1985

Its: President  
(Signature and capacity as fiduciary  
if applicable)

STATE OF West Virginia )  
COUNTY OF Tyler ) ss

The foregoing instrument was acknowledged before me this 20th  
day of November, 1985, by John C. Wright,  
President of The Wiser Oil Company,  
a Delaware corporation.

My Commission Expires:

November 13, 1988

Notary Public  
Betty L. Blatt

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Shephard Kelly

By: [Signature]  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

11/1/85

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Colorado )  
COUNTY OF Denver ) ss

The foregoing instrument was acknowledged before me this 19<sup>th</sup>  
day of November, 1985, by John E. Waggoner  
of \_\_\_\_\_

My Commission Expires:

12-29-88

[Signature]  
Notary Public

RETURN THIS COPY



MURPHY OPERATING CORPORATION  
 UNITED BANK PLAZA, SUITE 300  
 400 NORTH PENNSYLVANIA AVENUE  
 POST OFFICE BOX 2648  
 ROSWELL, NEW MEXICO 88202-2648

TELEPHONE  
 505 623-7210

BLUITT SAN ANDRES UNIT  
 ROOSEVELT COUNTY, NEW MEXICO

Schedule B  
 Ratification of Unit Agreement  
~~RECORD TITLE HOLDERS~~

X = ratification attached

O = ratification requested but not received

	NAME	COMMENTS
O	F. W. Baumgartner * 9785 Maroon Circle, Suite G-104 Englewood, Colorado 80112	
X	A. W. Dillard, Jr. Post Office Box 423 Midland, Texas 79702	
O	HNG Oil Company ** Post Office Box 2267 Midland, Texas 79702-2267	
X	Tom L. Ingram Post Office Box 1757 Roswell, New Mexico 88202-1757	
O	Kerr-McGee Corporation ** Post Office Box 297005 Houston, Texas 77297-7005	
X	Larry H. McIntosh 130 Spring Park Drive, Suite 103 Midland, Texas 79705	
X	Murphy Minerals Corporation Post Office Drawer 2164 Roswell, New Mexico 88202-2164	
X	Murphy Operating Corporation Post Office Box 2648 Roswell, New Mexico 88202-2648	
O	Ralph H. Viney ** 500 North Lorainne, Suite 1000 Midland, Texas 79701	
X	Yates Petroleum Corporation 207 South Fourth Street Artesia, New Mexico 88210	

\* Indicated intent to accept statutory unitization proceedings per telephone conversation 12/02/85 with F. W. Baumgartner's attorney, Scott Hall of the Campbell and Black Law Firm.

\*\* Indicated intent to ratify per various telephone conversations, delay in processing.

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: *A.W. Dillard, Jr.*  
(Signature of "Lessee of Record")

DATE:

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary if applicable)

STATE OF Texas )  
COUNTY OF Midland ) ss

The foregoing instrument was acknowledged before me this 20<sup>th</sup>  
day of November, 1985, by A.W. Dillard, Jr.  
of \_\_\_\_\_

My Commission Expires:

2-25-88

*Patsy Bostwick*  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: Tom L. Ingram  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Elaine M. Shaw

By Tom L. Ingram  
(Signature of "Lessee of Record")

DATE:

11/19/85


Its: \_\_\_\_\_  
(Signature and capacity as fiduciary if applicable)

STATE OF New Mexico )  
COUNTY OF Chaves ) ss

The foregoing instrument was acknowledged before me this 19th  
day of November, 1985, by Tom L. Ingram,  
of P. O. Box 1757  
Roswell, NM 88201.

My Commission Expires:

9/25/88

Notary Public  OFFICIAL SEAL  
Signature Donald G. Cole, Jr.  
DONALD G. COLE, JR.  
NOTARY PUBLIC - NEW MEXICO  
NOTARY BOND FILED WITH STATE OF NEW MEXICO  
My Commission Expires 9/25/88

RETURN THIS COPY



RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Glena Preslar

By: Larry McIntosh  
(Signature of "Lessee of Record")

DATE:

November 20, 1985

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary if applicable)

STATE OF TEXAS )  
COUNTY OF MIDLAND ) ss

The foregoing instrument was acknowledged before me this 20th  
day of November, 1985, by Larry McIntosh  
of \_\_\_\_\_

My Commission Expires:

1-24-89

Debbie Hadaway  
Notary Public  
(Debbie Hadaway)

RETURN THIS COPY

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

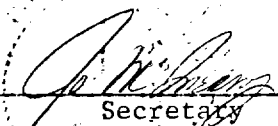
WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

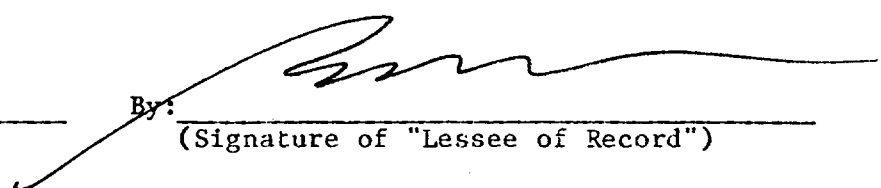
NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

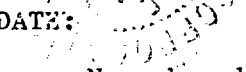
IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: Murphy Minerals Corporation  
(Name of business entity if applicable)

WITNESS OR ATTEST:

  
\_\_\_\_\_  
Secretary

By:   
\_\_\_\_\_  
(Signature of "Lessee of Record")

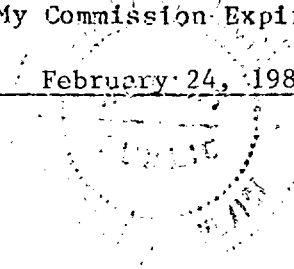
DATE:   
\_\_\_\_\_  
November 18, 1985

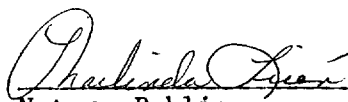
Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF New Mexico )  
COUNTY OF Chaves ) ss

The foregoing instrument was acknowledged before me this 18th  
day of November, 1985, by Bert H. Murphy,  
President of Murphy Minerals Corporation.

My Commission Expires:

  
\_\_\_\_\_  
February 24, 1989

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

RETURN THIS COPY

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

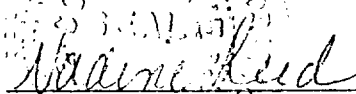
WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.


WITNESS OR ATTEST:

  
Nadine Reed, Secretary

DATE:

November 15, 1985

Entity: MURPHY OPERATING CORPORATION  
(Name of business entity if applicable)

By:   
(Signature of "Lessee of Record")  
A. J. Murphy

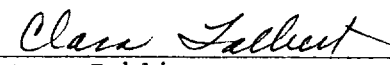
Its: Chairman and Chief Executive Officer  
(Signature and capacity as fiduciary  
if applicable)

STATE OF NEW MEXICO )  
COUNTY OF CHAVES ) ss

The foregoing instrument was acknowledged before me this 15th  
day of November, 1985, by A. J. Murphy, Chairman and C.E.O.,  
of MURPHY OPERATING CORPORATION, a New Mexico corporation.

My Commission Expires:

August 24, 1986

  
Notary Public  
Clara Talbert

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

WITNESS OR ATTEST:

*Randy Bluitt*  
Secretary

DATE:

NOV 21 1985

Entity: YATES PETROLEUM CORPORATION  
(Name of business entity if applicable)

By: *John A. Yates*  
(Signature of "Lessee of Record")

Its: Vice President  
(Signature and capacity as fiduciary if applicable)

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss

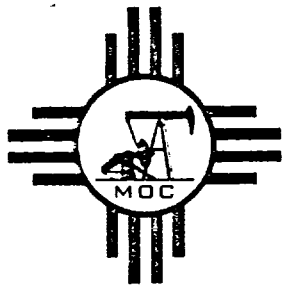
The foregoing instrument was acknowledged before me this 21<sup>st</sup> day of November, 1985, by John A. Yates, Vice President of YATES PETROLEUM CORPORATION, a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

March 1, 1986

*William S. Skolow*  
Notary Public

RETURN THIS COPY



MURPHY OPERATING CORPORATION  
 UNITED BANK PLAZA, SUITE 300  
 400 NORTH PENNSYLVANIA AVENUE  
 POST OFFICE BOX 2648  
 ROSWELL, NEW MEXICO 88202-2648

TELEPHONE  
 505 623-7210

BLUITT SAN ANDRES UNIT  
 ROOSEVELT COUNTY, NEW MEXICO

Schedule B  
 Ratification of Unit Agreement  
 RECORD TITLE HOLDERS

X = ratification attached

O = ratification requested but not received

	NAME	COMMENTS
O	F. W. Baumgartner * 9785 Maroon Circle, Suite G-104 Englewood, Colorado 80112	
X	A. W. Dillard, Jr. Post Office Box 423 Midland, Texas 79702	
O	HNG Oil Company ** Post Office Box 2267 Midland, Texas 79702-2267	
X	Tom L. Ingram Post Office Box 1757 Roswell, New Mexico 88202-1757	
O	Kerr-McGee Corporation ** Post Office Box 297005 Houston, Texas 77297-7005	
X	Larry H. McIntosh 130 Spring Park Drive, Suite 103 Midland, Texas 79705	
X	Murphy Minerals Corporation Post Office Drawer 2164 Roswell, New Mexico 88202-2164	
X	Murphy Operating Corporation Post Office Box 2648 Roswell, New Mexico 88202-2648	
O	Ralph H. Viney ** 500 North Lorainne, Suite 1000 Midland, Texas 79701	
X	Yates Petroleum Corporation 207 South Fourth Street Artesia, New Mexico 88210	

\* Indicated intent to accept statutory unitization proceedings per telephone conversation 12/02/85 with F. W. Baumgartner's attorney, Scott Hall of the Campbell and Black Law Firm.

\*\* Indicated intent to ratify per various telephone conversations, delay in processing.

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: *A. W. Dillard, Jr.*  
(Signature of "Lessee of Record")

DATE: \_\_\_\_\_

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary if applicable)

STATE OF Texas )  
COUNTY OF Midland ) ss

The foregoing instrument was acknowledged before me this 20<sup>th</sup>  
day of November, 1985, by A. W. Dillard, Jr.  
of \_\_\_\_\_

My Commission Expires:

2-25-88

*Patsy Bestwick*  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: Tom L. Ingram  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Eleanor M. Shaw

By Tom L. Ingram  
(Signature of "Lessee of Record")

DATE:

11/19/85


Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF New Mexico )  
COUNTY OF Chaves ) ss

The foregoing instrument was acknowledged before me this 19th  
day of November, 1985, by Tom L. Ingram,  
of P. O. Box 1757  
Roswell, NM 88201

My Commission Expires:

9/25/88

Notary Public  OFFICIAL SEAL  
Signature Donald G. Cole, Jr.  
DONALD G. COLE, JR.  
NOTARY PUBLIC - NEW MEXICO  
NOTARY BOND FILED WITH STATE OF NEW MEXICO  
My Commission Expires 9/25/88

RETURN THIS COPY

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"

BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Glena Preslar

By: Larry McIntosh  
(Signature of "Lessee of Record")

DATE:

November 20, 1985

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary if applicable)

STATE OF TEXAS )  
COUNTY OF MIDLAND ) ss

The foregoing instrument was acknowledged before me this 20th  
day of November, 1985, by Larry McIntosh  
of \_\_\_\_\_

My Commission Expires:

1-24-89

Debbie Hadaway  
Notary Public  
(Debbie Hadaway)

RETURN THIS COPY



RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

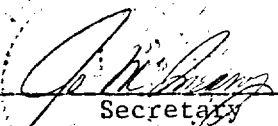
WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

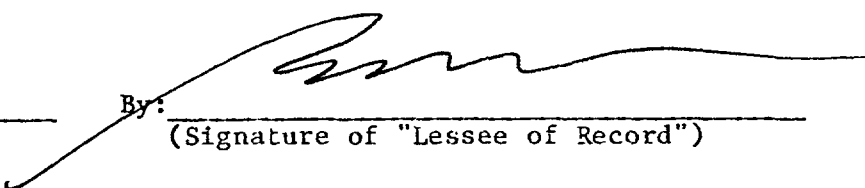
NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: Murphy Minerals Corporation  
(Name of business entity if applicable)

WITNESS OR ATTEST:

  
Secretary

By:   
(Signature of "Lessee of Record")

DATE: November 18, 1985

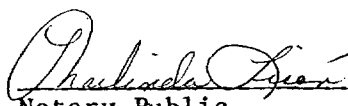
Its: \_\_\_\_\_  
(Signature and capacity as fiduciary if applicable)

STATE OF New Mexico )  
COUNTY OF Chaves ) ss

The foregoing instrument was acknowledged before me this 18th  
day of November, 1985, by Bert H. Murphy,  
President of Murphy Minerals Corporation.

My Commission Expires:

February 24, 1989

  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

WITNESS OR ATTEST:

Nadine Reed  
Nadine Reed, Secretary

DATE:

November 15, 1985

Entity: MURPHY OPERATING CORPORATION  
(Name of business entity if applicable)

By:

A. J. Murphy  
(Signature of "Lessee of Record")  
A. J. Murphy

Its: Chairman and Chief Executive Officer  
(Signature and capacity as fiduciary  
if applicable)

STATE OF NEW MEXICO )  
COUNTY OF CHAVES ) ss

The foregoing instrument was acknowledged before me this 15th  
day of November, 1985, by A. J. Murphy, Chairman and C.E.O.,  
of MURPHY OPERATING CORPORATION, a New Mexico corporation.

My Commission Expires:

August 24, 1986

Clara Talbert  
Notary Public  
Clara Talbert

RATIFICATION OF AGREEMENT ENTITLED  
"UNIT AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of a record title interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is a "Lessee of Record" as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned "Lessee of Record", being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement.

NOW THEREFORE, each of the undersigned who is the owner of a record title interest or interests only does hereby ratify and confirm said Unit Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: YATES PETROLEUM CORPORATION  
(Name of business entity if applicable)

WITNESS OR ATTEST:

*Randy Hutton*  
Secretary

By: *John A. Yates*  
(Signature of "Lessee of Record")

DATE:

NOV 21 1985

Its: Vice President  
(Signature and capacity as fiduciary if applicable)

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss

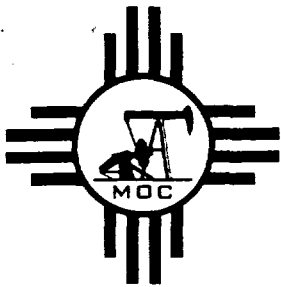
The foregoing instrument was acknowledged before me this 21st day of November, 1985, by John A. Yates, Vice President of YATES PETROLEUM CORPORATION, a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

March 1, 1986

*William S. Skolow*  
Notary Public

RETURN THIS COPY



MURPHY OPERATING CORPORATION  
 UNITED BANK PLAZA, SUITE 300  
 400 NORTH PENNSYLVANIA AVENUE  
 POST OFFICE BOX 2648  
 ROSWELL, NEW MEXICO 88202-2648

TELEPHONE  
 505 623-7210

BLUITT SAN ANDRES UNIT  
 ROOSEVELT COUNTY, NEW MEXICO

Schedule C  
 Ratification of Unit Agreement  
 OVERRIDING ROYALTY INTEREST OWNERS

X = ratification attached

O = ratification requested but not received

NAME	COMMENTS
X Joanne Baumgartner 10 Driver Lane Littleton, Colorado 80123	
X Estate of Bertrand O. Baetz 111 Brightwood Place San Antonio, Texas 78209	
X Peggy E. Baetz 111 Brightwood Place San Antonio, Texas 78209	
X George W. Benz Trust 2104 American National Bank 5th and Minnesota Streets St. Paul, Minnesota 55101	
X Oscar A. Bourg, Jr. 376 East 700 South Salt Lake City, Utah 84111	
X Conquistador Council, Boy Scouts of America Trust Fund 2603 North Aspen Roswell, New Mexico 88201	
X Ben A. Copass, Jr. Post Office Box 1377 Alpine, Texas 79831-1377	
X Margaret K. Davey 806 Richvale Houston, Texas 77062	
X Charles W. Farnham, Jr. 16825 South 25th Street St. Marys Point Lakeland, Minnesota 55043	
X Robert B. Farnham 548 Portland Avenue St. Paul, Minnesota 55102	
X Walter B. Farnham 858 W. Armitage Chicago, Illinois 60614	
X First City National Bank of Midland, Trustee, Account #99-1195-00 Post Office Box 10966 Midland, Texas 79702	

X	John W. Gates 706 Grand Avenue Artesia, New Mexico 88210	
O	HNG Oil Company * Post Office Box 2267 Midland, Texas 79702-2267	
X	Tom L. Ingram Post Office Drawer 1757 Roswell, New Mexico 88202-1757	Ratification included under Schedule A.
O	George B. Judd * 7925 West Layton Avenue #927 Littleton, Colorado 80123	
O	Kerr-McGee Corporation * Post Office Box 297005 Houston, Texas 77297-7005	
X	M. R. Kirkpatrick 600 East Gonzales Street Yoakum, Texas 77995	
X	T. A. Kirkpatrick 104 East Kiwi McAllen, Texas 78504	
X	W. H. Kirkpatrick and Sarah J. Kirkpatrick 308 Jonquil McAllen, Texas 78501	
X	Earl A. Latimer, Jr. 1802 West Fourth Street Roswell, New Mexico 88201	Ratification included under Schedule A.
X	Mary F. Love 2 Locust Street San Francisco, California 94118	
X	Jack W. McCaw and Mary Ann McCaw Post Office Box 127 Artesia, New Mexico 88210	
X	Robert S. McCaw and Nora Helen McCaw 4201 West Richardson Artesia, New Mexico 88210	
X	Murphy Minerals Corporation Post Office Drawer 2164 Roswell, New Mexico 88202-2164	
X	Eugene E. Nearburg Post Office Box 31405 Dallas, Texas 75231-1405	
X	New Mexico Military Institute , Board of Regents North Hill Roswell, New Mexico 88201	
X	The University of Chicago One First National Plaza Room 2716 Chicago, Illinois 60603	
X	University of New Mexico Board of Regents Scholes Hall, Room 235 Albuquerque, New Mexico 87131	

X Peter L. and Vida B. Wentz  
Revocable Trust  
5830 South Stoney Island Avenue  
Chicago, Illinois 60637

X Annie L. Williams  
Post Office Box 1283  
Mexico, Texas 79423-1283

X The Wiser Oil Company  
905 Oil and Gas Building  
Wichita Falls, Texas 76307

Ratifications included under  
Schedule A.

X Robert A. Woods  
150 South Wacker Drive  
Room 3000  
Chicago, Illinois 60606

X Yates Brothers  
207 South Fourth Street  
Artesia, New Mexico 88210

X Yates Petroleum Corporation  
207 South Fourth Street  
Artesia, New Mexico 88210

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Wicki L. Kopp

By: Joanne Baumgartner  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

\_\_\_\_\_  
Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Colorado )  
COUNTY OF Arapahoe ) ss

The foregoing instrument was acknowledged before me this 20th  
day of November, 1985, by Joanne Baumgartner  
of \_\_\_\_\_

My Commission Expires:

6/37/88  
5583 S. Prince St.  
Littleton, CO 80120

Andrea R. Quire  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

*[Signature]*

By: *Margaret E. Baetz*  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

11-18-85

Its: \_\_\_\_\_  
(Signature and capacity as  
if applicable)

STATE OF TEXAS )  
COUNTY OF BEXAR ) ss

The foregoing instrument was acknowledged before me this 18th  
day of November, 1985, by MARGARET E. BAETZ, INDEPENDENT EXECUTRIX,  
of the Estate of Bertrand O. Baetz

My Commission Expires:

*[Signature]*  
Notary Public

RETURN THIS COPY



RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Suzette Dougherty

By: Peggy E. Baetz  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

November 18, 1985

Its: \_\_\_\_\_  
(Signature and capacity as if applicable)

STATE OF TEXAS )  
COUNTY OF BEXAR ) ss

The foregoing instrument was acknowledged before me this 18th  
day of November, 1985, by Peggy E. Baetz  
of \_\_\_\_\_

My Commission Expires:

Peggy E. Baetz  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

WITNESS OR ATTEST:

Entity:

(Name of business entity if applicable)

George W. Benz Trust, American National Bank  
& Trust Company, Trustee  
5th & Minnesota Streets, St. Paul, MN 55101

By:

(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE: 11/29/85

Its: Robert E. Jenkins, Assistant Vice President  
(Signature and capacity as fiduciary  
if applicable)

STATE OF MINNESOTA )  
COUNTY OF RAMSEY ) ss

The foregoing instrument was acknowledged before me this 29th  
day of November, 1985, by Robert E. Jenkins, Assistant Vice  
President of American National Bank and Trust Company

My Commission Expires:

Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: Oscar A. Bong Jr.  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Utah )  
COUNTY OF Salt Lake ) ss

The foregoing instrument was acknowledged before me this 15  
day of November, 1985, by Oscar A. Bong Jr.  
of Salt Lake City, Utah.

My Commission Expires:

3/1/87

Thomas R. Reed  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

SUNWEST BANK OF ROSWELL, N.A., AS Custodian  
Conquistador Council Boy Scouts of America  
Entity: Trust Fund  
(Name of business entity if applicable)

WITNESS OR ATTEST:

*Catherine E. Rugen*  
✓

By: *Catherine E. Rugen*  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Catherine E. Rugen  
Vice President & Trust Officer

11/18/85

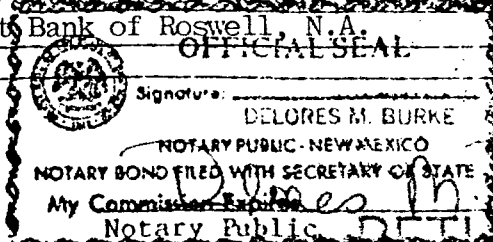
Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF New Mexico )  
COUNTY OF Chaves ) ss

The foregoing instrument was acknowledged before me this 18th  
day of November, 1985, by Catherine E. Rugen, Vice President & Trust  
Officer of Sunwest Bank of Roswell, N.A.

My Commission Expires:

July 6, 1987



RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

SDunk

By: Bena Copas  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE: \_\_\_\_\_

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Texas )  
COUNTY OF DeWitt ) ss

The foregoing instrument was acknowledged before me this 24th  
day of April, 1985, by Bena Copas  
of \_\_\_\_\_

My Commission Expires:

6-11-88

Lester A. Valenzuela  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: Margaret K. Harvey  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Nov. 20, 1985

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF New Mexico )  
COUNTY OF Blaine ) ss

The foregoing instrument was acknowledged before me this 20th  
day of November, 1985, by \_\_\_\_\_  
of \_\_\_\_\_

My Commission Expires:

June 3, 1986

Robert G. Harvey  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: C. Wells Farnham, Jr.  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

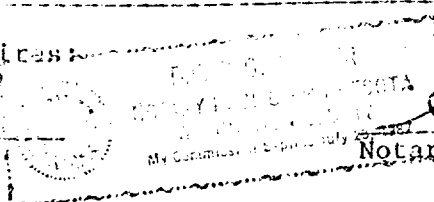
Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Minnesota )  
COUNTY OF WASHINGTON ) ss

The foregoing instrument was acknowledged before me this 18th  
day of November, 1985, by CHARLES W. FARNHAM, JR.  
of \_\_\_\_\_

My Commission Expires:

7-23-87



Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Robert B. Farnham

By: Robert B. Farnham  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

11/27/85

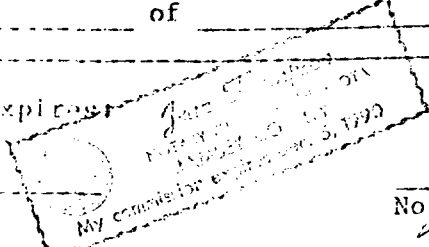
Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Minnesota )  
COUNTY OF Ramsey ) ss

The foregoing instrument was acknowledged before me this 27<sup>th</sup>  
day of November, 1985, by Robert B. Farnham  
of \_\_\_\_\_

My Commission Expires

12-5-90



Jean Thompson  
Notary Public

RETURN THIS COPY



RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: W. B. Ferdinand  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Nov 22, 1985  
Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF NEW MEXICO )  
COUNTY OF ROOSEVELT ) ss

The foregoing instrument was acknowledged before me this 22  
day of NOVEMBER, 1985, by W. B. Ferdinand  
of \_\_\_\_\_

My Commission Expires:

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

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: First City National Bank, Midland, Texas, Trustee  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Diane McEligott  
Diane McEligott, Vice President  
and Trust Officer

By: William M. Hall  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)  
William M. Hall

DATE:

November 18, 1985

Its: Senior Vice President and Trust Officer  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Texas )  
COUNTY OF Midland ) ss

The foregoing instrument was acknowledged before me this 18th  
day of November, 1985, by William M. Hall, Senior Vice President and  
Trust Officer of First City National Bank, Midland, Texas

My Commission Expires:

4/19/88

Notary Public

DETIDM TWIC CQDV

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

WITNESS OR ATTEST:

Entity:                     

(Name of business entity if applicable)

By:                     

(Signature of Working Interest Owner and/or Overriding Royalty Interest Owner as applicable)

DATE:                     

Its:                     

(Signature and capacity as fiduciary if applicable)

STATE OF New Mexico )

) ss

COUNTY OF Eddy )

The foregoing instrument was acknowledged before me this 20th day of November, 1985, by John W. Gates of                     

My Commission Expires:

1-6-87

                      
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Susan Wehman By: M. R. Kirkpatrick  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

11-18-85 Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF TEXAS )  
COUNTY OF DE WITT ) ss

The foregoing instrument was acknowledged before me this 18th  
day of November, 1985, by M. R. Kirkpatrick  
of 600 E. Gonzales, Yoakum, Texas 77995

My Commission Expires:

1-23-89

Barbara Maxey  
Notary Public  
Barbara Maxey  
State of Texas

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: MC Substancia  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: [Signature]  
(Signature of Working Interest Owner and/or Overriding Royalty Interest Owner as applicable)

DATE:

Its: 11/18/85  
(Signature and capacity as fiduciary if applicable)

STATE OF TEXAS )  
COUNTY OF HIDALGO ) ss

The foregoing Instrument was acknowledged before me this 18th day of NOVEMBER, 1985, by T.A. KIRKPATRICK of MC ALLEN, TEXAS

My Commission Expires:

[Signature]  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Spady J. Mills

By: W. H. Kirkpatrick  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

11/16/85

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Texas )  
COUNTY OF Hidalgo ) ss

The foregoing instrument was acknowledged before me this 16  
day of Nov, 1985, by W. H. KIRKPATRICK  
of MEADEN, TEXAS

My Commission Expires:

June 17, 1986

C.E. Duncan  
C.E. DUNCAN  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Richard T. Love

By: Mrs Mary F. Love  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

11-25-85

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF California )  
COUNTY OF San Francisco ) ss

The foregoing instrument was acknowledged before me this 25<sup>th</sup>  
day of November, 1985, by Mary F. Love  
of 2 Locust Street, San Francisco  
CA 94118

My Commission Expires:

March 1, 1988

Notary Public

Carmen S. [Signature]  
**RETURN THIS COPY**

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: [Signature]  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF New Mexico )  
COUNTY OF ddy ) ss

The foregoing instrument was acknowledged before me this 21  
day of Nov, 1985, by John W. McFarland & Family  
W. McFarland of wife

My Commission Expires:

[Signature]  
Notary Public

RETURN THIS COPY



RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: Robert S. McCaw  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF New Mexico )  
COUNTY OF Eddy ) ss

The foregoing instrument was acknowledged before me this 21  
day of November, 1985, by Robert S. McCaw and Nora Helen McCaw, his wife  
of \_\_\_\_\_

My Commission Expires:

6/13/88

Jan K. Thompson  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

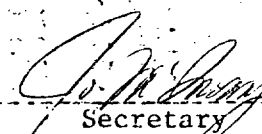
WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

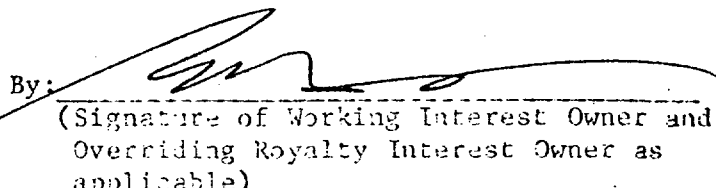
NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: Murphy Minerals Corporation  
(Name of business entity if applicable)

WITNESS OR ATTEST:

  
Secretary

By:   
(Signature of Working Interest Owner and/or Overriding Royalty Interest Owner as applicable)

DATE:

November 18, 1985

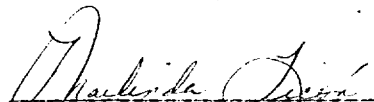
Its: \_\_\_\_\_  
(Signature and capacity as fiduciary if applicable)

STATE OF New Mexico )  
COUNTY OF Chaves ) ss

The foregoing instrument was acknowledged before me this 18th day of November, 1985, by Bert H. Murphy, President of Murphy Minerals Corporation.

My Commission Expires:

February 24, 1989

  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Marilyn Clark

By: Eugene E. Neasburg  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

12/2/85

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF Texas )  
COUNTY OF \_\_\_\_\_ ) ss

The foregoing instrument was acknowledged before me this 2nd  
day of December, 1985, by Eugene E. Neasburg  
of \_\_\_\_\_

My Commission Expires:

July 31, 1988

Marilyn Clark  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: NEW MEXICO MILITARY INSTITUTE  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Judy Collins

By: Donald S. Stuart  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

18 November 1985

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF New Mexico )  
 ) ss  
COUNTY OF Chaves )

The foregoing instrument was acknowledged before me this 18th  
day of November, 1985, by Donald S. Stuart,  
Deputy Superintendent of New Mexico Military Institute,  
Roswell, New Mexico.

My Commission Expires:

4/23/88

Beth Madsen  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: THE UNIVERSITY OF CHICAGO  
(Name of business entity if applicable)

~~XXXXXXXXXX~~ ATTEST:

*William J. Simon*  
Assistant Secretary of its Board  
of Trustees

By: *Allen B. Kuhlman*  
Overriding Royalty Interest Owner as  
applicable)

DATE:

November 26, 1985

Its: Associate Treasurer  
(Signature and capacity as fiduciary  
if applicable)

STATE OF ILLINOIS )  
COUNTY OF COOK ) ss

The foregoing instrument was acknowledged before me this 26th  
day of November, 1985, by Allen B. Kuhlman,  
Associate Treasurer of THE UNIVERSITY OF CHICAGO

My Commission Expires:

June 7, 1989

*Maris O. Moul*  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1935, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

The Regents of the University of N.M.,  
Entity: a corporation of the State of New Mexico  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Allen S. Priddy

By: James Wiegmann  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable) Director of Budget

DATE:

November 27, 1985

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF New Mexico )  
COUNTY OF Bernalillo ) ss

The foregoing instrument was acknowledged before me this 27th  
day of November, 1985, by James Wiegmann,  
Director of Budget of University of New Mexico.

My Commission Expires:

November 31, 1986

James Wiegmann  
Notary Public

RETENTION COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

*Peter & Anna B. Wentz*  
Entity: Benevolent Trust  
(Name of business entity if applicable)

WITNESS OR ATTEST:

Nathan Chertbow By: Sida B. Wentz Trust  
(Signature of Working Interest Owner and/or Overriding Royalty Interest Owner as applicable)

DATE:

November 20, 1985 Its: Sida B. Wentz Trust  
(Signature and capacity as fiduciary if applicable)

STATE OF Illinois )  
COUNTY OF Cook ) ss

The foregoing instrument was acknowledged before me this 20<sup>th</sup> day of November, 1985, by Peter B. Wentz, Trustee of Chicago, Ill.

My Commission Expires:

March 1, 1987

Birdie Reave  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1935, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: Annie L. Williams  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

STATE OF TEXAS )  
COUNTY OF LIMESTONE ) ss

The foregoing instrument was acknowledged before me this 19th  
day of November, 1985, by ANNIE L. WILLIAMS,  
of Mexia, Limestone County, Texas.

My Commission Expires:

6/3/87

Wanda Slater  
Notary Public  
Wanda Slater

RETURN THIS COPY



RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: \_\_\_\_\_  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By: Robert A. Woods  
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

Its: \_\_\_\_\_  
(Signature and capacity as fiduciary  
if applicable)

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

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1985, by \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_

My Commission Expires:

My Commission Expires May 2, 1986

Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

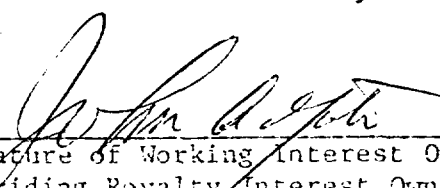
WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: YATES BROTHERS, a Partnership  
(Name of business entity if applicable)

WITNESS OR ATTEST:

By:   
(Signature of Working Interest Owner and/or  
Overriding Royalty Interest Owner as  
applicable)

DATE:

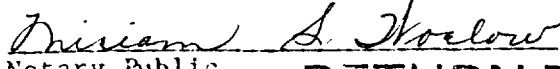
Its: Partner  
(Signature and capacity as fiduciary  
if applicable)

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss

The foregoing instrument was acknowledged before me this 20<sup>th</sup>  
day of November, 1985, by John A. Yates  
Partner of YATES BROTHERS, a Partnership.

My Commission Expires:

March 1, 1986

  
Notary Public

RETURN THIS COPY

RATIFICATION OF AGREEMENTS ENTITLED  
"UNIT AGREEMENT" AND "UNIT OPERATING AGREEMENT"  
BLUITT SAN ANDRES UNIT  
ROOSEVELT COUNTY, NEW MEXICO

KNOW ALL MEN BY THESE PRESENTS, THAT:

WHEREAS, each of the undersigned owners of an overriding royalty interest or interests hereby acknowledges receipt of a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Agreement; and

WHEREAS, each of the undersigned owners of a working interest or interests hereby acknowledges receipt of a true and correct copy of said Unit Agreement, and a true and correct copy of that certain agreement dated November 1, 1985, entitled "Unit Operating Agreement, Bluitt San Andres Unit, County of Roosevelt, State of New Mexico," which said agreement is hereinafter referred to as the Unit Operating Agreement; and

WHEREAS, Exhibits "A" and "B", attached to and made a part of said Unit Agreement, identify the separately owned tracts which may become a part of the Bluitt San Andres Unit as initially constituted; and

WHEREAS, each of the undersigned represents that it is an Overriding Royalty Interest Owner or Working Interest Owner, or both, as defined in said Unit Agreement, in one or more of the Tracts identified by said Exhibits; and

WHEREAS, each undersigned Overriding Royalty Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and each undersigned Working Interest Owner, being familiar with the contents thereof, desires to ratify and confirm said Unit Agreement and said Unit Operating Agreement.

NOW THEREFORE, each of the undersigned who is the owner of an overriding royalty interest or interests only does hereby ratify and confirm said Unit Agreement, and each of the undersigned who is the owner of a working interest or interests only or the owner of both a working interest or interests and overriding royalty interest or interests does hereby ratify and confirm said Unit Agreement and said Unit Operating Agreement, each owner with respect to all of its interests in all of the separately owned Tracts identified by said Exhibits, thereby becoming a party thereto.

IN WITNESS WHEREOF, each of the undersigned parties has executed this instrument on the date set forth below opposite its signature.

Entity: YATES PETROLEUM CORPORATION  
(Name of business entity if applicable)

WITNESS OR ATTEST:

*[Signature]*  
Asst. Secretary

By: *[Signature]*  
(Signature of Working Interest Owner and/or Overriding Royalty Interest Owner as applicable)

DATE: NOV 21 1985

Its: Vice President  
(Signature and capacity as fiduciary if applicable)

STATE OF NEW MEXICO )  
COUNTY OF EDDY ) ss

The foregoing instrument was acknowledged before me this 21st day of November, 1985, by John A. Yates, Vice President of Yates Petroleum Corporation, a New Mexico corporation, on behalf of said corporation.

My Commission Expires:

March 1, 1986

*[Signature]*  
Notary Public

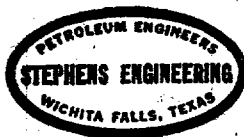
RETURN THIS COPY

EXHIBIT "9"

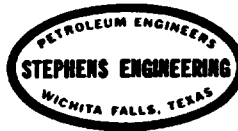
EXHIBIT "9"



SUPPLEMENTAL WATER FLOOD SURVEY  
MURPHY OPERATING CORPORATION  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO  
AS OF SEPTEMBER 1, 1983



TELEPHONE - 817-723-2166



POST OFFICE BOX - 2249

WICHITA FALLS, TEXAS  
76307

December 22, 1983

Murphy Operating Corporation  
P. O. Drawer 2648  
Roswell, New Mexico 88201

Attn: Miss A. J. Murphy

Re: Supplemental Water Flood Survey  
Bluitt (San Andres) Field  
Roosevelt County, New Mexico  
As of September 1, 1983

Dear Miss Murphy:

In accordance with the instructions received in a recent Operator's Committee meeting, we have reviewed the original Preliminary Water Flood Survey prepared on the various leases in the vicinity of the Murphy Operating Corporation, Bluitt Federal lease for the purpose of updating the anticipated water flood program and the feasibility of installing a flood to improve the oil recovery from this vicinity of the Bluitt (San Andres) Field, Roosevelt County, New Mexico. As in the original analysis, this update indicates that although somewhat hazardous the San Andres reservoir in this vicinity should respond favorably to a water flood program. As indicated in the Operator's Committee meeting, however, it should be pointed out that due to the fractured nature of this reservoir, it is highly recommended that a pilot program be initiated in the vicinity of the Murphy Operating Corporation, Baetz and Bluitt leases prior to the installation of a full stage program on the other properties. It is felt that through the use of a pilot flood performance analysis, a more definite picture as to the floodability of the San Andres interval can be obtained before any large expenditures of money are necessary. The pilot program would therefore reduce the amount of economic exposure to the working interest owners.

Our analysis in general indicates that by projecting existing oil production decline trends, the future primary oil available

from the ten leases analyzed in the proposed unit area should be approximately 6,780 barrels as of September 1, 1983. Further the ultimate primary recovery from these leases should be 1,492,047 barrels.

Water flood recovery estimates which will be detailed later in this report indicate a potential water flood recovery of 1,699,181 barrels if the pilot program proves the floodability of the San Andres interval.

Cost data indicates an ultimate expense of \$7,987,900 with a potential profit of \$27,355,065. This profit estimate assumes the installation of a full scale water flood program upon completion of a satisfactory pilot program; and 80 percent working interest ownership throughout the field; and a continual price throughout the flood life of \$26.00 per barrel as is presently being received in this vicinity. It should be pointed out that the cost estimate reflects all expenditures anticipated during the complete program, including operational expense and the additional drilling requirements necessary for the installation of the program as set out herein.

## I. History and Development

The original discovery well completed in the Bluitt (San Andres) Field was completed by Nearburg and Ingram on the Kirkpatrick Federal Well No. 1. This well was completed as a gas well on November 6, 1963 and after several years of production turned to an oil producing well which led to the further development of the oil reservoir on the downdip portion of the structure. This further development was initiated with a drilling program in 1968 and 1969 which led to the ultimate development of the oil reservoir southeast of the discovery well. At the present time the area proposed for utilization in this program has some 22 producing wells, several of which are presently temporarily abandoned and/or have been recompleted into the San Andres P-1 interval above the zone of interest, which is referred to as the P-2 zone. Oil recovery as of September 1, 1983 has totaled 1,485,267 barrels and the future oil recovery is estimated at 6,780 barrels. This data would indicate that the ultimate primary recovery of oil from the general area of interest is 1,492,047 barrels.

## II. Geological and Reservoir Data

The producing interval in the Bluitt (San Andres) Field is described as being the P-2 zone of the San Andres interval. This zone is a highly fractured interval which responded favorably to the normal 6,000 gallon acid treatments utilized upon completion of the various producing wells in the field. Core and log information indicate an average porosity of 8.5 percent; an average water saturation of 23 percent; a formation volume factor of 1.20; and a normal primary recovery of 15 percent. Based on this infor-



mation we are of the opinion that the ultimate primary recovery will be approximately 63.5 barrels per acre-foot of the 423 barrels per acre-foot originally in place.

Gas production information, which is also included herein, indicates a total gas recovery to January 1, 1983 of 3,627,507 MCF. It should be pointed out, however, that a considerable amount of the gas recovered to date is from the structurally higher leases in the reservoir and are therefore producing primarily from the gas cap which exists in the northwest portion of the oil reservoir. It is also believed that a portion of the gas contributed to this reservoir actually was obtained from the P-1 reservoir rather than the P-2 interval. To emphasize this structural position, records indicate that the Murphy Operating Corporation, McCaw lease will have an ultimate primary oil recovery of 78,463 barrels. Gas production from the McCaw lease to date has been 80,070 MCF. This would indicate a gas/oil ratio of 1,020 cubic feet per barrel. Further up structure from the McCaw lease is the Murphy Operating Corporation, Baetz KGS lease. This lease has recovered approximately 27,011 barrels of primary oil and approximately 184,183 MCF of gas. Based on this information, the overall gas-oil ratio of the KGS lease was 6,819 cubic feet per barrel. It is therefore apparent that as the structure becomes higher, gas-oil ratios increase and that possibly a portion of the gas obtained from the higher structure wells comes from the gas cap section of the oil reservoir.

It should also be noted that several wells have been recompleted in the P-1 reservoir and are presently producing therefrom. This is strongly supported by the gas production presently being obtained from the Tom Ingram, Federal "E" lease, which is averaging approximately 3,000 MCF per month while the normal P-2 reservoir is producing little or no gas production.

Also contained herein is a gross interval isopach map which indicates a total reservoir volume of 31,618 acre-feet. This isopach map was prepared from the log information available which is believed to be slightly optimistic when measuring the gross pay interval. It was necessary to correct the gross pay calculations through the use of a gross to net correction factor. This factor was determined to be 0.74315. This information was obtained based on the previously discussed primary oil recovery of 63.5 barrels per acre-foot and the ultimate primary recovery from the field of 1,492,047 barrels. Utilizing this information it is apparent that the net productive acre-feet in the reservoir would be 23,497 net acre-feet. As previously mentioned the isopach map reflects a gross volume of 31,618 acre-feet. In order to correct the gross isopach volume to a net isopach volume it is necessary to utilize the correction factor of 0.74315.

### III. Estimate of Recoverable Oil

The ultimate primary recovery from the reservoir is estimated to be 1,492,047 barrels. This information is primarily the result of analyzing the production to September 1, 1983 and projecting the existing decline trends on one lease which is believed to contain additional future primary oil recovery. Of the ten leases analyzed, one lease is believed to contain additional future primary oil and the recovery estimate from this lease is contained within the exhibits attached hereto.

Secondary oil recovery was obtained in the usual manner by reducing the original oil in place of 423 barrels per acre-foot by the 63.5 barrels per acre-foot believed obtainable by primary producing means and further reducing the remaining oil in place by a residual oil estimate of 25 percent of the pore space or 165 barrels per acre-foot. This would result in a potential secondary reserve of 195 barrels per acre-foot which should be corrected for flood efficiency. Our estimates indicate that 97.5 barrels per acre-foot should be recoverable provided a good sweep efficiency and control of the fracture trend can be achieved. Based on this estimate and the corrected floodable volume of 17,427.5 acre-feet, an ultimate water flood recovery was determined as being 1,699,181 barrels.

### IV. Recommended Water Injection Program

As indicated in our original report concerning this property, we are of the opinion that the data obtained from core analysis and the excellent reservoir drainage proven by the drilling of the Murphy Operating Corporation, Bluitt Federal well No. 3 in late 1977 dictate the necessity for a pilot program to be installed prior to any large development expenditure in order to fully evaluate a water flood in this reservoir. We continue to recommend that the Murphy Operating Corporation, Baetz wells No. 1 and 2 and the Murphy Operating Corporation, Bluitt Federal wells No. 1 and 3 be utilized for water injection purposes. Through the utilization of these wells and the anticipated major response at the Murphy Operating Corporation, Bluitt Federal well No. 2, as well as other offsetting wells to the injection points, considerable additional information can be gained which could alter the final water flood program design as indicated herein.

We are of the opinion that this pilot program will require unitization of all leases shown on the proposed unit area map contained herein will require obtaining an initial water supply for the pilot program of approximately 1,200 barrels of water per day which should be distributed equally among the four wells used for injection purposes initially; and should be watched very closely in order to determine the response anticipated.

Once response has been indicated to the pilot program, and the program has been fully analyzed and proven successful, im-

mediate expansion of the water injection program will be necessary. This expansion will require the drilling of six producing wells and five water injection wells. It further will ultimately require the conversion of an additional seven producing wells to injection status and the potential reequipping at a later date of the majority of the remaining eight producing wells. Ultimately, it is anticipated that an injection rate of approximately 4,800 barrels of water per day will be necessary in this area and that there will be an ultimate 30 total wells being used, 14 of which will be producing wells and 16 of which will be water injection wells. The pattern selected and line layout for the injection facilities has been presented on a map included herein for your review.

#### V. Organization

Included within this report is a tabulation indicating the proposed unitization factors. We are of the opinion that the area analyzed should be unitized and since reliable data as to reservoir thickness, etc. are not available, that the most reliable information should be utilized in the unitization factors. The factors selected by the Operating Committee to date include a 20 percent weighing of usable wells and an 80 percent weighing of ultimate primary oil recovery. These factors appear to establish equity within the proposed Bluitt San Andres Unit, especially in view of the rather small amount of oil recovery remaining to be obtained. We strongly recommend these factors to the owners of the project even though instances of possible drainage across lease lines undoubtedly has occurred within the field during the primary production phase of the Bluitt (San Andres) Field.

#### VI. Cost Estimate

The cost of the program to be installed in the Bluitt Area has also been reanalyzed within this report and updated since the original Preliminary Water Flood Survey. The cost of the pilot program has been determined to be approximately \$824,000 including operational expense; water plant, water supply and other installations. It is anticipated that this program will last approximately two years before expansion will become feasible. Ultimately, a total installation, operation and equipment cost of approximately \$7,987,900 is anticipated. This expenditure includes an operational expense estimate of approximately \$4,500,000 during the complete life of the program. Following is a general summation of the money requirement for the major items contained in the final water flood program:

A. Water Supply	\$ 554,900
B. Water Plant	\$ 200,000
C. Water Distribution System	\$ 180,000

D.	Injection Well Expense (includes drilling of five water injection wells and conversion of eleven wells to injection service)	\$ 925,000
E.	Producing well expense (includes the drilling of six new producing wells and equipping eight remaining producing wells as necessary)	\$1,478,000
F.	Producing facility changes	\$ 150,000
G.	Operational expense (assumes a period of three years with 20 wells operational at \$15,000 per well per year, and a period of eight years with 30 wells active at \$15,000 per well per year)	\$4,500,000
H.	Total Expense	\$7,987,900

As indicated previously, a pilot program can be installed for an expenditure of approximately \$824,000. Should this program prove successful, an immediate expansion of the injection and producing facilities will be mandatory and will be strongly recommended.

#### VII. Economic Analysis

As indicated previously, an oil production recovery of 1,699,181 barrels of water flood oil appears feasible from the Bluit (San Andres) Field. Assuming a working interest ownership of 80 percent and an after tax net oil price of \$26.00 per barrel, it is anticipated that the gross income from a water flood program would be \$35,342,965. Reducing this amount by the total anticipated expense previously discussed under the cost estimate section of this report of \$7,987,900, a profit of \$27,355,065 is indicated. It should be pointed out, however, that the actual risk investment is considerably below the \$7,987,900 figure indicated in the cost estimate section. Our estimate of the risk capital for the installation and operation of the pilot program is \$824,000. With a successful pilot program, it is virtually assured that an ultimate profit of \$27,355,065 should result.

#### VII. General Summary

As discussed within this analysis, the San Andres reservoir in the Bluit (San Andres) Field appears to have excellent water flood potentiality. In order to be assured of these potentialities, it will be necessary for the installation of a pilot program to be accomplished within the area under study in the immediate future.



This can only be accomplished following unitization. Unitization is believed to be more equitable to all concerned parties by utilizing a 20 percent weight towards usable wells and an 80 percent weight of ultimate primary oil recovery anticipated to be obtained from the field. Once unitization has been achieved and an adequate water supply obtained, the installation of a small 1,200 barrel per day pilot plant should be undertaken. It is anticipated that this program will require approximately two years for a full analysis and upon its completion, an immediate expansion of the program must be accomplished. With the full program carried to its completion, it is anticipated that an excellent profit potential is available for the working interest ownership within the area under study.

Should there be any questions concerning the information or recommendations contained herein, please do not hesitate to contact us.

Yours very truly,

STEPHENS ENGINEERING

  
Joe L. Johnson, Jr.



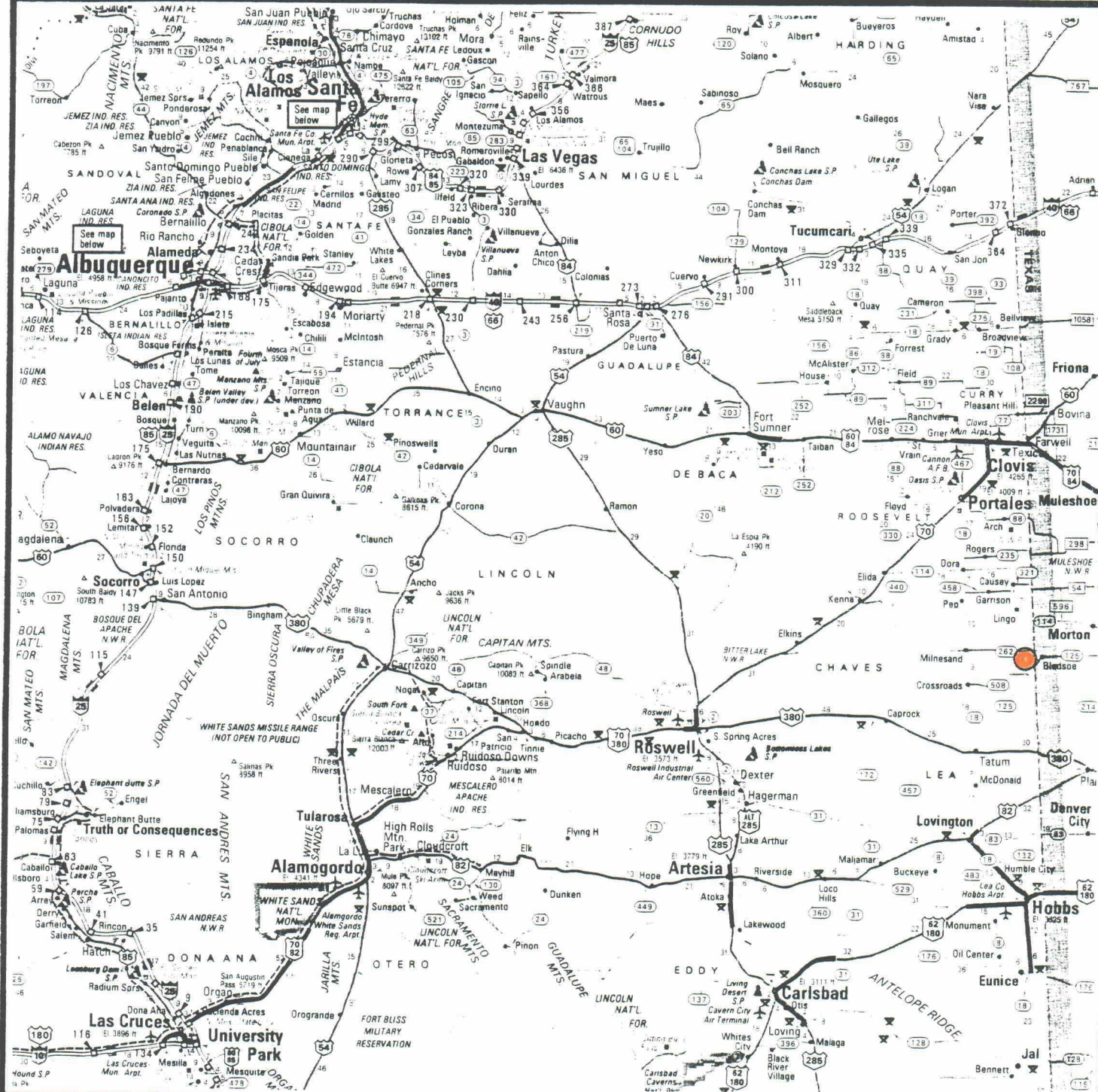
SUPPLEMENTAL WATER FLOOD SURVEY  
MURPHY OPERATING CORPORATION  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO  
As of September 1, 1983

TABLE OF CONTENTS (EXHIBITS)

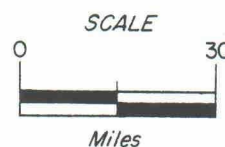
General Location Map	1
Field Map	2
Well Records	3
Geological Data	4
Geologic Structure Map	5
Oil Production History	6
Gas Production History	8
Oil Production Decline Curves	
Baumgartner - U.S.A.	10
Ingram - Federal "E"	11
Murphy - Baetz	12
Murphy - Baetz KGS	13
Murphy - Bluit	14
Murphy - Kirkpatrick	15
Murphy - McCaw	16
Murphy - Roden	17
Murphy - Shaw	18
Rhonda - Roden Bluit	19
Total Primary Oil Recovery Tabulation	20
Gross Pay Isopachous Map	21
Injection Facilities Field Map	22
Proposed Unit Participation Factors	23
Proposed Unit Area Map	24
Oil Production Projection - Total Field	25







# **GENERAL LOCATION MAP** **SUPPLEMENTAL WATER FLOOD SURVEY** **MURPHY OPERATING CORPORATION** *BLUITT (SAN ANDRES) FIELD* **ROOSEVELT COUNTY, NEW MEXICO**



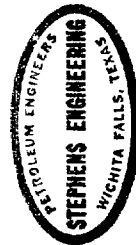




SUPPLEMENTAL WATER FLOOD SURVEY  
MURPHY OPERATING CORPORATION  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO

WELL RECORDS

Operator Lease	Well No.	Compl. Date	Datum Elev. Feet	Total Depth Feet	Casing Record		Completion Interval Feet	Initial Treatment	Initial BOPD	Potential BWPD	Remarks
					Size Inches	Depth Feet					
<u>Baumgartner Oil Co.</u> U.S.A.	1	8-5-69	4014	4775	5 1/2	4775	4654-4705 4734-4762	5,000 Acid 5,000 Acid	280	0	
<u>Tom L. Ingram</u> Federal "E"	1	6-15-69	4003	4830	4 1/2	4830	4668-4691	8,500 Acid	8	0	Recomp. to P-1
	2	4-21-69	3997	4750	4 1/2	4750	4703-4729	3,000 Acid	240	0	
<u>Murphy Operating Corp.</u> Baetz Federal	1	12-26-68	4009	5050	4 1/2	4793	4649-4679	6,000 Acid	171	0	
	2	2-26-69	4007	4800	4 1/2	4787	4623-4652	6,000 Acid	330	0	
	3	2-26-69	4005	4780	4 1/2	4767	4670-4698	6,000 Acid	225	0	
	4	7-15-69	4021	4760	4 1/2	4751	4633-4662	6,000 Acid	480	0	
	5	7-23-69	4002	4733	4 1/2	4733	4669-4698	6,000 Acid	160	0	
<u>Baetz KGS</u>	1	7-16-69	4016	4740	5 1/2	4730	4608-4636	6,000 Acid	240	0	
<u>Bluit Federal</u>	1	10-17-68	4003	4756	5 1/2	4756	4661-4680	3,000 Acid	150	0	
	2	12-22-68	4003	4756	5 1/2	4694	4645-4669	9,000 Acid	165	0	
	3	11-11-77	3997	4750	4 1/2	4740	4630-4660	16,000 Acid	34	1	
<u>Kirkpatrick Federal</u>	1	11-6-63	4020	4622	4 1/2	4622	4536-4600	7,000 Acid	1,675 MCF		Gas Well
	2	11-19-63	4042	-	4 1/2	4628	4528-4592	7,000 Acid	790 MCF		Gas Well
	5	3-1-70	4029	4675	5 1/2	4665	4613-4638	6,000 Acid	63	0	
	7	Not Compl.	4026	4800	5 1/2	4788	4611-4679	13,000 Acid	-	-	
<u>McCaw Federal</u>	1	3-8-69	4007	4748	5 1/2	4748	4702-4732	3,500 Acid	136	0	
<u>Roden Federal</u>	2	5-2-69	4002	4765	5 1/2	4765	4724-4747	3,000 Acid	140	0	
<u>Shaw Federal</u>	1	12-11-68	3984	4740	5 1/2	4740	4688-4704	3,000 Acid	150	0	
	2	2-16-69	4009	4733	5 1/2	4733	4690-4712	3,500 Acid	135	0	
<u>Rhonda Operating Co.</u> Roden Bluit Federal	1	2-24-69	4014	4738	5 1/2	4738	4697-4717	3,500 Acid	52	23	
	2	4-18-69	4020	4770	5 1/2	4770	4717-4737	1,000 Acid	240	0	



SUPPLEMENTAL WATER FLOOD SURVEY  
MURPHY OPERATING CORPORATION  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO

GEOLOGICAL DATA

Operator Lease	Well No.	Elev. Feet	San Andres		Est. Gross Thickness Feet	Remarks
			Subsurf. Feet	Subsea Feet		
<u>Baumgartner Oil Co.</u> U.S.A.	1	4014	4730	-716	40	Also open in Upper
<u>Tom L. Ingram</u> Federal "E"	1	4003	4667	-664	28	Upper Zone?
	2	3997	4700	-703	27	
<u>Murphy Operating Corp.</u> Baetz Federal	1	4009	4647	-638	35	
	2	4007	4622	-615	34	
	3	4005	4668	-663	32	
	4	4021	4630	-609	33	
	5	4002	4666	-664	32	
Baetz KGS	1	4016	4604	-588	36	
Bluitt Federal	1	4003	4660	-657	34	
	2	4009	4644	-635	34	
	3	3997	4640	-643	36	Perfs. high
Kirkpatrick	1	4020	4536	-516	Gas	
	2	4042	NA	NA	Gas	
	5	4029	4613	-584	27	
	7	4026	4700	-674	36	
McCaw Federal	1	4007	4702	-695	36	
Roden Federal	2	4002	4720	-718	30	
Shaw Federal	1	3984	4686	-702	30	
	2	4009	4688	-679	27	
<u>Rhonda Operating Co.</u> Roden Bluitt	1	4014	4695	-681	18	
	2	4020	4714	-694	31	





SUPPLEMENTAL WATER FLOOD SURVEY  
MURPHY OPERATING CORPORATION  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO

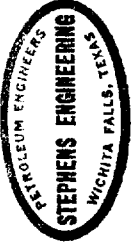
OIL PRODUCTION HISTORY

Operator Lease	Baumgartner U.S.A.			Tom Ingram Federal "E"			Murphy Operating Corporation						Kirkpatrick		
	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	Baetz KGS	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.
Year	Mo.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.	Bbls.
Cum. to 1-1-69															
1969		1,454 (2mo)	2,909		3,869 (9mo)	34,823		13,891	166,687	1,951 (6mo)	11,703	7,431	89,170	794	9,527
1970		723	8,674		2,340	28,083		15,674	188,087	907	10,888	7,959	95,507	1,012	12,145
1971		355	4,260		643	7,721		6,213	74,552	317	3,805	3,385	40,625	676	8,114
1972		177	2,119		218	2,615		2,860	34,321	50	605	1,312	15,742	200	2,403
1973		156	1,877		56	674		1,599	19,188	1	10	736	8,835	61	729
1974		115	1,375		54	645		1,128	13,537	0	0	484	5,803	7	80
1975		93	1,115		135	1,615		878	10,536	0	0	423	4,873	8	90
1976		113	1,355		59	702		680	8,157	0	0	272	3,259	0	0
1977		107	1,284		65	785		535	6,414	0	0	350	4,202	0	0
1978		107	1,281		48	571		407	4,881	0	0	229	2,750	0	5
1979		101	1,207		49	591		273	3,284	0	0	157	1,889	0	0
1980		75	905		42	503		254	3,051	0	0	108	1,293	0	0
1981		75	901		15	180		242	2,905	0	0	98	1,181	0	0
1982		63	761		10	121		206	2,482	0	0				
1983	Jan	0		13				198		0		73		0	
	Feb	56		21				156		0		58		0	
	Mar	62		17				215		0		113		0	
	Apr	63		13				196		0		115		0	
	May	69		12				194		0		157		0	
	Jun	10		3				187		0		99		0	
	Jul	80		8				200		0		110		0	
	Aug	23		20				193		0		232		0	
Sub-Total	45		363	13		107		192	1,539	0	0	120	957	0	0
Total			30,386			79,736			539,621		27,011		287,301		52,614



# OIL PRODUCTION HISTORY (Cont'd)

Operator Lease	Murphy Operating Corporation						Rhonda Operating Co.													
	McCaw			Roden			Shaw			Total Murphy			Roden Blufft			Total Leases				
Year	Mo.	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	Avg. Mo. Oil Prod.	Tot. Yrly Oil Prod.	Bbls.	
Cum. to 1-1-69																				
1969		3,542(10mo)	35,423		3,191(8mo)	25,526		8,055(6mo)	48,331		32,197		386,367		5,155(6mo)	30,927		37,919		25,657
1970		2,212	26,549		1,714	20,571		7,436	89,231		36,915		442,978		2,189	26,267		42,167		455,026
1971		904	10,843		851	10,208		3,151	37,813		15,497		185,960		753	9,037		17,248		506,002
1972		212	2,544		194	2,331		1,342	16,098		6,170		74,044		486	5,832		7,051		206,978
1973		66	795		100	1,205		827	9,918		3,390		40,680		267	3,200		3,869		84,610
1974		41	491		65	779		577	6,923		2,301		27,613		179	2,146		2,648		46,431
1975		17	199		44	522		538	6,457		1,890		22,677		112	1,348		2,230		31,779
1976		36	431		112	1,341		493	5,914		1,744		20,922		74	887		1,988		23,866
1977		45	537		109	1,305		310	3,716		1,269		15,231		58	701		1,500		18,001
1978		30	356		56	667		371	4,449		1,213		14,555		65	775		1,432		17,182
1979		7	84		41	491		175	2,103		726		8,717		94	1,124		970		11,639
1980		4	45		49	584		217	2,601		681		8,170		83	991		881		10,569
1981		5	61		45	544		183	2,197		583		7,000		43	511		716		8,592
1982		5	58		45	541		183	2,190		538		6,452		14	166		625		7,500
1983	Jan	5			30			155			461				10			484		
	Feb	5			23			169			411				11			499		
	Mar	9			20			187			544				22			645		
	Apr	8			30			178			527				11			614		
	May	5			17			179			552				16			649		
	Jun	5			31			168			490				0			503		
	Jul	5			22			186			523				5			616		
	Aug	5			20			171			621				6			670		
Sub-Total		6	47		24	193		174	1,393		511		4,129		10	81		580		4,680
Total			78,463			66,808			239,334				1,291,152			83,993				1,485,267



SUPPLEMENTAL WATER FLOOD SURVEY  
MURPHY OPERATING CORPORATION  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO

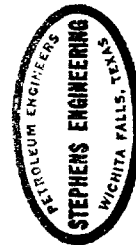
GAS PRODUCTION HISTORY

Operator Lease	Year	Mo.	Baumgartner U.S.A.			Tom Ingram Federal "E"			Baetz			Baetz KGS			Blufft			Kirkpatrick		
			Avg. Mo. Gas Prod.	Tot. Yrly Gas Prod.	MCF	Avg. Mo. Gas Prod.	Tot. Yrly Gas Prod.	MCF	Avg. Mo. Gas Prod.	Tot. Yrly Gas Prod.	MCF	Avg. Mo. Gas Prod.	Tot. Yrly Gas Prod.	MCF	Avg. Mo. Gas Prod.	Tot. Yrly Gas Prod.	MCF	Avg. Mo. Gas Prod.	Tot. Yrly Gas Prod.	MCF
1968																				
1969			546(2mo)	1,091		6,099(9mo)	54,894		10,344	124,129		3,123(6mo)	18,736		780(3mo)	2,640		4,997	59,959	
1970			411	4,930		7,612	91,340		29,503	354,037		7,189	86,270		1,993	23,910		9,435	113,217	
1971			599	7,187		3,361	40,337		21,735	260,816		4,362	52,341		12,681	152,170		6,464	77,570	
1972			437	5,243		3,101	37,213		15,161	181,927		1,558	18,693		15,624	187,487		4,516	54,190	
1973			315	3,774		643	7,711		10,462	125,541		399	4,782		8,325	99,894		2,103	25,235	
1974			192	2,304		437	5,247		6,407	76,886		186	2,232		5,400	64,797		1,591	19,090	
1975			188	2,261		1,711	20,527		4,768	57,211		71	857		2,419	29,028		956	11,477	
1976			565	6,785		200	2,405		3,578	42,937		0	0		1,012	12,138		735	8,822	
1977			2,169	26,032		72	865		5,738	68,851		9	104		368(7mo)	2,577		356	4,275	
1978			1,882	22,589		242	2,906		4,301	51,615		14	168		580	6,962		192	2,305	
1979			1,507	18,087		940	11,277		2,227	26,727		0	0		3,554	42,653		138	1,660	
1980			1,834	22,007		6,238	74,861		2,102	25,221		0	0		1,487	17,848		99	1,184	
1981			1,752	21,025		3,761	45,131		1,967	23,601		0	0		0	0		200	2,400	
1982			1,564	18,773		3,252	39,021		2,036	24,426		0	0		0	0		363	4,362	
1983		Jan	0			3,267			1,818			0			0			181		
		Feb	1,543			3,061			2,101			0			0			182		
		Mar	1,411			2,516			1,907			0			0			159		
		Apr	1,513			2,682			2,054			0			0			208		
		May	1,505			3,077			2,267			0			0			191		
		Jun	1,536			2,991			2,285			0			0			136		
		Jul	1,638			3,078			2,354			0			0			124		
		Aug	1,564			2,944			2,369			0			0			141		
Sub-Total			1,339	10,710		2,952	23,616		2,144	17,155		0	0		0	0		165	1,322	
Total				172,798		457,351			1,461,080			184,183				642,104			387,068	



GAS PRODUCTION HISTORY (Cont'd)

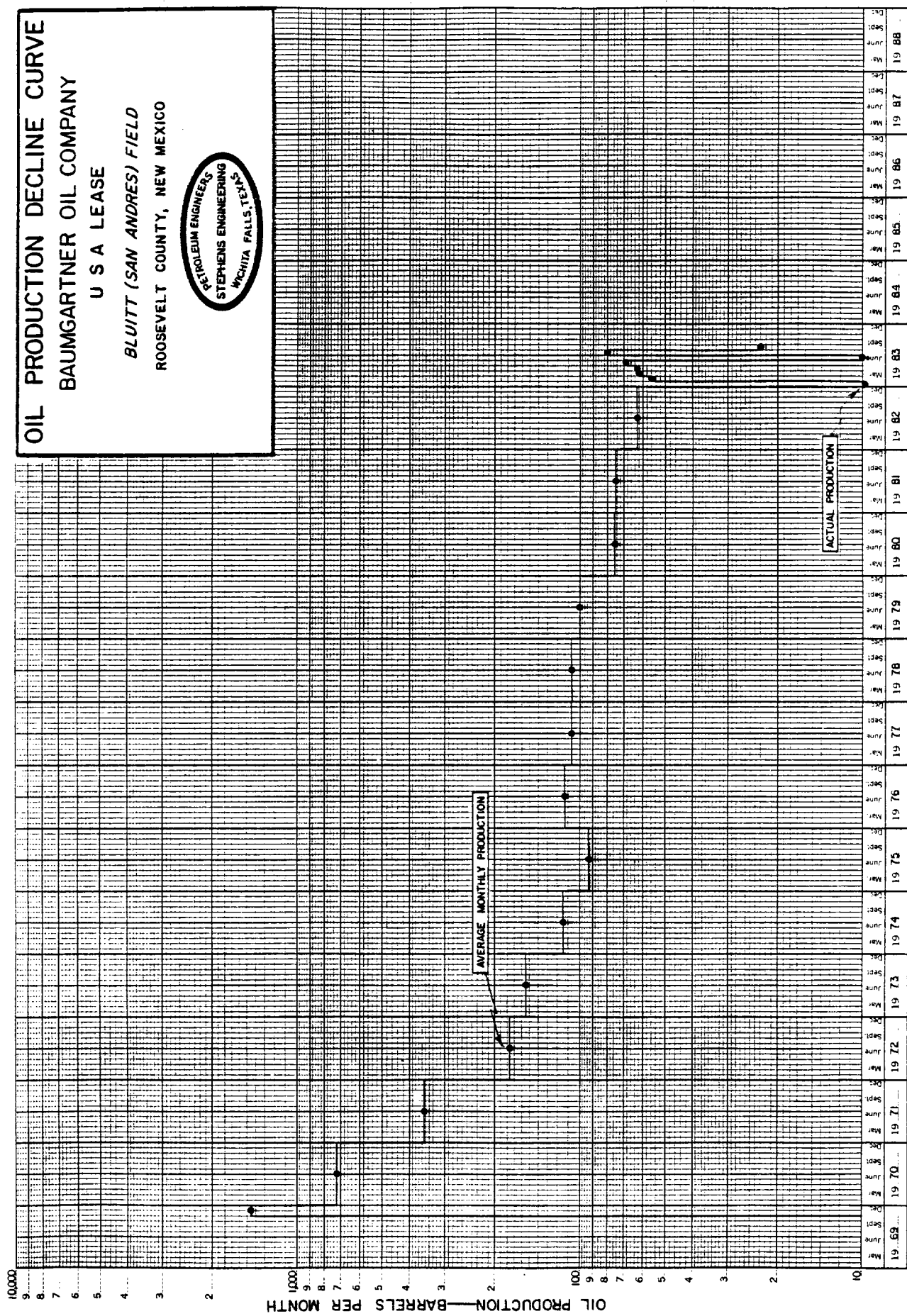
Operator Lease	Murphy Operating Corporation										Rhonda Operating Co.			
	McCaw					Rodden					Rodden Bluilt			
	Avg. Mo.	Tot. Yrly	Avg. Mo.	Tot. Yrly	Avg. Mo.	Tot. Yrly	Avg. Mo.	Tot. Yrly	Avg. Mo.	Tot. Yrly	Avg. Mo.	Tot. Yrly	Avg. Mo.	Tot. Yrly
Year	Mo.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.	Gas Prod.
		MCF	MCF	MCF	MCF	MCF	MCF	MCF	MCF	MCF	MCF	MCF	MCF	MCF
1968		898(10mo)	8,981	815(8mo)	6,517	568(6mo)	3,407	220	2,640				220	2,640
1969		2,344	28,122	303	3,631	2,426	29,102	20,470	245,639				26,614	319,363
1970		2,499	29,991	763	9,156	2,879	34,549	63,879	766,549				25,063	887,882
1971		459	5,506	131	1,577	1,660	19,922	31,809	381,709				60,254	723,048
1972		160	1,916	0	0	1,505	18,058	20,027	240,329				36,280	435,363
1973		123	1,477	0	0	600	7,196	11,326	135,909				21,397	256,764
1974		78	933	0	0	177	2,129	7,062	84,745				12,022	144,261
1975		131(11mo)	1,446	0	0	292	3,503	4,940	59,285				8,976	107,714
1976		139	1,672	0	0	102	1,221	6,924	83,085				1,731	70,206
1977		2	26	0	0	1,007	12,078	9,070	108,845				9,234	110,803
1978		0	0	0	0	346	4,152	4,199	50,387				11,197	134,362
1979		0	0	0	0	0	0	2,200	26,405				24	79,775
1980		0	0	0	0	0	0	2,167	26,001				2	123,297
1981		0	0	0	0	0	0	2,399	28,788				23	92,180
1982		0	0	0	0	0	0						448	87,030
1983	Jan	0	0	0	0	0	0	1,999					2	5,268
	Feb	0	0	0	0	0	0	2,283					2	6,889
	Mar	0	0	0	0	0	0	2,066					2	5,995
	Apr	0	0	0	0	0	0	2,262					2	6,459
	May	0	0	0	0	0	0	2,458					2	7,042
	Jun	0	0	0	0	0	0	2,421					2	7,049
	Jul	0	0	0	0	0	0	2,478					2	7,196
	Aug	0	0	0	0	0	0	2,510					2	7,020
Sub-Total		0	0	0	0	0	0	2,309	18,477			16	6,602	52,819
Total			80,070		20,881		135,317		2,910,703			86,655		3,627,507



1  
9  
8  
7  
6  
5  
4  
3  
2

**OIL PRODUCTION DECLINE CURVE**  
**BAUMGARTNER OIL COMPANY**  
**U S A LEASE**  
**BLUITT (SAN ANDRES) FIELD**  
**ROOSEVELT COUNTY, NEW MEXICO**

**PETROLEUM ENGINEERS**  
**STEPHENS ENGINEERING**  
**WICHITA FALLS, TEXAS**



1  
9  
8  
7  
6  
5  
4  
3  
2  
1

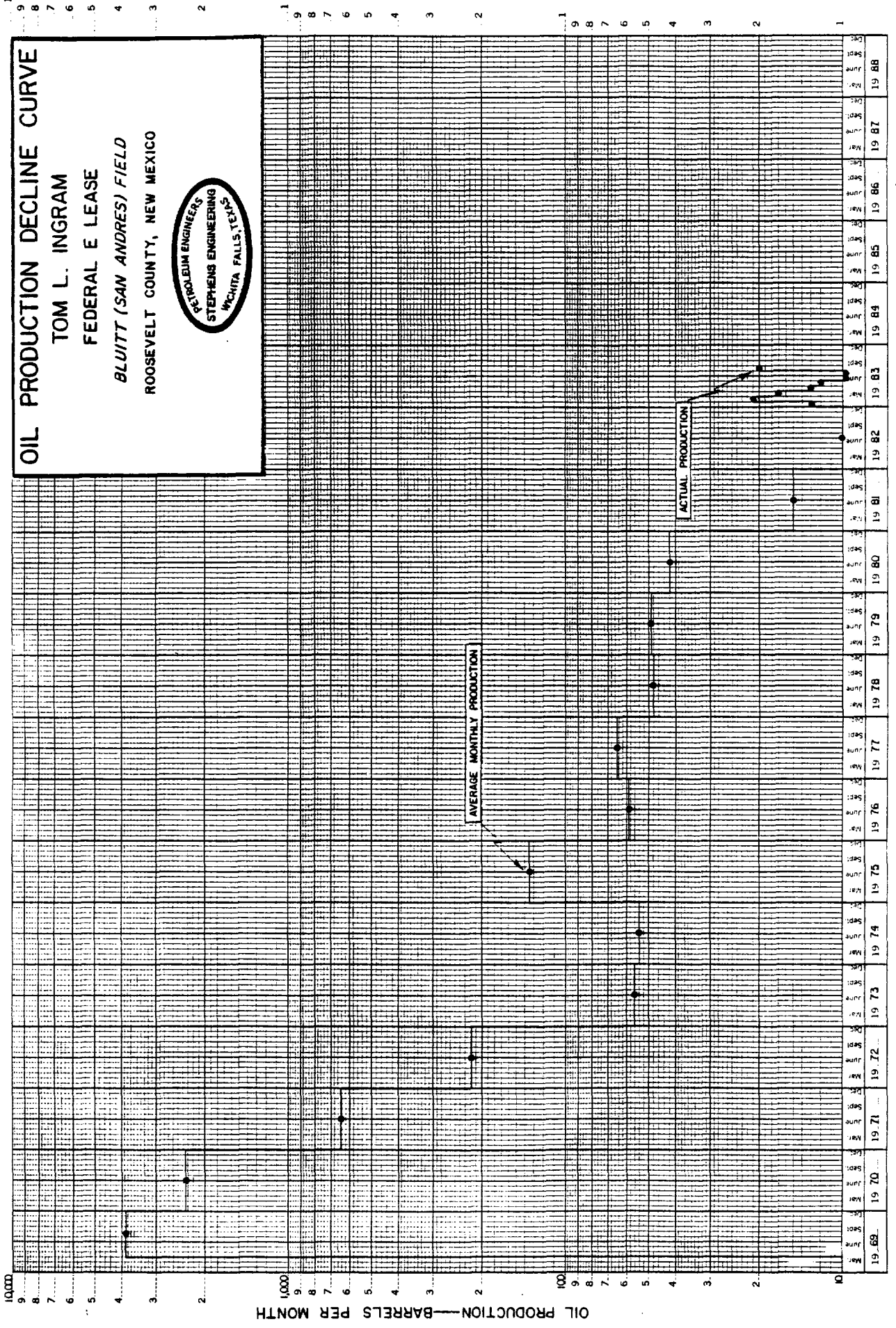
10,000  
1,000  
100  
10  
1

1969 1970 1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988



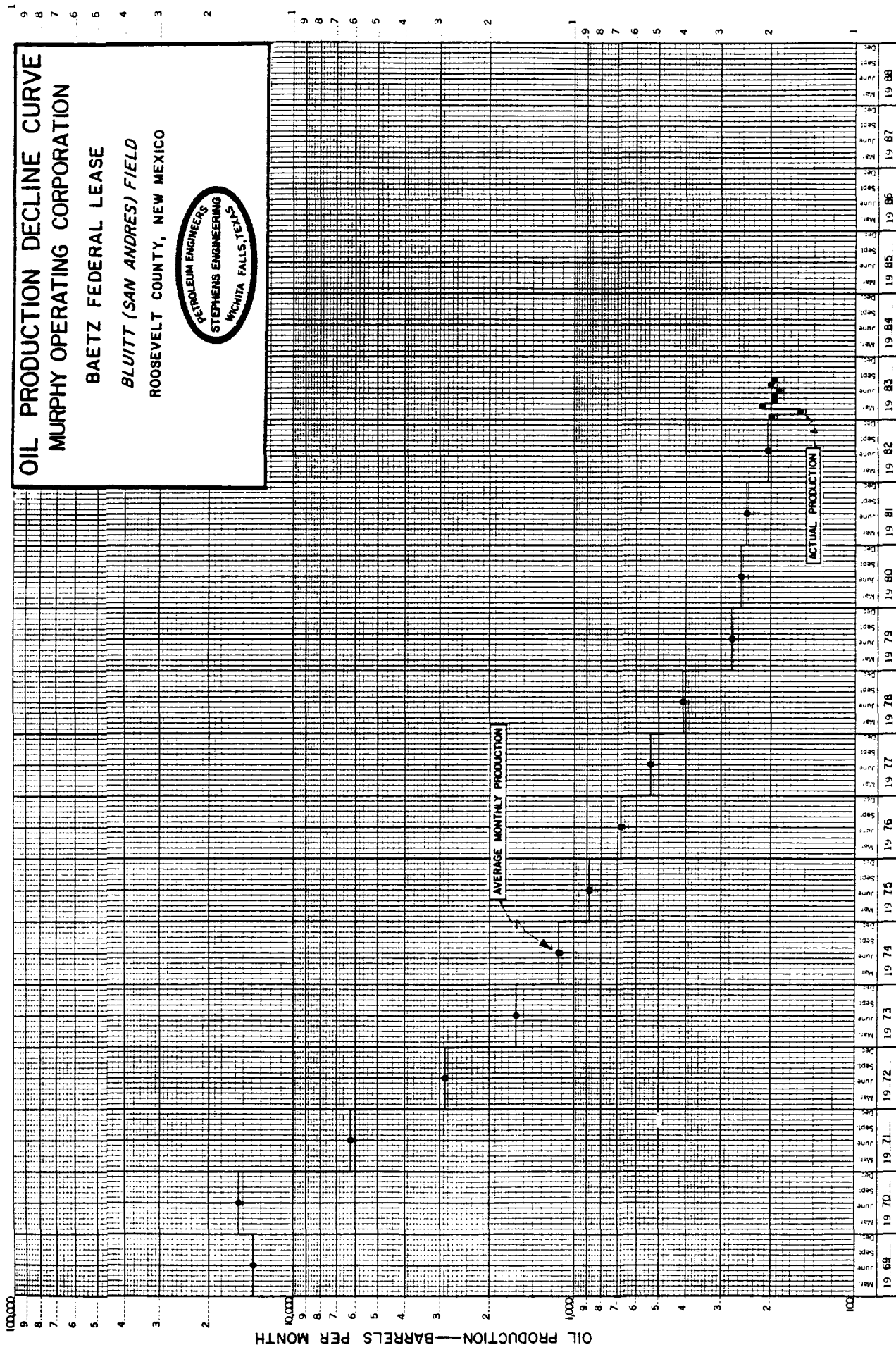
# OIL PRODUCTION DECLINE CURVE

TOM L. INGRAM  
FEDERAL E LEASE  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO



# OIL PRODUCTION DECLINE CURVE MURPHY OPERATING CORPORATION

BAETZ FEDERAL LEASE  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO



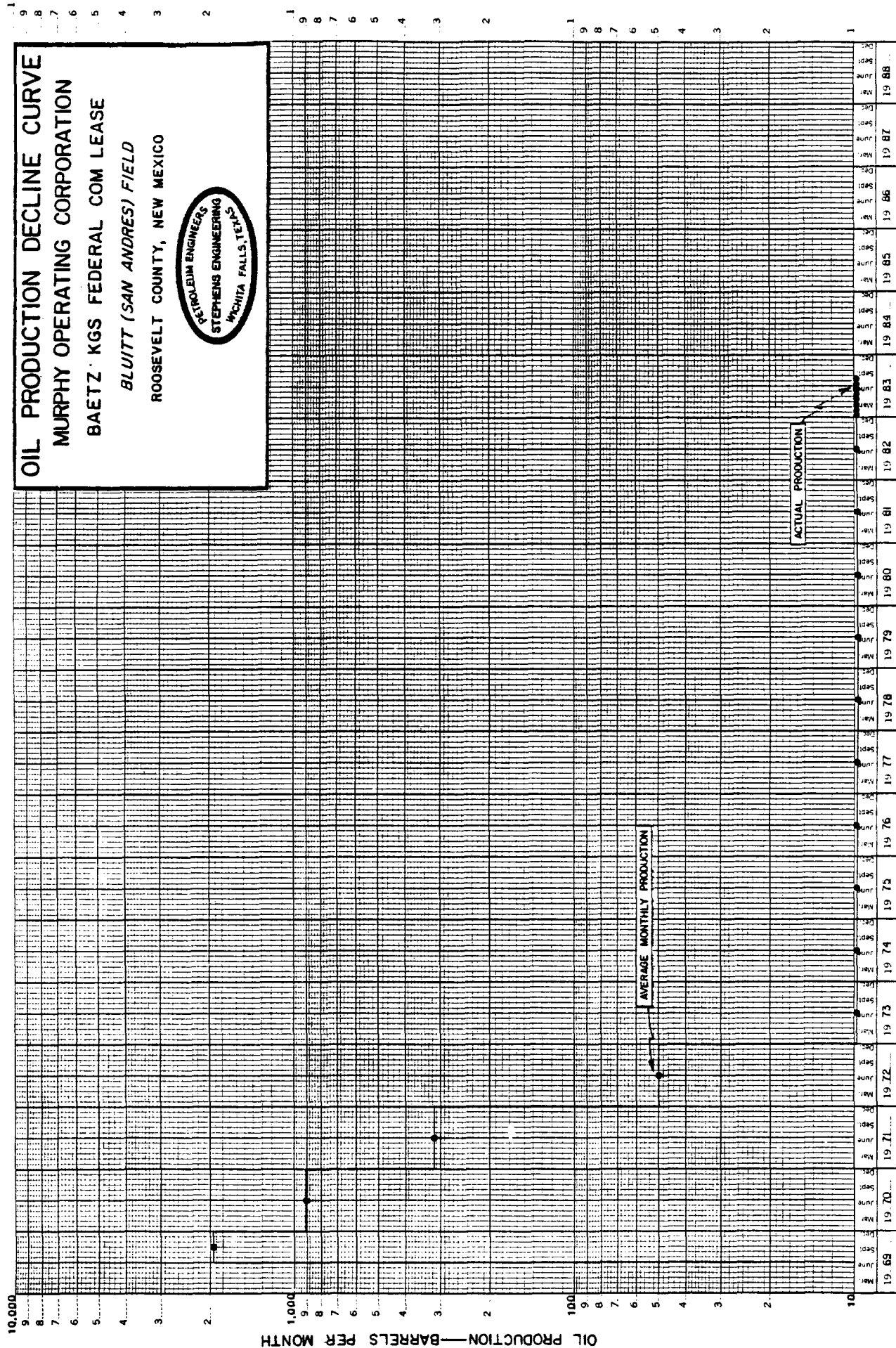
# OIL PRODUCTION DECLINE CURVE

MURPHY OPERATING CORPORATION

BAETZ KGS FEDERAL COM LEASE

BLUITT (SAN ANDRES) FIELD

ROOSEVELT COUNTY, NEW MEXICO



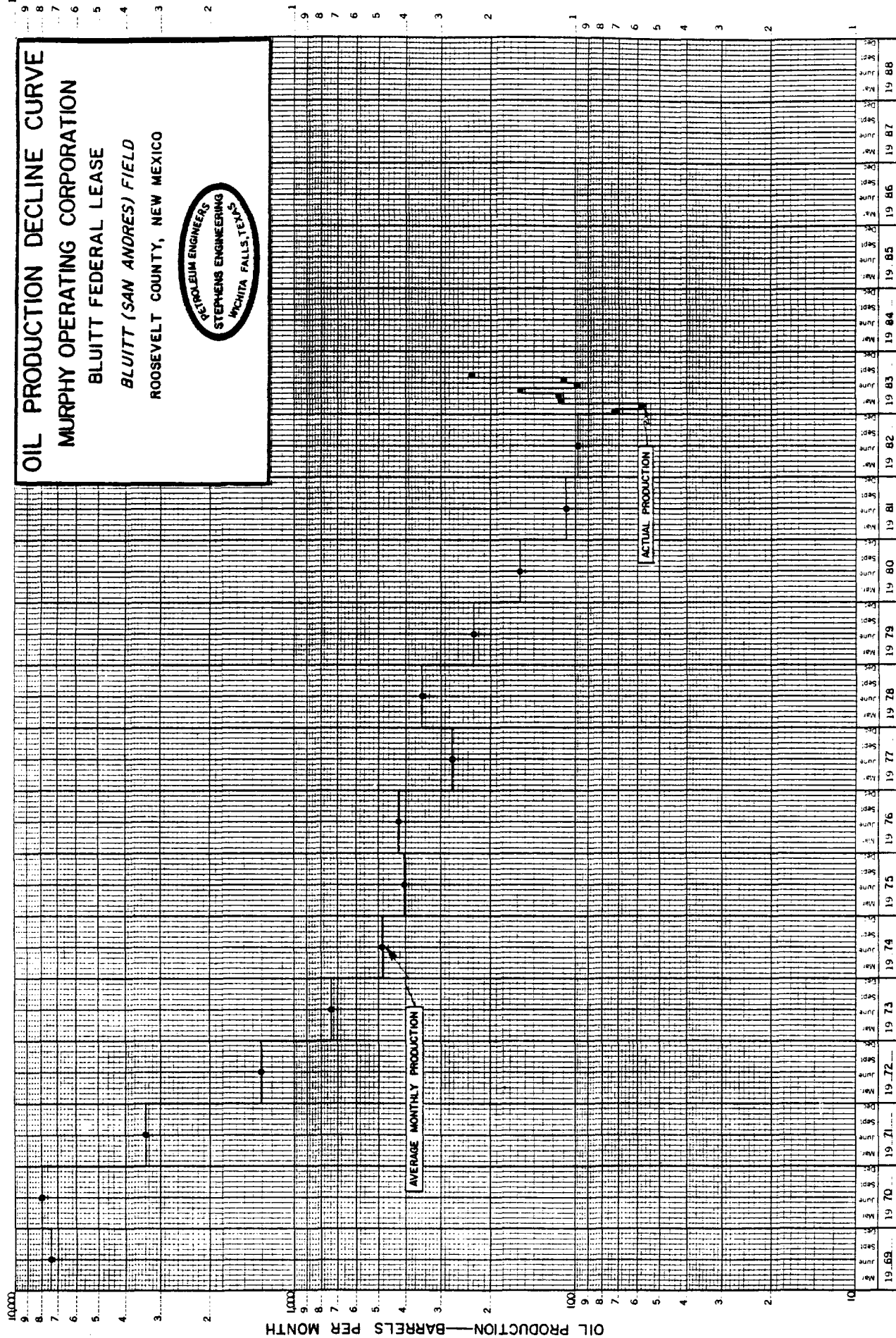
# OIL PRODUCTION DECLINE CURVE

MURPHY OPERATING CORPORATION

BLUITT FEDERAL LEASE

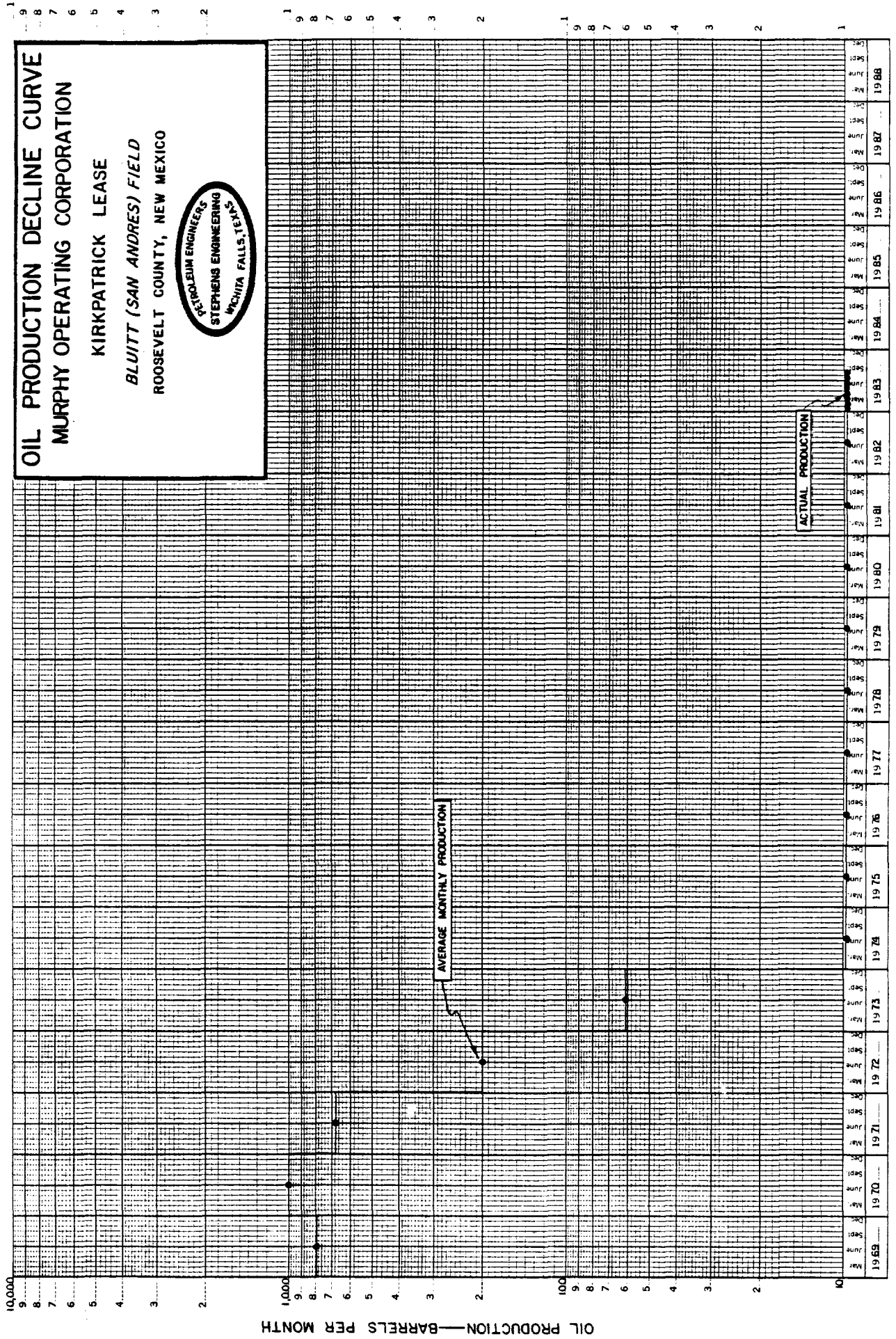
BLUITT (SAN ANDRES) FIELD

ROOSEVELT COUNTY, NEW MEXICO



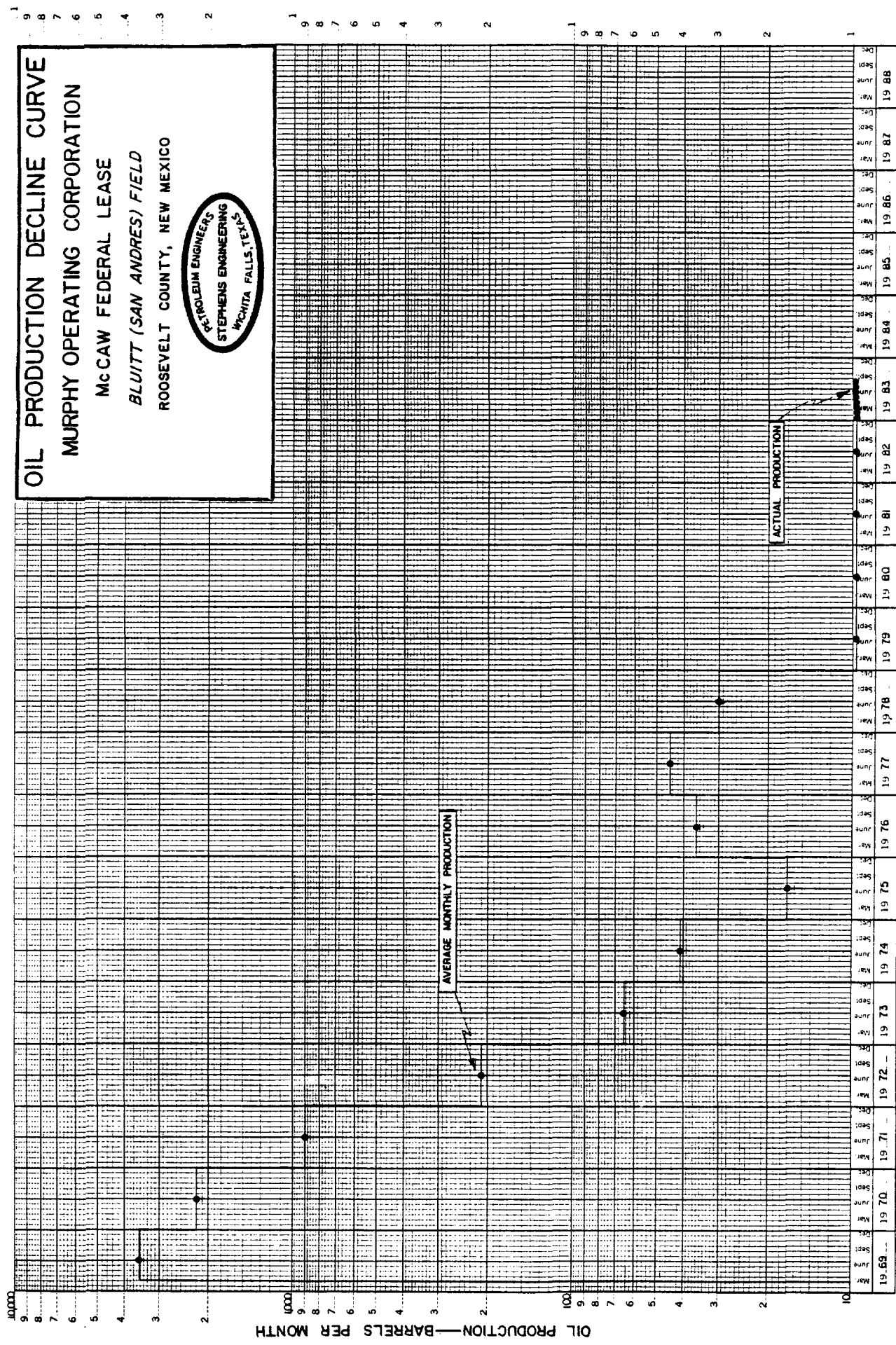
# OIL PRODUCTION DECLINE CURVE MURPHY OPERATING CORPORATION

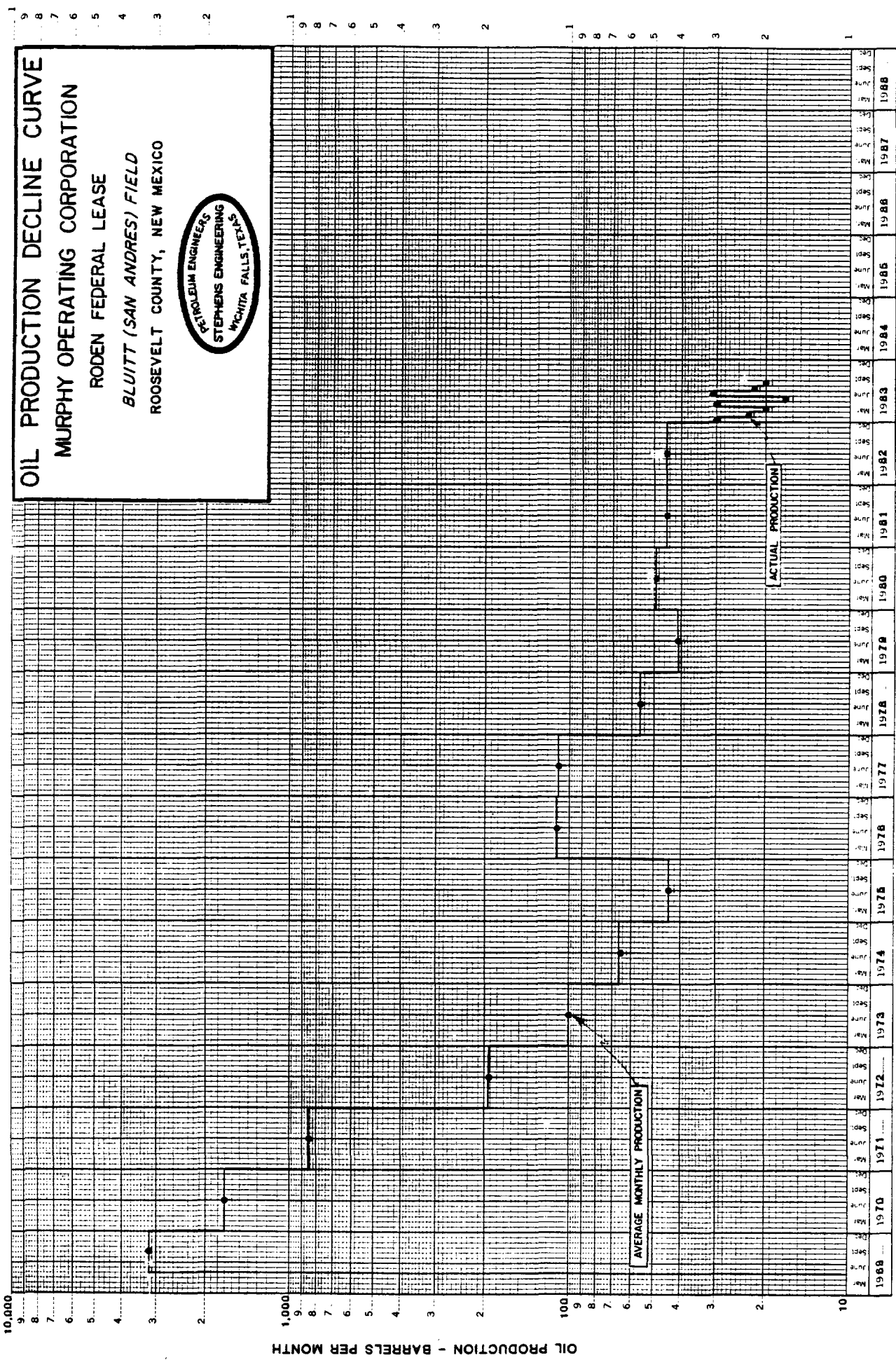
KIRKPATRICK LEASE  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO





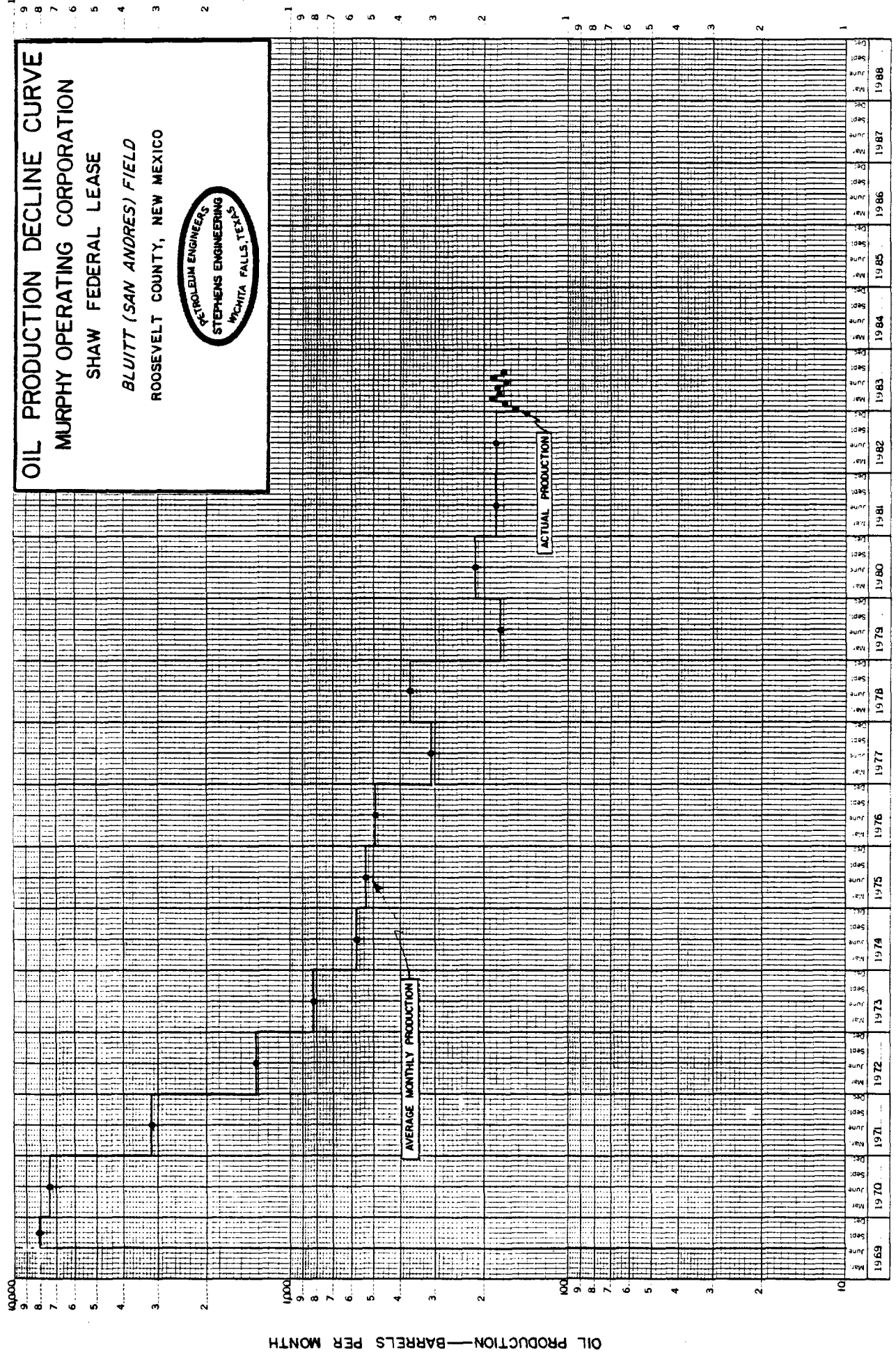
**OIL PRODUCTION DECLINE CURVE**  
**MURPHY OPERATING CORPORATION**  
 McCaw Federal Lease  
*BLUITT (SAN ANDRES) FIELD*  
 ROOSEVELT COUNTY, NEW MEXICO





**OIL PRODUCTION DECLINE CURVE**  
**MURPHY OPERATING CORPORATION**  
**SHAW FEDERAL LEASE**  
*BLUITT (SAN ANDRES) FIELD*  
 ROOSEVELT COUNTY, NEW MEXICO

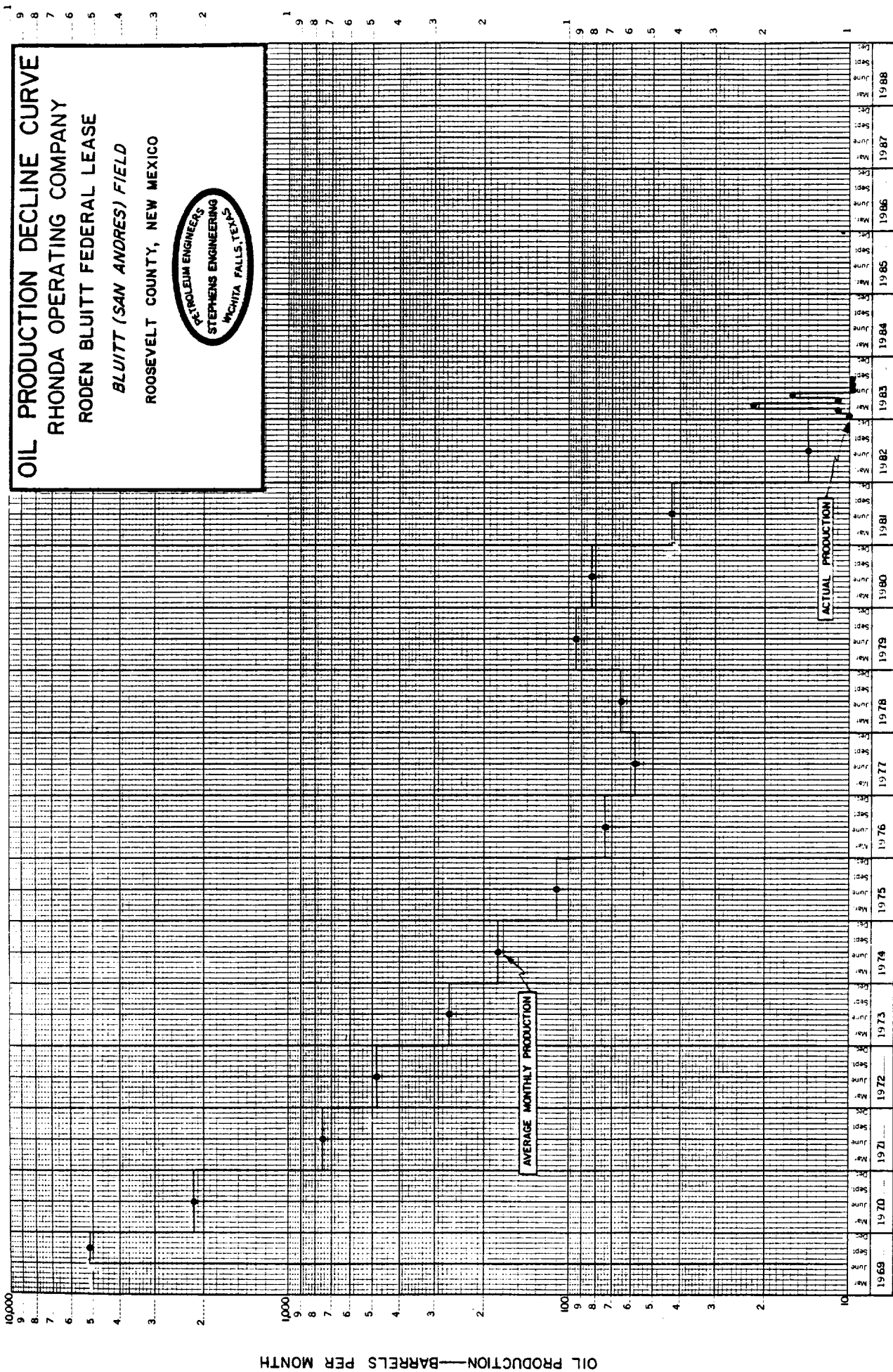
**PETROLEUM ENGINEERS**  
**STEPHENS ENGINEERING**  
 WICHITA FALLS, TEXAS





**OIL PRODUCTION DECLINE CURVE**  
**RHONDA OPERATING COMPANY**  
**RODEN BLUITT FEDERAL LEASE**  
*BLUITT (SAN ANDRES) FIELD*  
 ROOSEVELT COUNTY, NEW MEXICO

**PETROLEUM ENGINEERS  
 STEPHENS ENGINEERING  
 WICHITA FALLS, TEXAS**

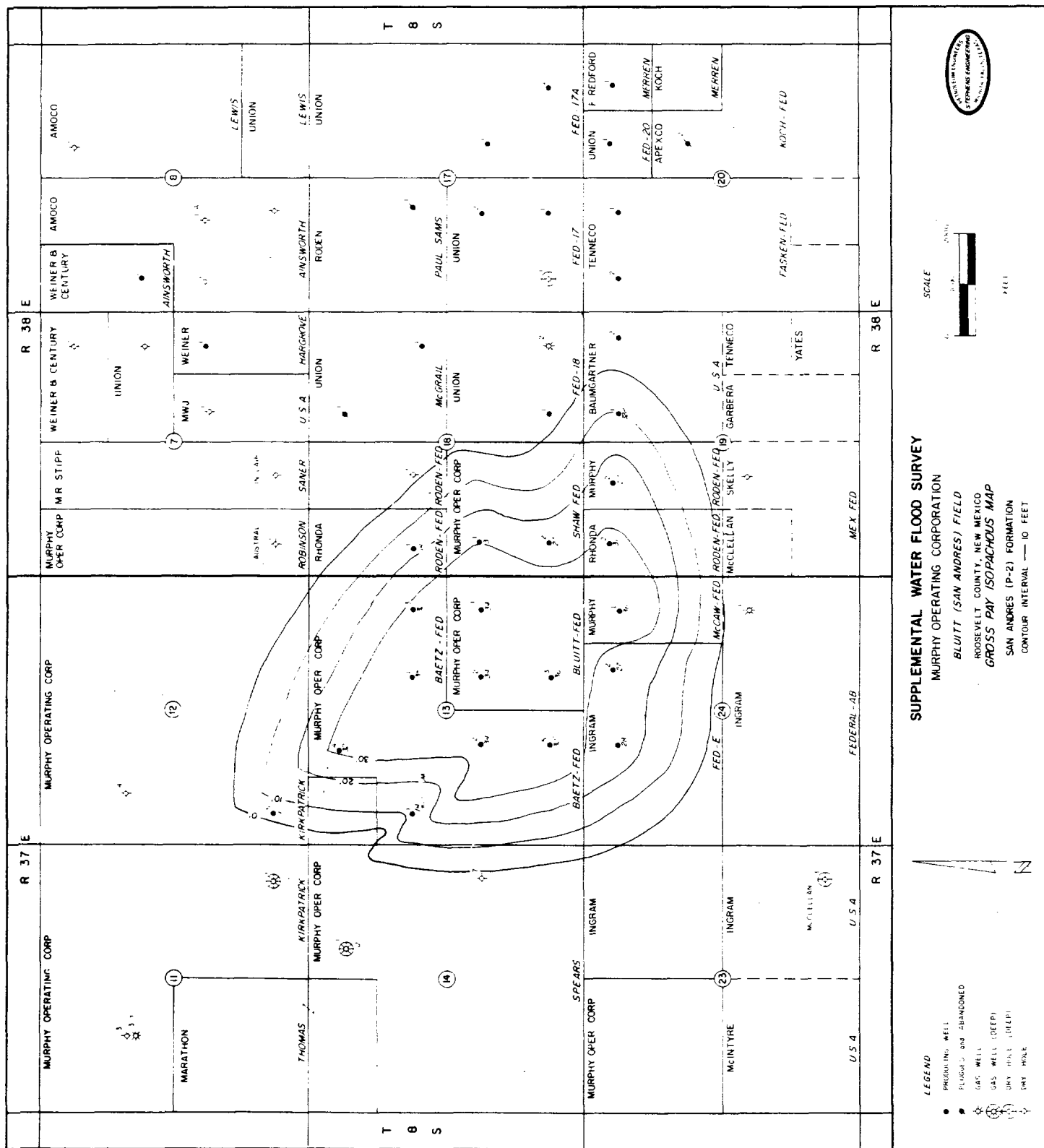


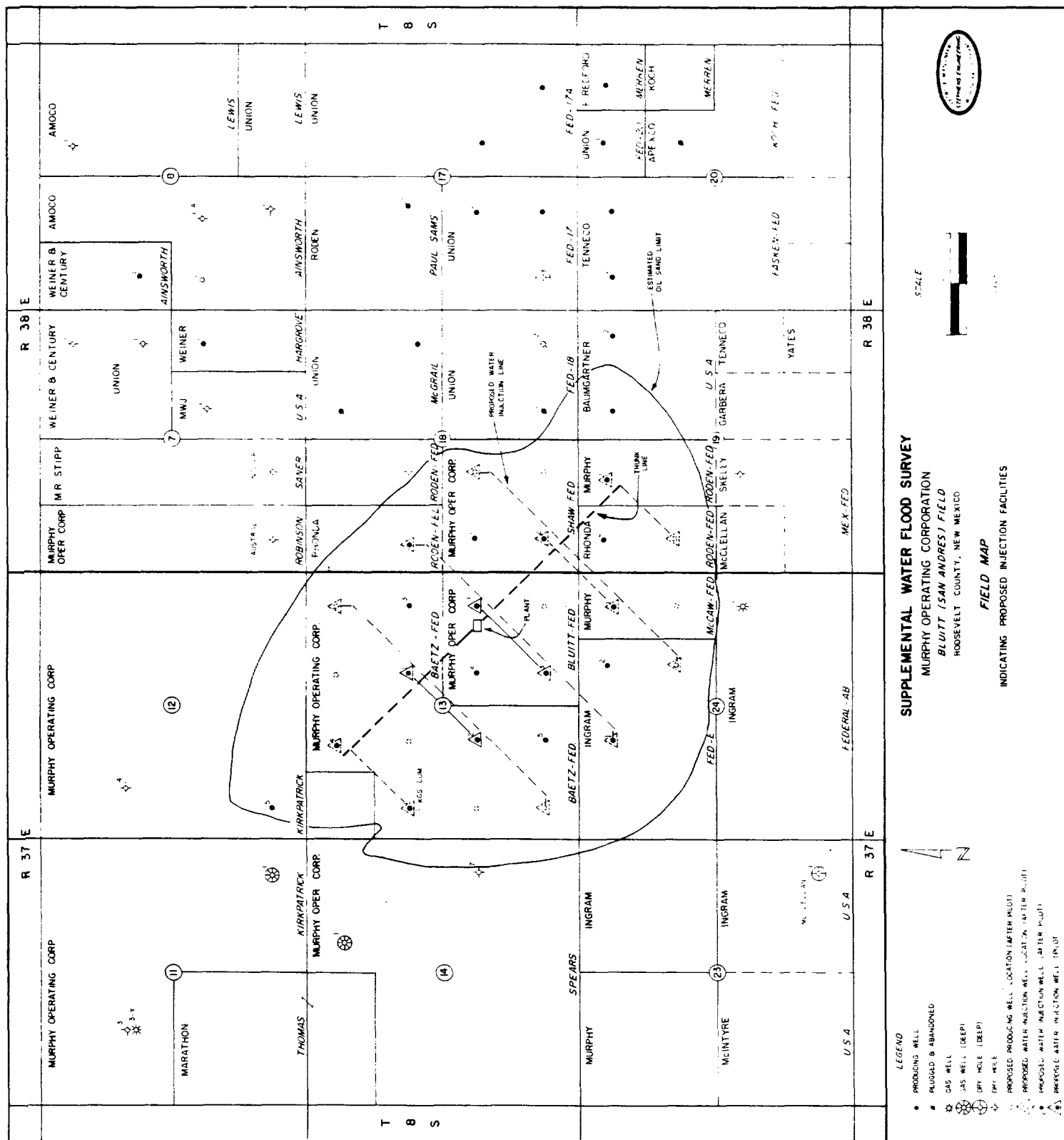
SUPPLEMENTAL WATER FLOOD SURVEY  
MURPHY OPERATING CORPORATION  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO

TOTAL PRIMARY OIL RECOVERY

<u>Operator Lease</u>	<u>Total Oil Recovery to 9-1-83 Bbls.</u>	<u>Future Primary Oil Recovery Bbls.</u>	<u>Total Ult. Oil Recovery Bbls.</u>
Baumgartner Oil Co. U.S.A.	30,386	0	30,386
Tom L. Ingram Federal "E"	79,736	0	79,736
Murphy Operating Corporation			
Baetz	539,621	0	539,621
Baetz KGS	27,011	0	27,011
Bluitt	287,301	0	287,301
Kirkpatrick	52,614	0	52,614
McCaw	78,463	0	78,463
Roden	66,808	0	66,808
Shaw	239,334	6,780	246,114
Spears	0	0	0
Sub-Total	<u>1,291,152</u>	<u>6,780</u>	<u>1,297,932</u>
Rhonda Operating Co. Roden Bluitt	83,993	0	83,993
Total	1,485,267	6,780	1,492,047







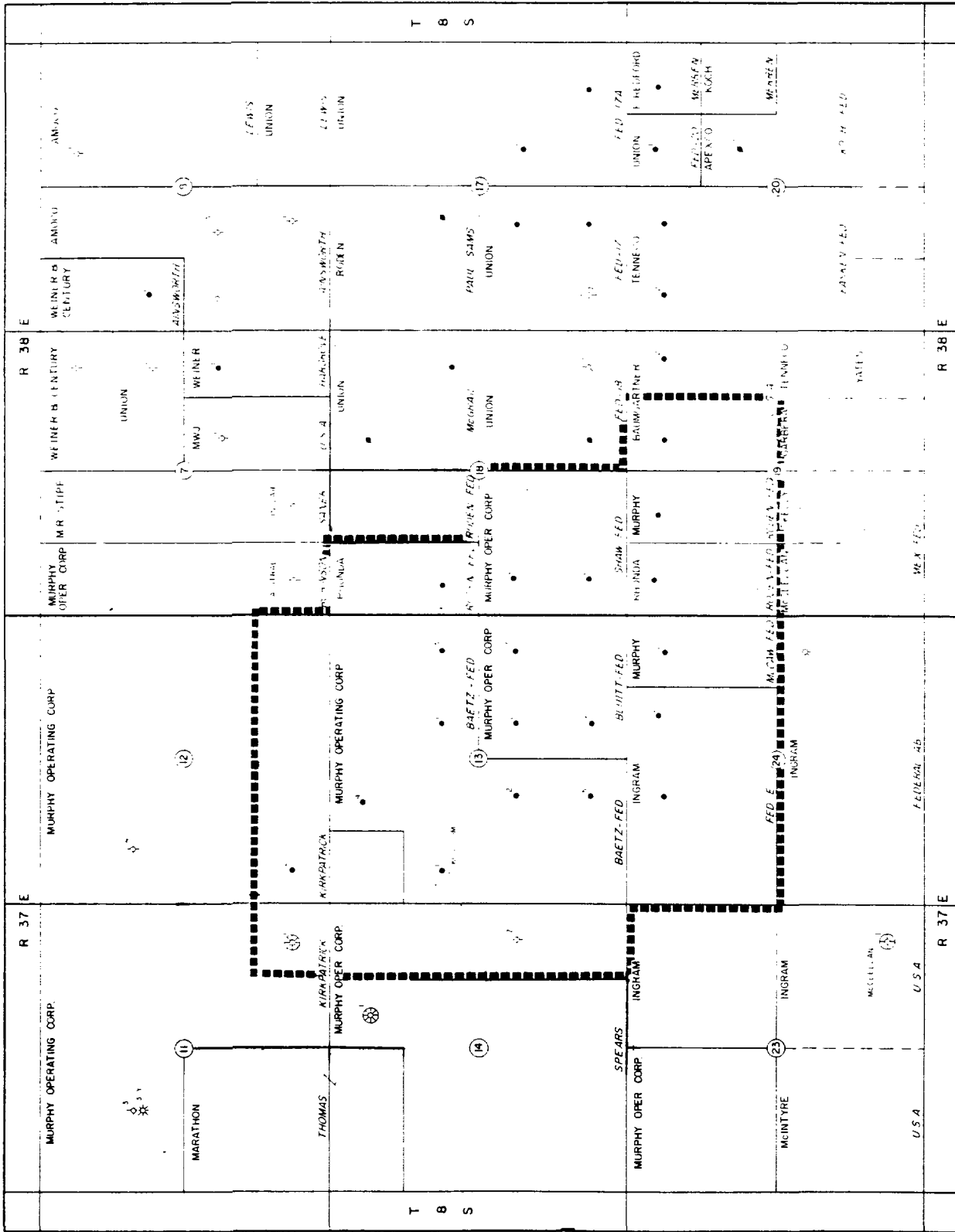
SUPPLEMENTAL WATER FLOOD SURVEY  
MURPHY OPERATING CORPORATION  
BLUITT (SAN ANDRES) FIELD  
ROOSEVELT COUNTY, NEW MEXICO

PROPOSED UNIT PARTICIPATION FACTORS

<u>Operator Lease</u>	<u>No. of Usable Wells</u>	<u>Percent Usable Wells</u>	<u>Ultimate Primary Oil Bbls.</u>	<u>Percent Ultimate Primary Oil</u>	<u>Proposed Unit Participation Factor*</u>
Bumgartner Oil Co. U.S.A.	1	4.5455	30,386	2.0365	2.5383
Tom L. Ingram Federal "E"	2	9.0909	79,736	5.3441	6.0935
Murphy Operating Corp.	5	22.7272	539,621	36.1665	33.4786
Baetz	1	4.5455	27,011	1.8103	2.3573
Baetz KGS	3	13.6363	287,301	19.2555	18.1317
Bluitt	2	9.0909	52,614	3.5263	4.6392
Kirkpatrick	1	4.5455	78,463	5.2587	5.1161
McCaw	1	4.5455	66,808	4.4776	4.4912
Roden	2	9.0909	246,114	16.4951	15.0142
Shaw	2	9.0909	0	0.0000	1.8182
Spears	17	77.2727	1,297,932	86.9900	85.0465
Sub-Total					
Rhonda Operating Co. Roden Bluitt	2	9.0909	83,993	5.6294	6.3217
Total	22	100.0000	1,492,047	100.0000	100.0000

\*Formula based on 20% Usable Wells % and 80% Ultimate Primary Oil %.





**SUPPLEMENTAL WATER FLOOD SURVEY**  
**MURPHY OPERATING CORPORATION**  
**BLUFF (SAN ANDRÉS) FIELD**  
 ROOSEVELT COUNTY, NEW MEXICO

**PROPOSED UNIT AREA MAP**

Scale: 1" = 1/4" Mile

**LEGEND**

- PRODUCING WELL
- PLUGGED & ABANDONED
- ⊗ GAS WELL
- ⊗ GAS WELL (DEEP)
- ⊗ DRY HOLE (DEEP)
- ⊗ DRY HOLE
- ⊗ PROPOSED PRODUCING WELL LOCATION (AFTER PLOT)
- ⊗ PROPOSED WATER INJECTION WELL LOCATION (AFTER PLOT)
- ⊗ PROPOSED WATER INJECTION WELL (AFTER PLOT)
- ⊗ PROPOSED WATER INJECTION WELL (PLOT)

