

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

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

CASE NO. 11792

**AMENDED APPLICATION OF DOYLE HARTMAN
TO GIVE FULL FORCE AND EFFECT TO
COMMISSION ORDER R-6447, TO REVOKE
OR MODIFY ORDER R-4680-A, TO
ALTERNATIVELY TERMINATE THE
MYERS LANGLIE-MATTIX UNIT,
LEA COUNTY, NEW MEXICO.**

**OXY USA INC.'S
EXHIBITS TO ITS
REPLY IN FURTHER SUPPORT OF
MOTION TO DISMISS**

OXY USA INC. ("OXY") by its attorneys, Kellahin and Kellahin, W. Thomas Kellahin and Campbell, Carr, Berge, & Sheridan, P.A., William F. Carr, and Paul R. Owen, submits these Exhibits to its Reply in Further Support of its Motion to Dismiss the Application of Doyle Hartman in NMOCD Case 11792. OXY Exhibits numbered 1 through 20 were attached to OXY's Memorandum in Support of its Motion to Dismiss.

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21. Unit Operating Agreement For The Development and Operation of the Myers Langlie-Mattix Unit, Lea County, New Mexico - dated January 1, 1973.
22. Certificate of Effectiveness, Myers Langlie-Mattix Unit - dated February 15, 1974.
23. Certificate Relating to Second Revision of Exhibits A and C to Unit Agreement-Myers Langlie-Mattix Unit - dated July 30, 1976.
24. Revised Exhibit 10-B to Unit Agreement, Myers Langlie-Mattix Unit.
25. Cover letter and AFE from Texaco to Working Interest Owners - dated June 13, 1989.
26. Cover letter and Plan of Development and Operations - dated March 23, 1990.
27. Petition of Doyle Hartman Regarding Status of Operator For Meyers [sic] Langlie-Mattix Unit - dated May 21, 1991.
28. Letter from Robert Stovall, General Counsel of NMOCD to Thomas M. Domme - dated May 23, 1991.
29. Doyle Hartman's Petition Regarding Status of Operator and Development Plan for Meyers [sic] Langlie-Mattix Unit - June 3, 1991.
30. Order of the Commission, Case No. 10378, Order No. R-6447-A - dated September 13, 1991.
31. Letters regarding Hartman's attempts to change purchasers of production.
32. Application in the Matter of the Application of OXY USA Inc. to Authorize the Expansion of a Portion of its Myers Langlie-Mattix Unit Waterflood Project and to Qualify Said Expansion for the Recovered Oil Tax Rate Pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico - dated November 22, 1994.
33. Letter from Doyle Hartman to Scurlock Permian Corporation - dated April 22, 1997.

**EXHIBITS TO OXY USA INC.'S REPLY IN
FURTHER SUPPORT OF MOTION TO DISMISS**

34. Letter from OXY USA Inc. to Doyle Hartman - dated December 8, 1994.
35. Order of the NMOCD, Case No. 10779, Order No. R-6856-B, Application of Phillips Petroleum Company to Qualify Five Portions of its East Vacuum Grayburg-San Andres Unit Pressure Maintenance Project for the Recovered Oil Tax Rate Pursuant to the "New Mexico Enhanced Oil Recovery Act," Lea County, New Mexico - dated November 12, 1993.
36. Order of the NMOCD, Case No. 9210, Order No. R-8557, Application of Pelto Oil Company For Statutory Unitization, Chaves County, New Mexico - dated December 2, 1987.
37. Unit Operating Agreement Twin Lakes San Andres Chaves County, New Mexico - dated June 1, 1987.
38. Transcript of Hearing Case Nos. 9210 and 9211, Application of Pelto Oil Company for Statutory Unitization, Chaves County, New Mexico and Application of Pelto Oil Company for a Waterflood Project, Chaves County, New Mexico - dated September 9, 1987.
39. Order of the NMOCD, Case No. 10062, Order No. R-9336, Application of OXY USA Inc. for Statutory Unitization, Lea County, New Mexico - dated October 29, 1990.
40. Relevant Excerpt of Unit Operating Agreement Central Corbin Queen Unit Lea County, New Mexico.
41. Order of the NMOCD, Case No. 10341, Order No. R-9548, Application of Marathon Oil Company for Statutory Unitization, Eddy County, New Mexico - dated July 22, 1991.
42. Relevant Excerpt of Unit Operating Agreement Tamano (BSSC) Unit, Eddy County, New Mexico.
43. Transcript of Proceedings In the Matter of Application of Marathon Oil Company for Statutory Unitization, Eddy County, New Mexico and Application of Marathon Oil Company for Pressure Maintenance Project, Eddy County, New Mexico - dated June 27, 1991.

44. Order of the NMOCD, Case No. 10685, Order No. R-9894, Application of Hanson Operating Company, Inc. for Statutory Unitization, Eddy County, New Mexico dated May 19, 1993.
45. Relevant Excerpt of Unit Operating Agreement Shugart Waterflood Unit, Eddy County, New Mexico.

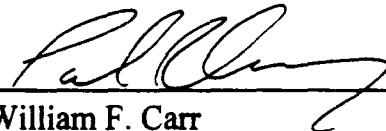
Respectfully submitted,

KELLAHIN & KELLAHIN

Telephonic approval 6/29/97

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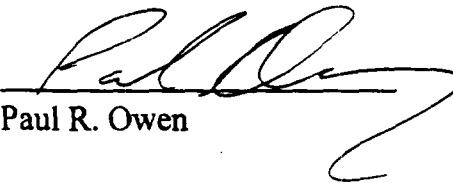


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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Exhibits to its Reply in Further Support of its Motion to Dismiss the application of Doyle Hartman in NMOCD Case 11792, this 30th day of June, 1997 to:

Michael J. Condon, Esq.
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460 St. Michael's Drive, Bldg. 300
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Paul R. Owen

7968

UNIT OPERATING AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
MYERS LANGLEIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

6-317938 "b"

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EXECUTION
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UNIT OPERATING AGREEMENT

MYERS LANGLEIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

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UNIT OPERATING AGREEMENT

MYERS LANGLIE-MATTIX UNIT

LEA COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the first day of January, 1973, by and between the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof;

W I T N E S S E T H:

WHEREAS, the parties hereto as Working Interest Owners have executed, as of the date hereof, an agreement entitled "Unit Agreement, Myers Langlie-Mattix Unit, Lea 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 the development and operation of the Unit Area;

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

ARTICLE 1CONFIRMATION 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 2EXHIBITS

2.1 Exhibits. The following exhibits are incorporated herein and made a part hereof.

2.1.1 Exhibits A, B & C of the Unit Agreement are incorporated herein by reference.

2.1.2 Exhibit D attached hereto, is a schedule showing the Unit Participations of each Working Interest Owner for Phase I and Phase II of Unit Operations. Exhibit D or a revision thereof, shall not be conclusive as to the information therein except it

shall be used as showing the Unit Participations of the 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 the development and operation of the Unit Area; in the event of conflict between this agreement and Exhibit E, this agreement shall prevail.

2.1.4 Exhibit F, attached hereto are the assessments which may be made against the working interest owners of certain non-usable wells listed thereon as provided in Article 10. In the event the tracts for any of the wells listed in Exhibit "F" fail to qualify for inclusion in the Unit on the effective date hereof, Exhibit "F" shall be revised to delete each such well and its assessment.

2.2 Revision of Exhibits. Whenever Exhibits A, B or C 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.

ARTICLE 3

SUPERVISION OF OPERATIONS BY WORKING INTEREST OWNERS

3.1 Over-all Supervision. Working Interest Owners shall exercise over-all 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 the 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 any type of pressure maintenance, secondary recovery, or other recovery program to be employed.

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

3.2.3 Well Recompletions and Change of Status. The recompletion, abandonment, or change of status of any well, or the use of any well for in-

3.2.4 Expenditures. The making of any single expenditure in excess of Fifteen Thousand Dollars (\$15,000.00); provided that, 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 same, 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 list price of new equipment similar thereto is Three Thousand and Five Hundred Dollars (\$3,500.00) 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; provided that, such designation shall not prevent any Working Interest Owner at its own expense from appearing in person or from designating another representative in its own behalf.

3.2.7 Audits. The auditing of the accounts of Unit Operator pertaining to unit operations hereunder; provided that, the audits shall:

- (a) not be conducted more than once each year except upon the resignation or removal of Unit Operator.
- (b) be made at the expense of all Working Interest Owners other than the Working Interest Owner designated as Unit Operator; and
- (c) 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 or 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 Removal of Unit Operator and the Selection of a Successor.

3.2.12 Enlargement of the Unit Area.

3.2.13 Adjustment and Readjustment of Investments.

3.2.14 Termination of the Unit Agreement.

ARTICLE 4

MANNER OF EXERCISING SUPERVISION

4.1 Designation of Representatives. Each Working Interest Owner shall in writing inform Unit Operator 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 the Working Interest Owners shall be called by Unit Operator upon its own motion or at the request of one or more Working Interest Owners having a total Unit Participation 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 shall not be prevented from amending items included in the agenda or from deciding the 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 such vote is taken.

4.3.2 Vote Required. Except as may otherwise be provided herein or in the Unit Agreement, Working Interest Owners shall act upon and determine all matters coming before them by the affirmative vote of three (3) or more Working Interest Owners having a combined Voting Interest of at least sixty-five percent (65%), provided that, should any one Working Interest Owner own more than thirty-five percent (35%) Voting Interest, its negative vote or failure to vote shall not defeat a motion and such motion shall pass if such motion is approved by a majority of the Voting Interest, and such affirmative vote shall be controlling on all parties.

4.3.3 Vote at Meeting by Non-attending Working Interest

Owners. Any Working Interest Owner not represented at a meeting may vote on any item included in the agenda of the meeting by letter or telegram addressed to the chairman of the meeting provided such vote is received prior to the submission of such item to vote. Such vote shall not be counted with respect to any item on the agenda which is amended at the meeting.

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 no meeting is requested, as provided in Section 4.2, within ten (10) days after the proposal is sent to Working Interest Owners. Unit Operator will give prompt notice of the results of the 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 who requests the information.

ARTICLE 6

UNIT OPERATOR

6.1 Unit Operator. SKELLY OIL COMPANY is hereby designated as Unit Operator.

6.2 Resignation or Removal. Unit Operator may resign or be removed at any time under procedures prescribed in Section 7 of the Unit Agreement.

6.3 Selection of Successor. Upon the resignation or removal of a Unit Operator, a successor Unit Operator shall be selected by Working Interest Owners in the manner prescribed in Section 8 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 free from all liens and encumbrances occasioned by Unit Operations, except the lien as outlined in Section 11.5.

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 hereunder and shall permit any party hereto to examine all records of same at any reasonable time.

7.6 Reports to Working Interest Owners. Unit Operator shall furnish to Working Interest Owners periodic reports of Unit Operations as prescribed by the Working Interest Owners.

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

7.8 Engineering and Geological Information. Unit Operator shall furnish to a Working Interest Owner, upon written request, a copy of the log 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 under terms and conditions approved by Working Interest Owners.

ARTICLE 8

TAXES

8.1 Ad Valorem Taxes. Unit Operator shall, beginning with the first calendar year after the effective date hereof, make and file for ad valorem tax purposes all necessary renditions and returns with the proper taxing authorities or governmental subdivisions covering all real and personal property of each Working Interest Owner within the unitized land and used or held by Unit Operator in connection with the development and operation of the Unitized Formation. Any Working Interest Owner dissatisfied with any proposed rendition or assessment of its interest in real or personal property, shall have the right, at its own expense, to protest and resist the same. All such ad valorem taxes due and payable on account of real and personal property of each Working Interest Owner in, on and under the unitized land which is used in connection with Unit Operations shall be paid by Unit Operator for the joint account in the same manner as other costs and expenses of Unit Operations; provided, that if the interest of a Working Interest Owner is subject to separately assessed overriding royalty interest, production payment, or other interest in excess of 1/8th royalty, such Working Interest Owner shall be given credit for the reduction in taxes paid resulting therefrom.

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 in respect to the production or handling of its share of Unitized Substances.

ARTICLE 9

INSURANCE

9.1 Insurance. Unit Operator, at all times while conducting operations hereunder, shall purchase or provide protection for the benefit of the parties hereto, comparable to that afforded under standard form policies of insurance as follows:

- (1) Workmen's Compensation and Employers' Liability insurance providing benefits in accordance with the laws of the State of New Mexico.
- (2) General Public Liability insurance with Bodily Injury limits of \$100,000 per person and \$300,000 per accident and a Property Damage limit of \$100,000 per accident.
- (3) Automobile Public Liability Insurance with Bodily Injury limits of \$100,000 per person and \$300,000 per accident and a Property Damage limit of \$50,000.

Unit Operator shall charge the joint account an amount not to exceed the premium applicable to the protection provided in Paragraphs 1 and 2 above.

Unit Operator shall not provide any other kinds of insurance for the benefit of the parties hereto except with mutual written consent of the parties.

Insurance requirements for contractors or sub-contractors shall be left to the judgment of Unit Operator.

Should Skelly Oil Company cease to be Unit Operator hereunder, any new Unit Operator shall carry Workmen's Compensation Insurance and General Public Liability and Automobile Public Liability and Property Damage Insurance with limits as above specified or as mutually agreed upon by the parties hereto.

ARTICLE 10

ADJUSTMENT OF INVESTMENTS

10.1 Personal Property Taken Over. Upon execution of this agreement by the respective Working Interest Owners, each elects that its wells as shown on Exhibit "A" are hereby committed to the Unit. Upon the effective

date hereof, but subject to Article 12 and the other provisions of this Article 10, said Working Interest Owners shall deliver to Unit Operator the following:

10.1.1 Wells and Casing. All those wells shown on Exhibit "A" in Usable Condition together with that portion of all wells completed or to be completed by the Unit Operator in the Unitized Formation, which are used or usable in whole or in part for production of Unitized Substances or for injection or other purposes together with the casing therein above the base of the Unitized Formation. In dual completion wells, Unit Operator shall take over an undivided one-half interest in the casing to the base of the Unitized Formation where the Unitized Formation lies above the other formation in which the well is completed. Where the other formation in which the well is completed lies above the Unitized Formation, Unit Operator shall take over an undivided one-half interest in the casing to the base of the other formation and a full interest below said point.

10.1.2 Well and Lease Equipment. The 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 and which the Working Interest Owners then determine may be necessary or desirable for conducting Unit Operations.

10.1.3 Records. A copy of all production and well records that pertain to such delivered wells.

10.2 Assessment in Lieu of Usable Well. Each of the Working Interest Owners named in Exhibit "F", in lieu of delivering to the Unit the wells listed thereon in Usable Condition as of the effective date hereof, does herewith bind itself and agree to the following:

10.2.1 Schedule I - Assessments. Each of the Working Interest Owners listed under Schedule I of Exhibit "F" will deliver its wells listed thereunder to Unit Operator on the effective date hereof, and each shall pay its proportionate share of any remedial work approved by the Working Interest Owners and done to make any Schedule I well a Usable Well, based on the ratio that its total assessments under Schedule I for its wells which are not Usable Wells on the effective date hereof bears to the total assessments under Schedule I for all the wells listed thereon which are not Usable Wells on the effective date hereof. Unit Operator shall bill each Working Interest Owner who is obligated hereunder

from time to time for its share of the cost of remedial work as such work is performed. Installation of casing to the top of the Langlie-Mattix formation shall be initiated only after approval by the Working Interest Owners as provided in Article 4 of this agreement; provided, however, that if such casing is not installed within two years after the effective date of this agreement, said installation shall be at the expense of all Working Interest Owners rather than those listed in Schedule I of Exhibit "F". In no event shall any Working Interest Owner be separately assessed hereunder an amount in excess of the total assessments under Schedule I shown opposite its wells which are not Usable Wells on the effective date of this agreement. Any costs in excess of those separately assessed hereunder shall be charged as Unit expense.

10.2.2 Schedule II - Assessments. The Working Interest Owners of those wells listed under Schedule II of Exhibit "F" may retain for their own use, as to formations other than the Unitized Formation, the wells listed thereunder. Any Working Interest Owner who fails to deliver as a Usable Well on the effective date of this agreement any of the wells listed under Schedule II of Exhibit "F" shall be assessed in lieu thereof the amount set forth opposite such well. The assessment may be paid in cash, for credit to the joint account, within thirty (30) days after Phase II becomes effective, or may be paid out of sixty percent (60%) of the production allocated to the tract, under Phase II, on which such well is located.

10.2.3 Schedule III - Assessments. Working Interest Owners may, at any time after the effective date hereof, determine that those wells listed under Schedule III of Exhibit "F" which have not been completed as Usable Wells prior to the effective date hereof, need to be completed as Usable Wells. When such determination is made, Unit Operator shall make appropriate written demands on the Working Interest Owners of the wells determined necessary. Within thirty (30) days after such demand, each Working Interest Owner upon whom demand is made shall advise Unit Operator of its election as to the following:

- A. Within ninety (90) days after demand as provided above, each Working Interest Owner upon whom demand is made shall complete and equip, at its sole cost,

risk and expense, a Usable Well. Upon delivery to Unit Operator of a Usable Well, an inventory and adjustment of investment shall be effected in accordance with the other provisions of this Article 10.

- B. Working Interest Owners upon whom demand is made under this Section 10.2.3 may, in lieu of furnishing a Usable Well, elect to pay in cash to the Unit Operator, for credit to the joint account, the amount shown under Schedule III of Exhibit "F" opposite the well for which demand is made. Payment shall be made within thirty (30) days after receipt of demand for a Usable Well.

10.3 Inventory. On the effective date hereof, or as soon thereafter as feasible, Working Interest Owners shall, at Unit expense, inventory the personal property taken over under Section 10.1 above. Such inventory shall be limited to controllable material as defined by the "Material Classification Manual", 1967 Print, issued by the Council of Petroleum Accountants Societies of North America; provided however, that for adjustment purposes only, sucker rods, down-hole pumps and other items as agreed upon by the Working Interest Owners will be treated the same as controllable equipment. Although all casing shall be included in full detail in the inventory, the value of the casing for adjustment purposes shall be zero. Noncontrollable items which are omitted from the inventory shall, nevertheless, be taken over by the Unit if in use on the property. As to any Tract, Unit Operator shall notify each Working Interest Owner therein at least ten (10) days prior to the taking of the inventory with respect to such Tract, so that each of said Working Interest Owners may make arrangements to be represented at the taking of the inventory. Failure of a Working Interest Owner to be represented at the taking of the inventory shall, nevertheless, bind such Working Interest Owner to accept the inventory taken by representatives of the other Working Interest Owners.

10.4 Inventory Evaluation and Approval. Unit Operator shall furnish for approval by Working Interest Owners an inventory reflecting the following:

- (a) A list of controllable material and equipment, except for material and equipment required for production from non-unitized

formations, deemed necessary or desirable for Unit Operations. The material and equipment so listed shall be valued at eighty percent (80%) of the price basis prescribed for material in Paragraph 2 of Article IV of Exhibit "E", the applicable conditions to be indicated on the inventory; provided, however, that material and equipment not classified to be in condition B or C as specified in Paragraph 2 of Article IV of Exhibit E shall not be taken over by Unit Operator except by special agreement with the owners of said equipment as approved by the Working Interest Owners.

(b) A list of material and equipment serving the Unitized Formation deemed necessary by the Unit Operator for the temporary convenience of the Unit. Said material and equipment shall be retained on a loan basis for a period of time not to exceed six (6) months from and after the effective date of this agreement unless individual arrangement has been made for the further use thereof.

(c) A list of the material and equipment which, although taken over by Unit Operator, is not, as of date of submission of said inventory for Working Interest Owner approval, deemed necessary or desirable for Unit Operations.

10.5 Adjustment of Investment. Upon approval by the Working Interest Owners of the inventory evaluation referred to in Section 10.4 hereof, each Working Interest Owner shall be credited with the value as determined in accordance with Section 10.4 (a) above, of its interest in all material and equipment taken over by Unit Operator under Section 10.1 of this agreement and charged with an amount equal to that obtained by multiplying the total value of all such material and equipment taken over by Unit Operator by such Working Interest Owner's Phase II Unit Participation. 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.

10.6 Removal of Non-Unit Equipment. Upon approval by the Working Interest Owners of the inventory referred to in Section 10.4 hereof, the material and equipment listed as surplus as provided in Section 10.4 (c) shall be reclaimed by the owner thereof and may be removed from the Unit Area at any time or shall be removed within a reasonable time after the owners of such property have been requested to do so by Unit Operator unless said material and equipment are necessary for use by the owners thereof in the operation or development of horizons not unitized under the Unit Agreement and this agreement. Material and equipment listed under Section 10.4 (b) shall be reclaimed and removed by the owner thereof on request of Unit Operator.

10.7 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 based upon their respective Phase II Unit Participations. There shall be no adjustment for lease roads or appurtenances thereto.

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

ARTICLE 11

UNIT EXPENSE

11.1 Basis of Charges to Working Interest Owners. Unit Operator initially shall pay and discharge all costs and expenses incurred in the development and operation of the Unit Area. Each Working Interest Owner shall reimburse Unit Operator for its proportionate share of all such costs and expenses as follows:

11.1.1 Operating Expense. Beginning at 7:00 A.M., on the effective date hereof, all operating expenses shall be shared by Working Interest Owners in accordance with their respective Unit Participation as set out in Exhibit "D" which are in effect at the time said expenses are incurred.

11.1.2 Capital Expenditures. Beginning at 7:00 A.M., on the effective date hereof, and thereafter during the life of this agreement, all capital expenditures for development and for the purchase and

Installation of material classified as investment items shall be shared by Working Interest Owners in accordance with their respective Phase II Unit Participations as set out in Exhibit "D".

All charges, credits and accounting for costs and expenses shall be governed by Exhibit "E" or, when applicable, the provisions of Section 11.1.2 hereof.

11.2 Budgets. Before or as soon as practical after the effective date hereof, Unit Operator shall prepare a budget of estimated costs and expenses for the remainder of the calendar year, and on or before the first day of each October thereafter shall prepare a budget of estimated costs and expenses for the ensuing calendar year. Such budgets shall set forth the estimated costs and expenses by quarterly periods. Budgets so prepared shall be estimates only and shall be subject to adjustment and correction by Working Interest Owners and Unit Operator from time to time whenever it shall appear that an adjustment or correction is proper. A copy of such budget and adjusted budget shall be promptly furnished each Working Interest Owner.

11.3 Advance Billings. Unit Operator shall have the right 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 month, with a request for payment in advance. Within fifteen (15) days thereafter, 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. No funds received by Unit Operator under this agreement need be segregated or maintained by it as a separate fund, but may be commingled with its own funds.

11.5 Lien 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, its share of Unitized Substances when produced, and its interest in all Unit equipment, as security for payment of its share of Unit expense, together with interest thereon at the rate of ten percent (10%) per annum. Unit Operator shall have the right to bring suit to enforce collection of such indebtedness with or without seeking foreclosure of the

lien. In addition, upon default by any Working Interest Owner in the payment of its share of Unit expense, Unit Operator, without prejudice to other existing remedies, shall have the right 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 as aforesaid, 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 to the Working Interest Owners.

11.6 Unpaid Unit Expense. If any Working Interest Owner fails to pay its share of Unit expense within sixty (60) days after rendition of a statement therefor by Unit Operator, each Working Interest Owner agrees, upon request by Unit Operator, to pay its proportionate part of the unpaid share of Unit expense of the defaulting Working Interest Owner. The Working Interest Owners that pay the share of Unit expense of a defaulting Working Interest Owner shall be reimbursed by the Unit Operator for the amount so paid, plus any interest collected thereon, upon receipt by Unit Operator of any past due amount collected from the defaulting Working Interest Owner. Any Working Interest Owner so paying a defaulting Working Interest Owner's share of Unit expense shall be subrogated to the lien and rights herein granted Unit Operator.

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; however, the difference to be borne by or inure to the benefit of 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. If the interest of such Royalty Owner is an overriding royalty interest, production payment or other interest conveyed out of a Working Interest, the obligation to make the payment or to otherwise satisfy such Royalty Owner shall be the sole obligation of the Working Interest Owner or Owners whose interest is burdened thereby.

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 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 reasonable precaution 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 adversely be affected.

12.2 Multiple Completions - Limitations. There shall be no wells in the Unit Area completed in more than two producing formations, one of which is the Unitized Formation, except under such terms and conditions as may be agreed upon by the Working Interest Owners.

12.3 Joint Operations Provided For. Multiply completed wells shall be handled as follows:

12.3.1 Rights of Unit Operator and Allocation of Cost Between Unitized and Non-Unitized Operations. Unit Operator shall have the right to operate that portion of multiply-completed wells which were delivered to it pursuant to Article 10 above for production of Unitized Substances or as injection wells or for any other purpose pursuant to or in connection with the Unit operations provided for herein. The Working Interest Owner or Owners who own Oil and Gas Rights to any formation other than the Unitized Formation wherein any such multiply-completed well is situated, hereinafter called "Other Operator", shall have the right at its sole cost, risk and expense to operate that portion of such well which it has retained for the production of oil and gas from such formation other than the Unitized Formation, hereinafter called "Other Formation". The cost and expense of operating a multiply-completed well as to the Unitized Formation and keeping and maintaining the personal property delivered to Unit Operator pursuant to Article 10, save and except for casing, shall be borne entirely by the Working Interest Owners of the

Unit the same as if such well were a single completion in the Unitized Formation.

Except where circumstances and conditions warrant otherwise, Unit Operator shall be entitled to install tubing of a size equal to the tubing installed and used for the Other Formation, it being the intention hereby to provide that Unit operations shall not be subordinated to a secondary or inferior status.

12.3.2 Subsequent Completion in Formation Other than Unitized Formation. No well in which the Unit owns a partial or full interest may be subsequently completed or recompleted in another formation without the consent of the Working Interest Owners.

12.3.3 Workovers or Other Similar Operations in Multiply-Completed Wells. If either the Unit Operator or Other Operator should desire to conduct a workover, reconditioning or other operation which would result in any interruption or cessation of operations being conducted in, upon or with respect to such well by the other party, then the party desiring to undertake such operation shall first notify the other party in writing at least fifteen (15) days prior to commencing the proposed operation, setting out a complete and detailed description thereof. After the expiration of the fifteen (15) day period, or sooner if mutually agreeable, the party desiring to undertake such operations may proceed in accordance with its proposal subject to any amendments or changes which have been mutually agreed upon by the parties during the fifteen (15) day period. Such operations shall be performed in a good and workmanlike manner and, except as hereinafter provided with respect to casing, at the sole cost, risk and expense of the party undertaking the work. The party undertaking the work shall at his sole cost, risk and expense make all reasonable efforts to restore the formation operated by the other party to the same working condition and status of performance which existed prior to undertaking the work. Except for gross negligence or willful misconduct, the party undertaking such work shall not be liable beyond the duty imposed by the preceding sentence hereof or responsible for any damages to or loss of production from the formation operated by the party not desiring to undertake the work, nor shall such undertaking party be liable for any damage to the well or the casing.

12.3.4 Maintenance of Casing. In the event any casing repairs become necessary with respect to a multiply-completed well which are not the result of workovers or other similar operations hereinabove provided for, the Unit Operator and Other Operator shall pay the cost of such repairs in the following proportions: If the Unitized Formation lies below the other formation in which the well is completed, the Unit Operator and the Other Operator shall share equally the cost of any casing repairs necessary to the base of the other said formation and the cost of any repairs necessary from the base of the other said formation to the base of the Unitized Formation shall be borne solely by the Unit Operator; If the Unitized Formation lies above the other formation in which the well is completed, the Unit Operator and the Other Operator shall share equally the costs of any necessary repairs to the base of the Unitized Formation and the cost of any repairs necessary below the base of the Unitized Formation shall be borne solely by the Other Operator.

12.3.5 Replacement Wells. If as a consequence of any deeper drilling, workover or repairs, a replacement well has been proposed by the Unit Operator, either the Working Interest Owners or the Other Operator may elect whether or not to participate in the drilling of such replacement well as a multiple-completion well. In the event such a replacement well is to be drilled, the cost of drilling the same to the base of the Unitized Formation shall be borne by the Working Interest Owners and the Other Operator in equal shares, if the Unitized Formation lies above the other formation in which the well is completed, and the cost of drilling said replacement well below the Unitized Formation shall be borne by the Other Operator. If the Unitized Formation lies below the other formation in which said replacement well is to be completed the cost of drilling the same to the base of the other formation will be borne by the Working Interest Owners and the Other Operator in equal shares, and the cost of drilling said replacement well below the base of the other formation shall be borne by the Working Interest Owners. The Working Interest Owners and Other Operator shall each pay their respective completion costs in any such replacement well.

12.3.6 Communications Between Formations. Unit Operator shall be responsible for checking communications between the Unitized Formation and any other Formation; provided, however, the Other Operator shall be

notified at least twenty-four (24) hours prior to the taking of any packer leakage tests and be permitted to have a representative present if they should so desire. The cost of any operation performed to remedy communication between zones will be borne equally by and between the Working Interest Owners and the Other Operator, or Operators, of such communicating zone or zones.

12.3.7 Abandonment. If either party should desire at any time to abandon one of its operations in any multiply-completed well and salvage its material and equipment therefrom, such party shall be bound to give the other party at least a fifteen (15) day notice in writing prior to making such abandonment and shall otherwise proceed as provided above in Section 12.3.3, subject however to the terms and provisions of Section 22.1. If both parties mutually agree to abandon the well, the cost of such abandonment shall be shared equally.

ARTICLE 13

TITLES

13.1 Warranty and Indemnity. Each Working Interest Owner represents and warrants that it is the owner of the respective Working Interests set forth opposite its name in Exhibit "B" of the Unit Agreement, and hereby 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; provided that, such indemnity and 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 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.

13.2 Failure Because of Unit Operations. The failure of title to any Working Interest in any Tract by reason of Unit Operations, including non-production from such Tract, shall not change the Unit Participation of the Working Interest Owner whose title failed in relation to the Unit Participations of the other Working Interest Owners at the time of the title failure.

ARTICLE 14

LIABILITY, CLAIMS, AND SUITS

14.1 Individual Liability. The duties, obligations and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing herein contained 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 but not involving an expenditure in excess of Two Thousand Dollars (\$2,000.00), provided the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above specified amount, Working Interest Owners shall assume and take over the further handling of the claim or suit unless such authority is expressly 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 and 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

INTERNAL REVENUE PROVISION

15.1 Internal Revenue Provision. Each Working Interest Owner hereby elects that it and the operations covered by this agreement be excluded from the application of Subchapter K of Chapter 1 of Sub-title A of the Internal Revenue Code of 1954, or such portion thereof as the Secretary of the Treasury of the United States or his delegate shall permit by election to be excluded therefrom. Unit Operator is hereby authorized and directed to execute on behalf of each Working Interest Owner such additional or further evidence of the election as may be required by regulations issued under said Subchapter K. Should the regulations require each party to execute such further evidence, each Working Interest Owner agrees to execute or join in the execution thereof. The election hereby made and the other provisions of this paragraph shall apply in like manner to

applicable state laws, regulations, and rulings now in effect or hereafter enacted that have an effect similar to the federal provisions referred to herein.

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 mail or telegram to the address of the representative of each Working Interest Owner as furnished to Unit Operator in accordance with Section 4.1 hereof.

ARTICLE 17

WITHDRAWAL OF WORKING INTEREST OWNER

17.1 Withdrawal. If any Working Interest Owner so desires, it may withdraw from this agreement by conveying, assigning and transferring, without warranty of title either express or implied, to the other Working Interest Owners who do not desire to withdraw herefrom, all of the former's right, title and interest in and to its lease or leases or other operating rights in the Unit Area insofar as said lease, leases or rights pertain to the Unitized Formation, together with the withdrawing Working Interest Owner's interest in all wells, pipe lines, casing, injection equipment, facilities and other personal property used in conjunction with the development and operation of the Unit Area; provided, however, that such transfer, assignment or conveyance shall not relieve said Working Interest Owner from any obligation or liability incurred prior to the date of the execution and delivery thereof. The interest so transferred, assigned and conveyed shall be taken and owned by the other Working Interest Owners in proportion to their respective Phase II Unit Participations. After the execution and delivery of such transfer, assignment or conveyance, the withdrawing Working Interest Owner shall be relieved from all further obligations and liability hereunder and under the Unit Agreement. Thereupon, the right of such Working Interest Owner to any benefits subsequently accruing hereunder and under the Unit Agreement shall cease; provided, that upon delivery of said transfer, assignment or conveyance, the assignees (in the ratio of the respective interests so acquired) shall pay to the assignor for its interest in all jointly owned equipment, casing and other personal property the fair net salvage value thereof, less its proportionate share of the costs of terminating the Unit, as same are

determined and fixed by Working Interest Owners. This Section shall not prevent a Working Interest Owner from assigning, conveying or otherwise transferring its interest, in whole or in part, provided such assignment, conveyance or transfer is made subject to the terms of this agreement and the Unit Agreement.

ARTICLE 18

CREATION OF NEW INTEREST

18.1 Creation of New Interest. If any Working Interest Owner shall, after executing this agreement, create any overriding royalty, production payment, or other similar interest, hereafter referred to as "new interest", out of its interest subject to this agreement, such new interest shall be subject to all the terms and provisions of this agreement. In the event the Working Interest Owner owning the interest from which the new interest was created withdraws from this agreement under the terms of Article 17, or fails to pay any expenses and costs chargeable to it under this agreement and the production to the credit of such Working Interest Owner is insufficient for that purpose, the owner of the new interest will be liable for the pro rata portion of all costs and expenses for which the original Working Interest Owner creating such new interest would have been liable by virtue of his ownership of the new interest had the same not been transferred. In this event, the lien provided in Section 11.5 may be enforced against such new interest. If the owner of the new interest bears a portion of the costs and expenses or the same is enforced against such new interest, the owner of the new interest will be subrogated to the rights of the Unit Operator with respect to the interest primarily chargeable with such costs and expenses.

ARTICLE 19

ABANDONMENT OF WELLS

19.1 Rights of Former Owners. If Working Interest Owners decide to abandon permanently 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 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 Unit Operator of their election to take over the well, they shall pay Unit Operator, for credit to the

joint account, the amount estimated 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 effectively and protect the Unitized Formation, and upon abandonment to plug the well in compliance with applicable laws and regulations.

19.2 Plugging. If the Working Interest Owners of a Tract do not elect to take over a well located thereon which is proposed for abandonment, Unit Operator shall plug and abandon the well in compliance with applicable laws and regulations.

ARTICLE 20

FORCE MAJEURE

20.1 Force Majeure. In the event any party hereto is rendered unable, wholly or in part, by force majeure to carry out its obligations under this contract, other than the obligations to make payment of money due hereunder, it is agreed that upon such party's giving notice and reasonably full particulars of force majeure in writing or by telegraph to the other parties hereto within a reasonable time after the occurrence of the cause relied upon, then the obligations of the party giving the notice, so far as they are affected by force majeure, shall be suspended during the continuance of any liability so caused, but for no longer period; and the cause of the force majeure shall, so far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein shall mean any cause not reasonably within the control of the party claiming suspension.

ARTICLE 21

EFFECTIVE DATE AND TERM

21.1 Effective Date. This agreement shall become effective on the date and at the time that the Unit Agreement becomes effective.

21.2 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 abandoned and plugged or turned over to Working Interest Owners in accordance with Article 22; (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.

ABANDONMENT OF OPERATIONS

22.1 Termination. Upon termination of the Unit Agreement, the following shall occur:

22.1.1 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.

22.1.2 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 value of the casing and equipment in and on the wells taken over, as estimated by Working Interest Owners, and by agreeing to plug properly each well at such time as it is abandoned.

22.1.3 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 properly.

22.1.4 Cost of Salvaging. Working Interest Owners shall share the cost of salvaging, liquidation or other distribution of assets and properties used in Unit Operations in proportion to their respective Unit Participations as set out in Exhibit D.

ARTICLE 23COUNTERPART EXECUTION

23.1 Execution by Separate Counterparts of Ratifications. This agreement may be executed in any number of counterparts and each counterpart so executed shall have the same force and effect as an original instrument and as if all of the parties to the aggregate counterparts had signed the same instrument; or, it may be ratified by a separate instrument in writing referring to this agreement. Each such ratification shall have the force and effect of an executed counterpart and of adopting by reference all provisions hereof.

ARTICLE 24SUCCESSORS AND ASSIGNS

24.1 Successors and Assigns. The provisions hereof shall be covenants running with the lands, leases, and interests covered hereby,

and shall be binding upon and inure to the benefit of the respective heirs, devisees, legal representatives, successors and assigns of the parties hereto.

IN WITNESS WHEREOF, this agreement is executed as of the date of the above written.



L. Kendall Kernell
Assistant Secretary

SKELLY OIL COMPANY

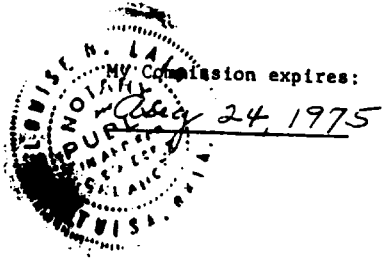
By James L. Kernell
Vice President

Date of Signature:
April 5, 1973

Approved and
Filed
Q
Rin

STATE OF OKLAHOMA)
COUNTY OF TULSA) SS

The foregoing instrument was acknowledged before me this 5th
day of April, 1973 by Judd H. Oualine
Vice President of SKELLY OIL COMPANY, a Delaware corporation, on behalf
of said corporation.



Louise N. Lain
Notary Public

EXHIBIT "D"
UNIT OPERATING AGREEMENT
MYERS LANGLEY-MATTIX UNIT
LEA COUNTY, NEW MEXICO

MISC 544:107 381

<u>Working Interest Owner</u>	<u>P E R C E N T</u>	
	<u>Phase I</u>	<u>Phase II</u>
Allied Chemical Corporation	.59869	1.01166
Amerada Hess Corporation	6.17699	6.21268
Arlene S. Anthony	0.00000	0.08288
Amoco Production Company	6.21201	5.34004
Atlantic Richfield Company	5.26996	9.53544
Frank Bateman	.20003	.26117
George R. Bentley	.02816	.01469
O. A. Bourg Drilling Company	.16486	.05131
Tom Brown Drilling Company	.49459	.15392
W. K. Byrom	1.55489	.84458
Chevron Oil Company	.76773	.04851
Cities Service Oil Company	2.01056	1.64622
Ralph L. Clarke	1.22629	.73075
Margaret B. Clay	.84250	.75051
Clay Trusts 618-1, 2 & 3	.81434	.73583
W. J. Clay	0.00000	.01777
Conka Production Company	.20424	.09398
Continental-Emsco Company	1.16195	.58852
Continental Oil Company	1.73554	2.08825
Crown Central Petroleum Corporation	.67790	.88783
R. DeChicchio Estate	.65945	.20523
Mrs. V. M. Donnelly	.41299	.62812
Chas. A. Dore	0.00000	.00209
Clara Dwyer Estate	.05261	.04186
F. W. Dye Estate	.18428	.28249
Elder Estate	1.31890	.41046
El Paso Natural Gas Company	0.00000	.08618
Flag-Redfern Oil Company	2.41669	1.18850
Fluor Corporation	.09902	.10012
Gackie Oil Company	1.00774	.90204
General Crude Oil Company	.31562	.25116
Getty Oil Company	.46205	.22939
Great Western Drilling Company	2.88702	2.54868
Gulf Oil Corporation	7.68827	10.87787
John H. Hendrix	.25581	.23951
Lamar Hunt	1.03064	1.51044
N. B. Hunt	2.06130	3.02090
W. H. Hunt	1.03066	1.51046
Johnson & French	.45264	.56001
Aubrey Kenyon	.05685	.05322
Michael L. Klein	.25581	.23950
F. D. & Lillian B. Jones	0.00000	.00084
C. B. King Estate	.36857	.56499
Frank D. Lortscher	0.00000	.24864
Ralph Lowe Estate	.74190	.57930
Management Trust Company	.30232	.27061
Blanche McCallister	.29047	.13893
R. G. McPherson	.41688	.23877
Merchants National Bank of Terre Haute	.02816	.01469
Gertrude C. Mitchell	.05260	.04186
Mobil Oil Corporation	.84166	.66977
Petroleum Corporation of Texas	.31649	.13537
W. A. Pruett	0.00000	.00104
Charles B. Read	.10421	.05969
Reserve Oil and Gas Company	.82849	.86361
Resler and Sheldon	3.93863	1.47473
Herbert J. Schmitz	0.00000	.19801
Charles T. Scott, Jr.	0.00000	.08288
Robert C. Scott	0.00000	.08288
T. J. Sivley	.19074	.38752
Skelly Oil Company	12.53466	13.36943
R. L. Summers	.16599	.08407

<u>Working Interest Owner</u>	<u>P E R C E N T</u>	
	<u>Phase I</u>	<u>Phase II</u>
Superior Oil Company	0.00000	.00648
Texaco Inc.	8.80313	10.28603
Texas Pacific Oil Company	16.89701	12.96196
J. E. Warren	.18428	.28249
Finn Watson	.20423	.09398
Unleased Interest	<u>0.00000</u>	<u>.27556</u>
TOTAL	100.00000	100.00000

EXHIBIT "E"

Attached to and made a part of: Unit Operating Agreement
Myers Langile-Mattix Unit
Lea County, New Mexico

Recommended by the
Council of Petroleum
Accountants Societies of
North America.
Except as modified
under:
Sec. I Par. 5
Sec. II Par. 3
and 5
Sec. III Par. 3B(6)
and 5C
Sec. IV Par. 2A(1)
and 5A

ACCOUNTING PROCEDURE (JOINT OPERATIONS)

I. GENERAL PROVISIONS

1. Definitions

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

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

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

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

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

"Parties" shall mean Operator and Non-Operators.

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

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

2. Conflict with Agreement

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

3. Collective Action by Non-Operators

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

4. Statements and Billings

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

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

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

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

5. Payment and Advances by Non-Operators

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 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 of ten per cent (10%) per annum 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.

6. Adjustments

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

7. Audits

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

II. DIRECT CHARGES

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

1. Rentals and Royalties

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

2. Labor

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

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

- C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's labor cost of salaries and wages chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.
 - D. Reasonable personal expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and for which expenses the employees are reimbursed under Operator's usual practice.
3. **Employee Benefits**
Operator's current cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost; provided however, the total of such charges shall not exceed fifteen percent (15%) of Operator's labor costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.
 4. **Material**
Material purchased or furnished by Operator for use on the Joint Property. So far as it is reasonably practical and consistent with efficient and economical operation, only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use; and the accumulation of surplus stocks shall be avoided.
 5. **Transportation**
Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:
 - A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by Operator and Non-Operators.
 - B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by Operator and Non-Operators. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by Operator and Non-Operators.
 - C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking costs of \$100 or less.
 6. **Services**
 - A. The cost of contract services and utilities procured from outside sources other than services covered by Paragraph 8 of this Section II and Paragraph 2 of Section III.
 - B. Use and service of equipment and facilities furnished by Operator as provided in Paragraph 5 of Section IV.
 7. **Damages and Losses to Joint Property**
All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or any other cause, except to the extent that the damage or loss could have been avoided through the exercise of reasonable diligence on the part of Operator. Operator shall furnish Non-Operators written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.
 8. **Legal Expense**
All costs and expenses of handling, investigating and settling litigation or claims arising by reason of the Joint Operations or necessary to protect or recover the Joint Property, including, but not limited to, attorneys' fees, court costs, cost of investigation or procuring evidence and amounts paid in settlement or satisfaction of any such litigation or claims; provided, (a) no charge shall be made for the services of Operator's legal staff or other regularly employed personnel (such services being considered to be Administrative Overhead under Section III), except by agreement with Non-Operators, and (b) no charge shall be made for the fees and expenses of outside attorneys unless the employment of such attorneys is agreed to by Operator and Non-Operators.
 9. **Taxes**
All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.
 10. **Insurance Premiums**
Premiums paid for insurance required to be carried on the Joint Property for the protection of the Parties.
 11. **Other Expenditures**
Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator for the necessary and proper conduct of the Joint Operations.

III. INDIRECT CHARGES

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

OPERATOR SHALL CHARGE THE JOINT ACCOUNT UNDER THE TERMS OF:

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

1. **District Expense**
Operator shall charge the Joint Account with a pro rata portion of the salaries, wages and expenses of Operator's production superintendent and other employees serving the Joint Property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Operator's _____ (or a comparable office if location changed), and necessary sub-offices (if any), maintained for the convenience of the above-described office and all necessary camps, including housing facilities for employees if required, used in connection with the operations of the Joint Property and other properties in the same operating area. The expense of, less any revenue from, such facilities may, at the option of Operator, include depreciation of investment or a fair monthly rental in lieu of depreciation. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice.
2. **Administrative Overhead**
Operator shall charge administrative overhead to the Joint Account at the following rates, which charge shall be in lieu of the cost and expense of all offices of the Operator not covered by Paragraph 1 of this Section III, including salaries, wages and expenses of personnel assigned to such offices. Such charges shall be in addition to the salaries, wages and expenses of employees of Operator authorized to be charged as direct charges as provided in Paragraphs 2 and 8 of Section II.

WELL BASIS (RATE PER WELL PER MONTH)

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

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

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

4. **Combined Fixed Rates**

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

WELL BASIS (RATE PER WELL PER MONTH)

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

Said fixed rate ~~(\$950)~~ (shall not) include salaries and expenses of production foremen.

5. **Application of Administrative Overhead or Combined Fixed Rates**

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

- A. Charges for drilling wells shall begin on the date each well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during the suspension of drilling operations for fifteen (15) or more consecutive days.
- B. The status of wells shall be as follows:
 - (1) Producing gas wells, injection wells for recovery operations, water supply wells utilized for water flooding operations and salt water disposal wells shall be considered the same as producing wells.
 - (2) Wells permanently shut down but on which plugging operations are deferred shall be dropped from the well schedule at the time the shutdown is effected. When such a well is plugged a charge shall be made at the producing well rates.
 - (3) Wells being plugged back, drilled deeper, converted to a source or input well, or which are undergoing any type of workover that requires the use of a drilling or workover rig shall be considered the same as drilling wells.
 - (4) Temporarily shut-down wells, which are not produced or worked upon for a period of a full calendar month, shall not be included in the well schedule, provided however, wells shut in by governmental regulatory body shall be included in the well schedule only in the event the allowable production is transferred to some other well or wells on the Joint Property. In the event of a unit allowable, all wells capable of producing will be counted in determining the charge.
 - (5) Gas wells shall be included in the well schedule if directly connected to a permanent sales outlet even though temporarily shut in due to overproduction or failure of purchaser to take the allowed production.
 - (6) Wells completed in multiple horizons shall be considered as a producing well for each separately producing horizon, providing each completion is considered a separate well by governmental or other statewide regulatory authority.
- C. The well rates for producing wells shall be applied to the individual leases; provided that, whenever leases covered by this agreement are operated as a unitized project, the well rates shall be applied to the total number of producing wells, irrespective of individual leases.
- D. The well rates shall be adjusted on the first day of April of each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the preceding calendar year as shown by "The Index of Average Weekly Earnings of Crude Petroleum and Gas Production Workers" as published by the United States Department of Labor, Bureau of Labor Statistics. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.
6. For the construction of compressor plants, water stations, secondary recovery systems, salt water disposal facilities, and other such projects, as distinguished from the more usual drilling and producing operations, Operator in addition to the Administrative Overhead or Combined Fixed Rates provided for in Paragraph 2 and 4 of this Section III, shall charge the Joint Account with an additional overhead charge as follows:
 - A. Total cost less than \$25,000, no charge.
 - B. Total cost more than \$25,000 but less than \$100,000, 3 % of total cost.
 - C. Total cost of \$100,000 or more, 3 % of the first \$100,000 plus 2 % of all over \$100,000 of total cost.
 Total cost shall mean the total gross cost of any one project. For the purpose of this Paragraph the component parts of a single project shall not be treated separately and the cost of drilling wells shall be excluded.
7. The specific rates provided for in this Section III may be amended from time to time by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. BASIS OF CHARGES TO JOINT ACCOUNT

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

1. **Purchases**

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

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

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

- (1) Tubular goods, except line pipe, shall be priced on a maximum carload and/or barge load weight basis regardless of quantity transferred and equalized to the lowest prevailing price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available effective at date of transfer. Line pipe shall be priced at the current replacement cost effective at date of transfer from a reliable supply store nearest the Joint Property where such Material is normally available if the movement is less than 30,000 pounds. If the movement is 30,000 pounds or more, it shall be priced on the same basis as casing and tubing under this paragraph.

When the Operator has equalized actual hauling costs as provided for in Paragraph 5 of Section II, Operator is permitted to include ten cents (10c) per hundred weight on all tubular goods furnished from his stocks in lieu of loading and unloading costs sustained.

- (2) Other Material shall be priced at the current replacement cost of the same kind of Material, effective at date of movement and f. o. b. the supply store or railway receiving point nearest the Joint Property where Material of the same kind is available.
 - (3) The Joint Account shall not be credited with cash discounts applicable to prices provided for in this Paragraph 2 of Section IV.
- B. Used Material (Condition "B" and "C")**
- (1) Material in sound and serviceable condition and suitable for reuse without reconditioning, shall be classified as Condition "B" and priced at seventy-five per cent (75%) of the current price of new Material.
 - (2) Material which cannot be classified as Condition "B" but which,
 - (a) After reconditioning will be further serviceable for original function as good secondhand Material (Condition "B"), or
 - (b) Is serviceable for original function but substantially not suitable for reconditioning, shall be classified as Condition "C" and priced at fifty per cent (50%) of current new price.
 - (3) Obsolete Material or Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose.
 - (4) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.
- 3. Premium Prices**
- Whenever Material is not readily obtainable at prices specified in Paragraphs 1 and 2 of this Section IV because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in procuring such Material, in making it suitable for use, and in moving it to the Joint Property, provided, that notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within 10 days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.
- 4. Warranty of Material Furnished by Operator**
- Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.
- 5. Equipment and Facilities Furnished by Operator**
- A.** Operator shall charge the Joint Account for use of equipment and facilities at rates commensurate with cost of ownership and operation. Such rates shall include cost of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed six per cent (6%) per annum, provided such rates shall not exceed those currently prevailing in the immediate area within which the Joint Property is located. In lieu of rates based on costs of ownership and operation of equipment, other than automotive, Operator may elect to use commercial rates prevailing in the area of the Joint Property less 20%; for automotive equipment, rates as published by the Petroleum Motor Transport Association may be used. Rates for laboratory services shall not exceed those currently prevailing if performed by outside service laboratories. Rates for trucks, tractors and well service units may include wages and expenses of operator.
- B.** Whenever requested, Operator shall inform Non-Operators in advance of the rates it proposes to charge.
- C.** Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.

V. DISPOSAL OF MATERIAL

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

- 1. Material Purchased by the Operator or Non-Operators**
Material purchased by either the Operator or Non-Operators shall be credited by the Operator to the Joint Account for the month in which the Material is removed by the purchaser.
- 2. Division in Kind**
Division of Material in kind, if made between Operator and Non-Operators, shall be in proportion to the respective interests in such Material. The Parties will thereupon be charged individually with the value of the Material received or receivable. Proper credits shall be made by the Operator in the monthly statement of operations.
- 3. Sales to Outsiders**
Sales to outsiders of Material from the Joint Property shall be credited by Operator to the Joint Account at the net amount collected by Operator from vendee. Any claim by vendee related to such sale shall be charged back to the Joint Account if and when paid by Operator.

VI. BASIS OF PRICING MATERIAL TRANSFERRED FROM JOINT ACCOUNT

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

- 1. New Price Defined**
New price as used in this Section VI shall be the price specified for New Material in Section IV.
- 2. New Material**
New Material (Condition "A"), being new Material procured for the Joint Property but never used, at one hundred per cent (100%) of current new price (plus sales tax if any).
- 3. Good Used Material**
Good used Material (Condition "B"), being used Material in sound and serviceable condition, suitable for reuse without reconditioning:
 - A. At seventy-five per cent (75%) of current new price if Material was charged to Joint Account as new, or
 - B. At sixty-five per cent (65%) of current new price if Material was originally charged to the Joint Account as secondhand at seventy-five percent (75%) of new price.
- 4. Other Used Material**
Used Material (Condition "C"), at fifty per cent (50%) of current new price, being used Material which:
 - A. Is not in sound and serviceable condition but suitable for reuse after reconditioning, or
 - B. Is serviceable for original function but not suitable for reconditioning.
- 5. Bad-Order Material**
Material (Condition "D"), no longer suitable for its original purpose without excessive repair cost but usable for some other purpose at a price comparable with that of items normally used for such other purpose.
- 6. Junk Material**
Junk Material (Condition "E"), being obsolete and scrap Material, at prevailing prices.
- 7. Temporarily Used Material**
When the use of Material is temporary and its service to the Joint Property does not justify the reduction in price as provided for in Paragraph 3 B of this Section VI, such Material shall be priced on a basis that will leave a net charge to the Joint Account consistent with the value of the service rendered.

VII. INVENTORIES

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

1. Periodic Inventories, Notice and Representation

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

2. Reconciliation and Adjustment of Inventories

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

3. Special Inventories

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

EXHIBIT "F"
UNIT OPERATING AGREEMENT
MYERS LANGLIE-MATTIX UNIT
LEA COUNTY, NEW MEXICO

ASSESSMENTS

<u>Tract No.</u>	<u>Well Location</u>	<u>Lease Name and Well No.</u> <u>Working Interest Owner(s)</u>	<u>W.I. Owner(s)</u> <u>Assessment</u>
<u>SCHEDULE I</u>			
76	<u>Sec. 9-T24S-R37E</u> <u>SE/4 NW/4</u>	<u>Imperial Royalty No. 1</u> Ralph Clarke	\$ 6,098.00
70	<u>Sec. 8-T24S-R37E</u> <u>NE/4 SW/4</u>	<u>Cooper No. 1</u> Continental Oil Company	\$ 6,906.00
6	<u>Sec. 12-T24S-R36E</u> <u>SW/4 NW/4</u>	<u>Vaughn A-12 Fed. No. 1</u> Atlantic Richfield Company Chevron Oil Company Continental Oil Company Amoco Production Company	\$ 1,456.50 1,456.50 1,456.50 <u>1,456.50</u> \$ 5,826.00
33	<u>Sec. 36-T23S-R36E</u> <u>SE/4 SE/4</u>	<u>J. R. Holt B-State No. 2</u> Gulf Oil Corporation	\$ 5,872.00
12	<u>Sec. 10-T24S-R37E</u> <u>NW/4 SE/4</u>	<u>Mattix B Fed. No. 2</u> L. Hunt N. B. Hunt W. H. Hunt	\$ 1,473.25 2,946.50 <u>1,473.25</u> \$ 5,893.00
12	<u>SE/4 SW/4</u>	<u>Mattix B Fed. No. 3</u> L. Hunt N. B. Hunt W. H. Hunt	\$ 1,455.75 2,911.50 <u>1,455.75</u> \$ 5,823.00
13	<u>Sec. 10-T24S-R37E</u> <u>SE/4 NW/4</u>	<u>Mattix B-10 No. 1</u> L. Hunt N. B. Hunt W. H. Hunt	\$ 1,476.00 2,952.00 <u>1,476.00</u> \$ 5,904.00
44	<u>Sec. 25-T23S-R36E</u> <u>NE/4 NE/4</u>	<u>Carter No. 1</u> Mrs. V. M. Donnelly Reserve Oil & Gas Company	\$ 3,659.00 <u>3,659.00</u> \$ 7,318.00
80	<u>Sec. 9-T24S-R37E</u> <u>SE/4 NE/4</u>	<u>Lee Carter No. 1</u> Atlantic Richfield Company	\$ 6,408.00
74	<u>Sec. 9-T24S-R37E</u> <u>SW/4 NW/4</u>	<u>Fowler Hair No. 2</u> Atlantic Richfield Company	\$ 6,423.00
66	<u>Sec. 12-T24S-R36E</u> <u>SE/4 SE/4</u>	<u>Toby No. 1</u> Atlantic Richfield Company	\$ 6,448.00
32	<u>Sec. 36-T23S-R36E</u> <u>NW/4 SE/4</u>	<u>Mexico D No. 1</u> Skelly Oil Company	\$ 5,843.00
32	<u>SW/4 SE/4</u>	<u>Mexico D No. 2</u> Skelly Oil Company	\$ 5,843.00
68	<u>Sec. 7-T24S-R37E</u> <u>SW/4 SW/4</u>	<u>Toby No. 1</u> Skelly Oil Company	\$ 6,307.00

Tract No.	Well Location	Lease Name and Well No. Working Interest Owner(s)	W.I. Owner(s) Assessment
14	<u>Sec. 31-T23S-R37E</u> <u>NW/4 SE/4</u>	<u>Blinbry "A" (NCT-1) No. 1</u> Texaco Inc.	\$ 5,825.00
15	<u>Sec. 31-T23S-R37E</u> <u>NE/4 SW/4</u>	<u>Blinbry "B" (NCT-1) No. 3</u> Texaco Inc.	\$ 5,824.00
TOTAL			\$ 98,561.00

SCHEDULE II

27	<u>Sec. 9-T24S-R37E</u> <u>NW/4 SW/4</u>	<u>C. Meyers B Fed. No. 13</u> Amoco Production Company	\$ 1,642.00
28	<u>Sec. 7-T24S-R37E</u> <u>SW/4 NE/4</u>	<u>C. Meyers B Fed. No. 10</u> Amoco Production Company	\$ 1,240.00
28	<u>Sec. 6-T24S-R37E</u> <u>NW/4 NE/4</u>	<u>C. Meyers B Fed. No. 11</u> Amoco Production Company	\$ 1,866.00
47	<u>Sec. 31-T23S-R37E</u> <u>NE/4 NE/4</u>	<u>Cowden "C" 1-A</u> Gackle Oil Company	\$ 4,794.00
63	<u>Sec. 3-T24S-R37E</u> <u>NW/4 SW/4</u>	<u>S. J. Carr No. 1</u> Gulf Oil Corporation	\$ 5,642.00
35	<u>Sec. 32-T23S-R37E</u> <u>NW/4 SW/4</u>	<u>State JL No. 1</u> El Paso Natural Gas Company	\$ 2,939.00
23	<u>Sec. 34-T23S-R37E</u> <u>NE/4 NW/4</u>	<u>Blinbry B Fed. No. 3</u> Texas Pacific Oil Company	\$ 958.00

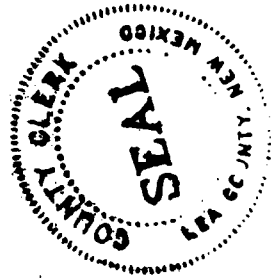
SCHEDULE III

30	<u>Sec. 36-T23S-R36E</u> <u>SE/4 NW/4</u>	<u>State LMT No. 2</u> Amerada Hess Corporation	\$ 15,313.00
27	<u>Sec. 4-T24S-R37E</u> <u>SW/4 SW/4</u>	<u>Myers B Fed. No. 2</u> Amoco Production Company	\$ 63,834.00
64	<u>Sec. 12-T24S-R36E</u> <u>SE/4 NW/4</u>	<u>Cooper No. 2</u> Atlantic Richfield Company	\$ 15,563.00
7	<u>Sec. 28-T23S-R37E</u> <u>NE/4 SW/4</u>	<u>Stuart 29 Fed. No. 2</u> Continental Oil Company	\$ 17,736.00
34	<u>Sec. 32-T23S-R37E</u> <u>NW/4 NW/4</u>	<u>Leonard B State No. 2</u> Grant Western Drilling Company	\$ 29,075.00
58	<u>Sec. 6-T24S-R37E</u> <u>NE/4 NW/4</u>	<u>Carter Kaves "A" No. 1</u> Gulf Oil Corporation Cities Service Oil Company Blanche McCallister Blanche McCallister, et al	\$ 14,494.00 9,662.00 2,415.00 2,416.00 \$ 28,987.00
3	<u>Sec. 29-T23S-R37E</u> <u>NW/4 NW/4</u>	<u>LaMunyon Fed. No. 4</u> Gulf Oil Corporation	\$ 10,791.00
71	<u>Sec. 8-T24S-R37E</u> <u>SW/4 SW/4</u>	<u>Fowler Hair No. 1</u> Gulf Oil Corporation	\$ 17,768.00

7968

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

JUN 25 1991
at 9:00 o'clock A M
and recorded in Book _____
Page _____
Pat Chappelle, Lea County Clerk
By ATK Deputy



ATTEST:
Certified this 23rd day of April.
19 91, as true and correct copy of
the original on file in this office.

PAT CHAPPELLE, LEA COUNTY CLERK

Spiller Deputy

35-189

CERTIFICATE OF EFFECTIVENESS
MYERS LANGLEY-MATTIX UNIT
LEA COUNTY, NEW MEXICO
EFFECTIVE DATE: FEBRUARY 1, 1974

Mini BOOK 316 PAGE 455

WHEREAS, a Unit Agreement dated January 1, 1973, unitizing working and royalty interests in the Myers Langlie-Mattix Unit Area was approved by the Oil Conservation Commission for the State of New Mexico, by Order No. R-4660 dated November 16, 1973, the Commissioner of Public Lands for the State of New Mexico, by Certificate of Approval dated December 26, 1973, and the Supervisor, United States Geological Survey, by Certification-Determination dated January 31, 1974; and

WHEREAS, said Unit Agreement provided further for the filing of at least one executed counterpart for record in the Office of the County Clerk of Lea County, New Mexico, which said filing has been made as evidenced in Book 312, Page 350, of the Miscellaneous Records of the County Clerk's Office, Lea County, New Mexico; and

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

WHEREAS, Section 24 of said Unit Agreement further provides that said agreement shall ipso facto expire on or before January 1, 1974, unless prior thereto said Unit Agreement has been executed or ratified by Working Interest Owners owning tracts with a combined Phase II Unit Participation of at least eighty percent (80%), and the Working Interest Owners owning tracts with a combined Phase II Unit Participation of at least sixty-five percent (65%) committed to said agreement have decided to extend the expiration date for a period not to exceed six (6) months; and

WHEREAS, the said Unit Agreement was effectively extended, as provided in Section 24 of said Unit Agreement, prior to January 1, 1974; and

WHEREAS, Tracts 1, 2, 3, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 79, 80, and 81 shown on Exhibit "A" and described in Exhibit "B" of said Unit Agreement were qualified for inclusion in the unit as of the effective date under Section 13 of said Unit Agreement; and

WHEREAS, the provisions for the effective date of Phase II Participation, in Section 14 of said Unit Agreement, had been fulfilled prior to February 1, 1974, and Phase II Participation became effective as of the effective date of the unit.

NOW, THEREFORE, Skelly Oil Company, as Unit Operator, does hereby declare and certify that the effective date of said unit is 7:00 A.M., M.D.T., February 1, 1974, and that the description of the lands as to which said unit is effective is as follows:

TOWNSHIP 23 SOUTH, RANGE 36 EAST, LEA COUNTY, NEW MEXICO

Section 25: NW/4 NE/4, NE/4 NE/4, SE/4 NE/4, N/2 SE/4, E/2 SW/4, SW/4 SW/4, and S/2 SE/4

Section 36: N/2, E/2 SW/4, W/2 SE/4, E/2 SE/4

TOWNSHIP 23 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO

Section 28: SW/4

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

Section 30: Lot 2, Lot 1, E/2 NW/4, NE/4, Lots 3 and 4, N/2 SE/4, NE/4 SW/4, SE/4 SW/4 and SW/4 SE/4

Section 31: All

Section 32: All

Section 33: S/2

Section 34: W/2

TOWNSHIP 24 SOUTH, RANGE 36 EAST, LEA COUNTY, NEW MEXICO

Section 1: Lot 1

Section 12: SW/4 NW/4, SE/4 NE/4, SW/4 NE/4, SE/4 NW/4, N/2 SW/4, W/2 SE/4 and SE/4 SE/4

BOOK 316 PAGE 456

TOWNSHIP 24 SOUTH, RANGE 37 EAST, LEA COUNTY, NEW MEXICO

Section 2: Lot 2, SW/4 NE/4, Lot 3, SE/4 NW/4, Lot 4, SW/4 NW/4, N/2 SW/4 and S/2 SW/4
Section 3: Lots 1 and 2, SE/4 NE/4, NE/4 SE/4, SW/4 NE/4, SE/4 SE/4 and W/2 SW/4
Section 4: All
Section 5: All
Section 6: E/2, E/2 W/2 and Lot 4
Section 7: Lots 1 and 2, E/2 NW/4, NE/4, Lot 4, SE/4 SW/4, and SE/4
Section 8: N/2, N/2 S/2 and SW/4 SW/4
Section 9: N/2 NE/4, SE/4 NE/4, NW/4 and N/2 SW/4
Section 10: NW/4, NW/4 NE/4, S/2 NE/4, E/2 SW/4 and W/2 SE/4
Section 11: SW/4 NW/4

containing 9,006.56 acres, more or less.

The Unitized Formation is the Langlie-Matrix Formation underlying the Unit Area, as more fully identified and delineated in the Unit Agreement, reference to which and the record thereof is here made for all purposes.

IN WITNESS WHEREOF, this certificate is executed this 15th day of February, 1974, by the undersigned, as Unit Operator.

SKELLY OIL COMPANY

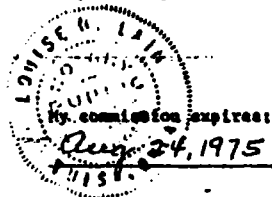
By Rudd H. Qualline
Attorney-in-Fact

Approved by P
form 1047

STATE OF OKLAHOMA)
COUNTY OF TULSA) SS:

The foregoing instrument was acknowledged before me this 15th day of February, 1974, by RUDD H. QUALLINE, Attorney-in-Fact of SKELLY OIL COMPANY, a Delaware corporation, on behalf of said corporation.

Louise N. Laine
Notary Public



STATE OF NEW MEXICO
COUNTY OF LEA
FILED

FEB 22 1974

35189

2:30 PM
Not Recorded in Book
Page
JAMES REE SMITH, County Clerk
By J. C. Deputy



13-5
36897

BOOK 317 PAGE 799

CERTIFICATE
RELATING TO FIRST REVISION OF
EXHIBITS "A", "B", AND "C" ATTACHED TO
UNIT AGREEMENT - MYERS LANGLEY-MATTIX UNIT
LEA COUNTY, NEW MEXICO

THE STATE OF NEW MEXICO)
COUNTY OF LEA) SS:

KNOW ALL MEN BY THESE PRESENTS:

THAT, SKELLY OIL COMPANY, in its capacity as Unit Operator of the above described Unit and pursuant to the terms and provisions of said Unit Agreement of record in Book 312, page 349 of the Miscellaneous Records of the County Court Clerk's Office in Lea County, New Mexico, reference to such agreement and the record thereof being hereby made for all purposes, does hereby certify as follows, to-wit:

1. That it has, in compliance with said agreement, revised Exhibits "A", "B", and "C" attached thereto, each of said revisions being occasioned by and in accordance with the provisions thereof;
2. That true and correct copies of said Exhibits "A", "B", and "C" marked "First Revision - Effective February 1, 1974", as so revised are attached hereto and by reference made a part hereof; and
3. That in accordance with the provisions of said Unit Agreement, the said revised Exhibits "A", "B", and "C" are each to become effective as of February 1, 1974; and shall thereafter remain in full force and effect until again revised pursuant to the terms and provisions of said Unit Agreement.

IN WITNESS WHEREOF, SKELLY OIL COMPANY, acting in its capacity as Unit Operator, has on this 25th day of March, 1974, executed this instrument by and through its Attorney-In-Fact thereunto duly authorized.

SKELLY OIL COMPANY

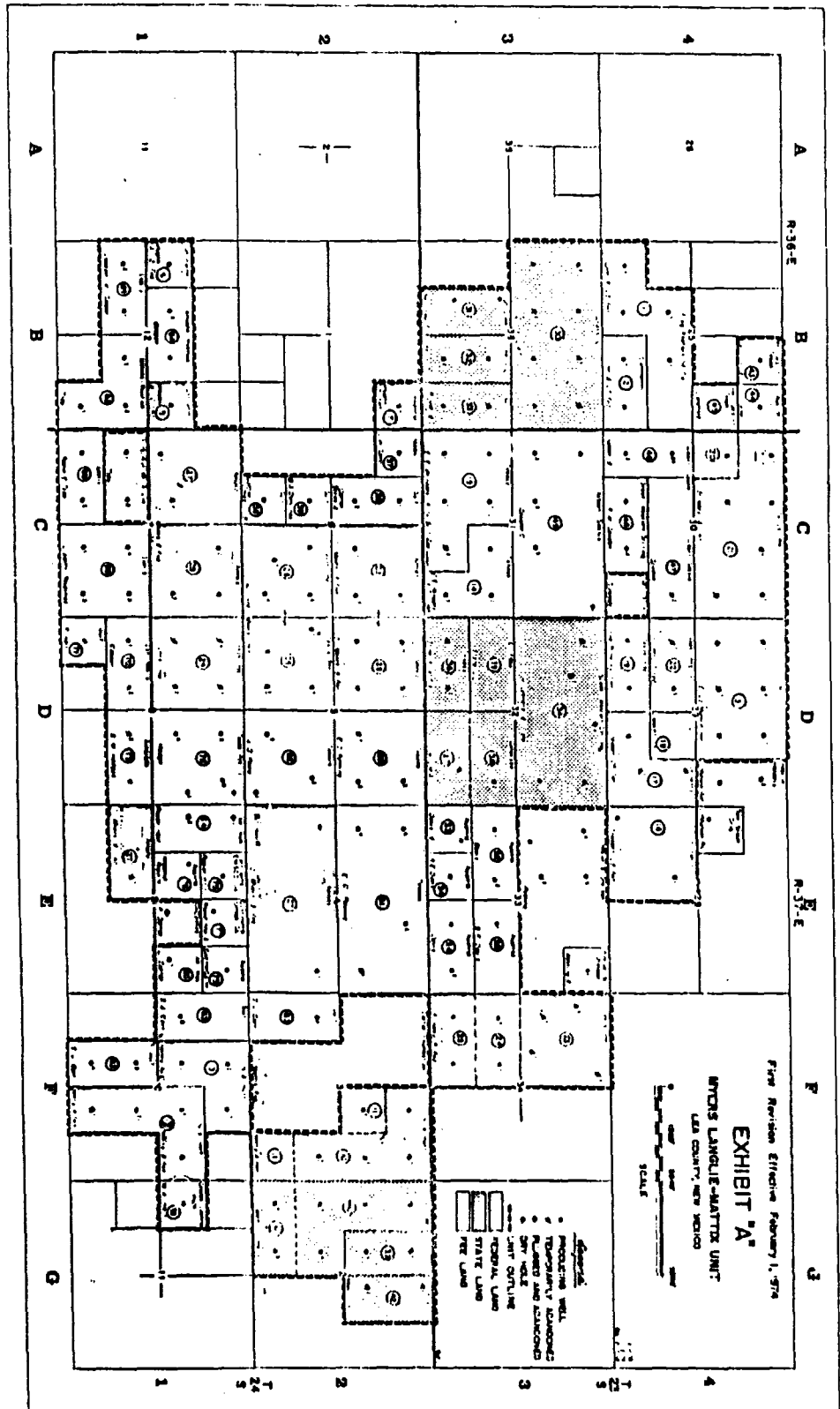
By [Signature]
Attorney-In-Fact

STATE OF OKLAHOMA)
COUNTY OF TULSA) SS:

The foregoing instrument was acknowledged before me this 25 day of March, 1974, by [Signature] Attorney-In-Fact of SKELLY OIL COMPANY, a Delaware corporation, on behalf of said corporation.



[Signature]
Notary Public



FIRST REVISION - EFFECTIVE FEBRUARY 1, 1974
EXHIBIT "B"
UNIT AGREEMENT
MYERS LANGLEY-HATTLITZ UNIT
LEA COUNTY, NEW MEXICO

Tr. No. 317
600K
801

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record And Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
1	T23S - R36E Sec. 25: N/2 SW/4; E/2 SW/4 & SW/4 SW/4	200.00	LC-030139(b) H.B.P.	USA - All Schedule D 12.5%	J. Roger Lynn - 25% Patrick Lynn - 25% William R. Lynn - 25% Estate of Theresa Lynn - 25%	Continental Oil Company - 1.25000% Chevron Oil Company 1.25000% Atlantic Richfield Company - 1.25000% Amoco Production Company - 1.25000% Ben Hedman - 2.50000%	Flag-Bedfern Oil Co. 100%
2	T23S - R36E Sec. 25: S/2 SW/4	80.00	LC-030139(b) H.B.P.	USA - All Schedule D 12.5%	J. Roger Lynn - 25% Patrick Lynn - 25% William R. Lynn - 25% Estate of Theresa Lynn - 25%	None	Atlantic Richfield Company 25.00000% Chevron Oil Company 25.00000% Continental Oil Company 25.00000% Amoco Production Company 25.00000%
3	T23S - R37E Sec. 29: NW/4 & W/2 NE/4	240.00	LC-030187 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation 0.12500% Marshall & Winston Inc. - 0.12500% Elks National Foundation - 0.05626% Boys Club of America - 0.05626% Bishop Whipple Schools - 0.05626% New Mexico Boys Ranch, Inc. 0.05626% Regents, University of New Mexico - 0.05626% Marie Jean Devos - 0.28120% The Blanco Co. - 0.09375%	Gulf Oil Corporation - 100.00000%

FEDERAL LAND

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
3	Cont'd.						
4	T23S - R37E Sec. 29: E/2 NE/4 (UNQUALIFIED TRACT)	80.00	LC-030187 H.B.P.	USA - All Step Scale 12.5%	James W. Rasmussen - 100%	Robert J. Leonard - 0.09375% Midwest Oil Corporation - 0.50000% Timothy T. Leonard - 0.09375% Patrick J. Leonard - 0.09375% First Nat'l. Bank of Rochester, Trustee - 0.09375% Myrtle M. Olson - 0.09375% Sabine Royalty Corporation - 0.12500% Marshall & Winston Inc. - 0.12500% Eika National Foundation - 0.05626% Boys Club of America - 0.05626% Bishop Whipple Schools - 0.05626% New Mexico Boys Ranch, Inc. - 0.05626% Regents University of New Mexico - 0.05626% Marie Jane Devoss - 0.28120% The Blanco Co. - 0.09375% Robert J. Leonard - 0.09375% Midwest Oil Corporation - 0.50000% Timothy T. Leonard - 0.09375% Patrick J. Leonard - 0.09375% First Nat'l. Bank of Rochester, Trustee - 0.09375% Calf Oil Corporation - See Attach. #1 - Tract 4 Myrtle M. Olson - 0.09375%	John H. Hendrix - 45.00000% Michael L. Klein - 45.00000% Aubrey Canyon - 10.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
5	1235 - RJ72 Sec. 28: 5 $\frac{1}{4}$ NW/4 (UNQUALIFIED TRACT)	40.00	LC-030187 H.B.P.	USA - All Step Scale 12.5%	Gulf Oil Corporation 100%	Sabine Royalty Corporation - 0.12500% Marshall & Winston Inc. - 0.12500% Elks National Foundation - 0.05626% Boys Club of America - 0.05626% Bishop Whipple Schools - 0.05626% New Mexico Boys Ranch, Inc. - 0.05626% Regents University of New Mexico - 0.05626 Marie Jane Devoss, Joe E. Devoss, & James R. Devoss - 0.28120% The Blanco Co. - 0.09375% Robert J. Leonard - 0.09375% Midwest Oil Corporation - 0.50000% Timothy T. Leonard - 0.09375% Patrick J. Leonard - 0.09375% First Nat'l Bank of Rochester, Trustee - 0.09375% Gulf Oil Corporation - See Attach. #1 - Tract 5 Myrtle M. Olson - 0.09375%	Tom Brown Drilling Company - 18.75000% O. A. Bourg Drilling Company - 6.25000% R. DeChicchia Estate - 25.00000% Northwestern University - 50.00000%
6	1245 - RJ6E Sec. 12: 5 $\frac{1}{4}$ NW/4	40.00	LC-030467(a) H.B.P.	USA - All Schedule C	Estate of Daniel Vaughan deceased 100%	See Attachment No. 1 - Tract 6	Atlantic Richfield Company - 25.00000% Chevron Oil Company - 25.00000% Continental Oil Company - 25.00000% Amoco Production Company - 25.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
7	T24S - R36E Sec. 1: Lot 1	39.98	LC-030467(b) H.B.P.	USA - All Schedule D 12.5%	Estate of Daniel Vaughan, deceased 100%	J. B. Bockman - 1.25000% Evelyn Stump Hill - 1.25000%	Atlantic Richfield Company - 25.00000% Chevron Oil Company - 25.00000% Continental Oil Company - 25.00000% Amoco Production Company - 25.00000%
8	T24S - R36E Sec. 12: SE/4 NE/4	40.00	LC-030467(b) H.B.P.	USA - All Schedule D	Estate of Daniel Vaughan deceased 100%	J. B. Bockman - 1.25000% Evelyn Stump Hill - 1.25000%	Atlantic Richfield Company - 25.00000% Chevron Oil Company - 25.00000% Continental Oil Company - 25.00000% Amoco Production Company - 25.00000%
9	T24S - R37E Sec. 3: Lots 3 & 4 S/2 NW/4, E/2 SE/4, W/2 SE/4	319.01	LC-032139(a) H.B.P.	USA - All Schedule C	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Edith Huff Vasey - .16667% Lucretia E. Conlon - 1.08333% Jeanne E. Reeves - .50000% Ray E. Hubbard - .62500% G. E. Hubbard - .62500% W. W. Lechner - .62500% Lula Snively Rush - .31250% Boyce Rush Davis - .15625% Ruth Rush Weaver - .15625% North Central Oil Corp. - .62500% Roger B. Owings - .12500% Mrs. Annie May Kavanaugh, Adm., of Estate of E. E. Jack, Dec. - 2.50000%	Carter Foundation Product- ion Company - 100%
10	T24S - R37E Sec. 3: Lots 1 & 2 SE/4 NE/4, NE/4 SE/4	158.87	LC-032139(a) H.B.P.	USA - All Schedule C 12.5%	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Lucille R. Jack - 0.51750% Annie May Kavanaugh - 0.54625%	W. E. Hunt - 25.00000% Lamar Hunt - 25.00000% W. E. Hunt - 50.00000%

(UNQUALIFIED TRACT)

BOOK 317 PAGE 804

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Leases of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
11	T24S - R37E Sec. 3: SW/4 NE/4, SE/4 SE/4	80.00	LC-032339(a)	USA - All Schedule C	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Howard Bradley Jack Adm. & Heir at Law of Wm. Howard Jack - 0.51750% Mack Easley - 0.05750% John Quinn - 0.05750% Dorothy Beatty Mitchell - 0.03593% Virginia Mitchell Lee - 0.00719% Charles S. Mitchell - 0.00719% Dorothy Mitchell Latady - 0.00719% The Catholic Church Extension Society of the U.S.A. - 0.46000% Howard Bradley Jack - 0.02875% J. W. Davis - 0.05750%	W. R. Hunt - 25.00000% Lamar Hunt - 25.00000% N. B. Hunt - 50.00000%

10 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage		Working Interest Owner and Percentage
11	Cont'd.					Howard Bradley Jack - 0.54625% J. H. Davis - 0.05750%		
12	T24S - R37E Sec. 10: S/2 NE/4, W/2 SE/4	160.00	LC-032339(5) H.B.P.	USA - All Schedule D	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	None		W. H. Hunt - 25.00000% Lamar Hunt - 25.00000% M. B. Hunt - 50.00000%
13	T24S - R37E Sec. 10: E/2 NW/4 NW/4 NE/4	120.00	LC-032339(5) H.B.P.	USA - All Schedule D	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Lula S. Bush - 8.20310% Charles M. Mollard, Jr. - 5.46870% Royce Bush Davis - 4.10160% Ruth Bush Weaver - 4.10160%		W. H. Hunt - 25.00000% Lamar Hunt - 25.00000% M. B. Hunt - 50.00000%
14	T23S - R37E Sec. 31: N/2 SE/4 SE/4 SE/4	120.00	LC-032545(5) H.B.P.	USA - All Schedule C	Texaco Inc. - 100%	Southland Royalty Company - 2.00000% W. E. Stroube - 0.50000% Marshall & Winston Inc. - 0.75000% W. C. Stroube - 0.50000% John M. Loffland, Jr. - 0.75000% Albuquerque Nat'l Bank, Tst. of Tr. of Frank A. Andrews - 0.46295% Marilee I. Kite - 0.50000% Selma E. Andrews, Agency #1335 - 0.33705% David Bond Kite - 0.25000% Bank of Cal., NA Tst. under Declaration of Tst. dated Dec. 23, 1958 - 0.25000% Lillian H. Coll, Indv. & as Extr. & Tst. U/W of M. W. Coll - 1.00000%		Texaco Inc. - 100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
15	1235 - R37E Sec. 31: Lots 3 & 4 E/2 SW/4 SW/4 SE/4	195.96	LC-032345(b) H.B.P.	USA - All Schedule D	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%
16	1235 - R37E Sec. 28: SW/4	160.00	LC-037420 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation - 0.12500% Marshall & Winston Inc. - 0.12500% Elks National Foundation - 0.05625% Boys Club of America - 0.05625% Bishop Whipple Schools - 0.05625% New Mexico Boys' Ranch, Inc. - 0.05625% Regents University of New Mexico - 0.05625% Maybelle K. Stewart - 0.28130% The Blanco Co. - 0.09373% Robert J. Leonard - 0.09373% Midwest Oil Corporation - 0.50000% Timothy T. Leonard - 0.09373% Patrick J. Leonard - 0.09373% First Nat'l. Bank of Rochester, Trustee U/W of Mildred H. Seybert, decd. - 0.09182% Gulf Oil Corporation - See Attach. #1 - Tract 16 Myrtle M. Olson - 0.09373%	Continental Oil Company - 100.00000%
17	1235 - R37E Sec. 29: S/2 SE/4, NE/4 SE/4	120.00	LC-037420 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation - 0.12500% Marshall & Winston Inc. - 0.12500%	Continental Oil Company - 66.66666% T. J. Stoley - 33.33334%

First Revision - Effective February 1, 1974

Exhibit "B"
Myers Langille-Wattix Unit
Page 8

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest Owner and Percentage
				Owner and Percentage	Percentage		Owner and Percentage	Owner and Percentage	
17	Cont'd.								
							Elks National Foundation - 0.05620%		
							Boys Club of America - 0.05620%		
							Bishop Whipple Schools - 0.05620%		
							New Mexico Boys' Ranch, Inc. - 0.05620%		
							Regents University of New Mexico - 0.05620%		
							Maybelle K. Stewart - 0.28130%		
							The Blanco Co. - 0.09373%		
							Robert J. Leonard - 0.09373%		
							Midwest Oil Corporation - 0.50000%		
							Timothy T. Leonard - 0.09373%		
							Patrick J. Leonard - 0.09373%		
							First Nat'l. Bank of Rochester, Trustee U/M of Mildred H. Seybert, decd. - 0.09373%		
							Gulf Oil Corporation - See Attach. #1 - Tract 17		
							Myrtle M. Olson - 0.09373%		
							Sabine Royalty Corporation - Gulf Oil Corporation - 0.12500%		100.00000%
							Marshall & Winston, Inc. - 0.12500%		
							Elks National Foundation - 0.05620%		
							Boys Club of America - 0.05620%		
							Bishop Whipple Schools - 0.05620%		
							New Mexico Boys' Ranch, Inc. - 0.05620%		
							Regents University of New Mexico - 0.05620%		

13 1235 - 237E
Sec. 29: N-1/4 SE/4
BOOK 317 PAGE 908

No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest Owner and Percentage
				Owner and Percentage	Owner and Percentage		Owner and Percentage	Owner and Percentage	
17	1235 - R37E Sec. 29: 5/2 SW/4	80.00	LC-060824 H.B.P.	USA - All Schedule C		Texas Pacific Oil Company 100%	Maybelle K. Stewart - 0.281302 The Blanco Co. - 0.093752 Robert J. Leonard - 0.093752 Midwest Oil Corporation - 0.500002 Timothy T. Leonard - 0.093752 Patrick J. Leonard - 0.093752 First Nat'l. Bank of Rochester, Trustee - 0.093752 Myrtle M. Olson - 0.093752		Texas Pacific Oil Company - 58.311342 Allied Chemical Corp. - 41.666662
19	1235 - R37E Sec. 29: 5/2 SW/4	80.00	LC-060824 H.B.P.	USA - All Schedule C		Texas Pacific Oil Company 100%	Albuquerque Nat'l. Bank, Trust. for Frank A. Andrews decd. - 0.462952 Selma K. Andrews - 0.537052 Bank of California, Trustee - 0.250002 William H. Coll, Indv. & as Exrx. & Trst. W/W of H. W. Coll - 1.000002 David Bond Kyte - 0.250002 Marilee I. Kyte - 0.500002 John M. Loffland, Jr. - 0.750002 Marshall & Winston, Inc. - 0.750002 Southland Royalty Company - 2.000002 M. E. Stroube - 1.000002 Texaco Inc. - sliding scale See Attach. #1-Tract 19		Texas Pacific Oil Company - 58.311342 Allied Chemical Corp. - 41.666662
20	1235 - R37E Sec. 30: Lot 2	37.85	LC-060825(a) H.B.P.	USA - All Schedule C 12.5%		Texas Pacific Oil Co. - 100%	Albuquerque Nat'l. Bank, Trust. for Frank A. Andrews, decd. - 0.462952		Texas Pacific Oil Company - 100.000002

18 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage	
20	Cont'd.							
21	T23S - R37E Sec. 30: Lot 1, E/2 NW/4, NE/4	277.81	LC-060825(a) H.B.P.	USA - All Schedule C	Texas Pacific Oil Co. - 100%	Selma E. Andrews - 0.53705% Bank of California, Inc. - 0.25000% Lillian H. Coll, Indv. & Exrx. & Tst. U/W of M. W. Coll - 1.00000% David Bond Kyte - 0.25000% Marlee I. Kyte - 0.50000% John M. Loffland, Jr. - 0.75000% Marshall & Winston, Inc. - 0.75000% Southland Royalty Company - 2.00000% H. R. Stroube - 0.50000% W. C. Stroube - 0.50000% Texaco Inc. - 12.50000%	Albuquerque Nat'l Bank, Tst. Tst. of Frank A. Andrews, decd.-0.4625% Selma E. Andrews - 0.53705% Bank of California, Inc. - 0.25000% Lillian H. Coll, Indv. & Exrx. & Tst. U/W of M. W. Coll - 1.00000% David Bond Kyte - 0.25000% Marlee I. Kyte - 0.50000% John M. Loffland, Jr. - 0.75000% Marshall & Winston, Inc. - 0.75000% Southland Royalty Company - 2.00000%	Texas Pacific Oil Company - 100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty		Working Interest	
						Owner and Percentage	Owner and Percentage	Owner and Percentage	Owner and Percentage
21 Cont'd.									
22	T23S - R37E Sec. 29: N/2 SW/4	80.00	LC-060825(a) H.B.P.	USA - All Schedule C	Texas Pacific Oil Company 100%	H. R. Stroube - 0.50000Z W. C. Stroube - 0.50000Z Texaco Inc. - 12.50000Z	Albuquerque Nat'l. Bank, Trust. Ist. of Frank A. Andrews, decd. - 0.46295Z Selma E. Andrews - 0.33705Z Bank of California, Inc. - 0.25000Z Lillian M. Coll, Indv. & Surv. & Trust. U/M of M. W. Coll - 1.00000Z David Bond Kyte - 0.25000Z Marlee I Kyte - 0.50000Z John M. Loffland, Jr. - 0.75000Z Marshall & Winston, Inc. - 0.75000Z Southland Royalty Company - 2.00000Z H. R. Stroube - 0.50000Z W. C. Stroube - 0.50000Z Texaco Inc. - sliding scale See Attach. #1-Tract 22	Texas Pacific Oil Company 100.00000Z	
23	T23S - R37E Sec. 34: NW/4	160.00	LC-060825(b) H.B.P.	USA - All Schedule D 12.5%	Texas Pacific Oil Company 100%	Texaco Inc. - 12.50000Z		Texas Pacific Oil Company - 100.00000Z	
24	T23S - R37E Sec. 34: N/2 SW/4	80.00	LC-060825(b) H.B.P.	USA - All Schedule D	Texas Pacific Oil Company 100%	Texaco Inc. - 12.50000Z		Texas Pacific Oil Company - 100.00000Z	

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
25	T24S - R37E Sec. 34: S/2 SW/4	80.00	LC-065722 H.B.P.	USA - All Schedule D	Texas Pacific Oil Co. - 100%	Texas Inc. - 12.50000%	Texas Pacific Oil Co. - 50.00000% Atlantic Richfield Company - 50.00000%
26	T24S - R37E Sec. 5: SW/4 Sec. 6: SE/4	320.00	NW-7488 H.B.P.	USA - All Schedule D 12.5%	Ann Hughes Myers - 13.33333% Firm Royalties Inc. - 86.66667%	None	Texas Pacific Oil Co. - 100.00000%
27	T24S - R37E Sec. 4: S/2 Sec. 7: Lots 1 & 2 E/2 NW/4 Sec. 9: N/2 SW/4	556.23	NW-7488 H.B.P.	USA - All Schedule D	Amoco Production Company - 100%	None	Amoco Production Company - 100.00000%
28	T24S - R37E Sec. 5: Lots 3 & 4, S/2 NW/4 Sec. 6: Lots 1 & 2 S/2 NE/4 Sec. 7: NE/4	477.96	NW-7488 H.B.P.	USA - All Schedule D 12.5%	Amoco Production Company - 100%	None	Amoco Production Company - 100.00000%
29	T24S - R37E Sec. 8: NW/4	160.00	NW-0321613 H.B.P.	USA - All Schedule D 12.5%	Howard Bradley Jack, Adm. & Heir at Law of Wa. Howard Jack Abner B. Jack Annie May Lavansough Estate of Guy Jack Jr. Estate of Florence Jack Ways	Atlantic Richfield Company - 0.62500% Howard Bradley Jack, Adm. & Heir at Law of Wa. Howard Jack - 0.56250% Continental Oil Company - 0.62500% J. B. Dews - 0.06250% Mack Masley - 0.06250% John Quinn - 0.06250% Lucille R. Jack - 0.56250%	Texas Pacific Oil Co. - 30.00000% Herbert J. Schmitz - 20.00000% Frank D. Lortachar - 25.00000% Arlene S. Anthony - 8.33334% Charles T. Scott, Jr. - 8.33333% Robert C. Scott - 8.33333%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
29	Cont'd.						
						Charles S. Mitchell - 0.06250%	
						Amoco Production Company - 0.62500%	
						Chevron Oil Company - 0.62500%	
						Catholic Church Extension Society - 0.30000%	
						Annie May Kavanaugh - 0.9375%	
						Howard Bradley Jack - 0.03125%	

Twenty-nine (29) Federal Tracts Totalize 3,541.67 Acres - 45.79614% of Unit Area

STATE LANDS

30	T23S - R36E Sec. 36: N/2	320.00	B-1431-3 Dec. 5, 1932 H.B.P.	State of New Mexico - All	Amerada Hess Corp. - 100%	None	Amerada Hess Corporation - 100.00000%
31	T23S - R36E Sec. 36: E/2 SW/4	80.00	B-1167-9 B-1167-10 Sept. 6, 1932 H.B.P.	State of New Mexico - All	Est. of Ralph Love - 100%	Shell Companies Foundation 8.25000% T. J. Brova, Ind. Exec. of Est. of Romualdo DeChicchis - 4.06250%	Est. of Ralph Love - 100.00000%
32	T23S - R36E Sec. 36: W/2 SE/4	80.00	B-7776 Sept. 10, 1938 H.B.P.	State of New Mexico - All	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.00000%
33	T23S - R36E Sec. 36: E/2 SE/4	80.00	B-243-1 Sept. 10, 1931 H.B.P.	State of New Mexico - All	Gulf Oil Corporation - 100%	None	Gulf Oil Corporation - 100.00000%
34	T23S - R36E Sec. 32: W/2	320.00	B-1732 Feb. 28, 1933 H.B.P.	State of New Mexico - All	Gulf Oil Corporation - 100%	Gulf Oil Corporation - 6.25000%	Great Western Drilling - 100.00000%

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Exhibit "B"
Powers Conjoint-Matrix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
35	T23S - R37E Sec. 32: N/2 SW/4	80.00	B-1167-12 H.B.P.	State of New Mexico - All	Shell Oil Company - 100%	None	El Paso Natural Gas Co. - 100.00000%
36	T23S - R37E Sec. 32: S/2 SW/4	80.00	B-165-1 H.B.P.	State of New Mexico - All	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%
37	T23S - R37E Sec. 32: S/2 SE/4	80.00	B-83-11 H.B.P.	State of New Mexico - All	Amerada Hess Corp. - 100%	None	Amerada Hess Corporation - 50.00000% Shelly Oil Company - 50.00000%
38	T23S - R37E Sec. 32: N/2 SE/4	80.00	B-1327 H.B.P.	State of New Mexico - All	Shelly Oil Company - 100%	None	Amerada Hess Corporation - 50.00000% Shelly Oil Company - 50.00000%
39	T24S - R37E Sec. 2: Lot 3, SE/4 NW/4	79.37	B-9974-3 H.B.P.	State of New Mexico - All	Phillips Petroleum Co. - 100%	None	Shelly Oil Company - 100.00000%
40	T24S - R37E Sec. 2: Lot 4, SW/4 NW/4, N/2 SW/4	159.39	B-9974-Orig. Dec. 10, 1942 H.B.P.	State of New Mexico - All	Phillips Petroleum Co. - 100%	None	Shelly Oil Company - 100.00000%
41	T24S - R37E Sec. 2: S/2 SW/4	80.00	B-9974-Orig. H.B.P.	State of New Mexico - All	Phillips Petroleum Co. - 100%	Robert Z. Strippling - 2.05078% James H. Steedman - 2.05078%	Shelly Oil Company - 100.00000%
42	T24S - R37E Sec. 2: Lot 2, SW/4 NE/4	79.35	B-9694 H.B.P.	State of New Mexico - All	Shelly Oil Company - 100%	None	Shelly Oil Company - 100.00000%

Thirteen (13) State Tracts Totaling 1,343.11 Acres - 15.10401% of Unit Area

43 1235 - R36Z
 Sec. 23: NW/4 NE/4

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
43	1235 - R36Z Sec. 23: NW/4 NE/4	40.00	Nov. 28, 1948	Atlantic Richfield Co. - 5.85938% Ollie Bell - 0.19531% Rustland Burg- hard - .097855% C. H. Crier - 0.19531% Central Bank & Tr. of Est. of Mrs. Frank F. Faulk - 0.19531% Ollie Flower - .097855% Fisher Corporation - 3.12500% Ira Hays - 1.56250% W. C. Hentzler - 0.04882% G. Jenkins - 1.56250% Nina O. Lankford - 1.56250% Arue S. Maki - 0.19531% J. Hiram Moore - 0.04882% Fannie McIntire - 0.02442% Mary Margaret Parr - 0.02442%	Petroleum Corporation of Texas - 100%	None	Petroleum Corporation of Texas - 50.00000% Austral Oil Co., Inc. - 50.00000%

PTE LANDS

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
43 Cont'd.				Tessie Stroll - 0.04833%			
				F. R. Wern Est.- 0.19531%			
				Annabel & R. R. Winingham - 1.56250%			
44	T23S - R36E Sec. 25: NE/4 NE/4	40.00	May 1, 1930	Jones-Robinson Co. - 8.33333% Anderson Carter - 1.04167% Powhatan Carter - Jr. - 1.04167% Effie Carter - 2.08333%	Shell Petroleum Corp. - 100%	Gulf Oil Corporation - sliding scale* Shell Companies Foundation - sliding scale* *See Attach. #1-Tract 44	Austral Oil Co. Inc. - 100.00000%
45	T23S - R36E Sec. 25: SE/4 NE/4	40.00	Nov. 28, 1943	Atlantic Richfield Co. - 5.85000% Olive Bell - 0.13021% Rosiland Burghardt - .097655% J. E. Clark - 0.13021% Rose B. Grev - 0.13021% C. H. Crier - 0.06511% Chas. A. Dore - 1.25000% Geo. R. Dunseneth - 0.06510% Donald R. Wallace - 0.6510% Henry A. Felt - 0.09765% Ollie Flowers - .097655%	Petroleum Corporation of Texas - 100%	None	Petroleum Corporation of Texas - 25.00000% Austral Oil Company, Inc. - 56.00000% Chas. A. Dore - 10.00000% W. A. Pruitt - 5.00000% Adale Cobe Clough - 3.00000% Michael Clough - 1.00000%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest Owner and Percentage
				Owner and Percentage			Owner and Percentage		
317	AS Cont'd.	817		Fluor Corporation - 3.12500%					
				Edward A. Gould - 0.13021%					
				Ima Hays - 0.52083%					
				First Nat'l. Bank of Oregon, A/C J. A. Haynes-0.03253%					
				Frank Haynes-0.16276%					
				Frank Haynes, Cdn. for J. R. Haynes - 0.13021%					
				W. C. Bentzler-0.01628%					
				G. M. Jenkins-0.52083%					
				Adale Combs Clough - 0.37500%					
				Michael Clough - 0.12500%					
				Rose Kendall & Richard H. Kendall, Exec. of Est. of William J. Kendall, dec.-0.09765%					
				Wina O. Lankford - 1.56250%					
				Arue S. Maki - 0.06511%					
				J. Birm Moore-0.01628%					
				Fannie McIntire-0.00814%					
				Mary Margaret Parr - 0.00814%					
				W. A. Pruett-0.62500%					
				Mary Lee S. Reese - 0.03906%					
				Virginia Lee Saunders - 0.13021%					
				Woodlan Perry Saunders - 0.03906%					
				George P. Sanner-0.06510%					
				Mrs. S. S. Stinson - 1.04167%					
				Janie Stroll-0.01628%					

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
45	Cont'd.			Superior Oil Co. - 3.87500%			
				F. R. Wern Est. - 0.19531%			
				W. Verde Watson - 0.03208%			
				Annabel & R. E. Winingham - 0.52083%			
46	T23S - R37E Sec. 30; Lots 3 & 4	75.78		Chas. T. Bates, Gackle Oil Co. - 100% Jr. - 0.46875% James R. Bates - 0.46875% K. C. Bates - 0.46875% Theodocia G. Bates - 1.64062% Warren J. Bates - 0.46875% Louise W. Bradley & George R. Shaw, Co-Executors of the Estate of Edwin G. Bradley, dec. - 0.19531% Don Cowden - 13017% Donna S. Cowden - 0.06132% Mary Cowden Indv. & as Extr. Est. of Horie E. Cowden - 19330% William Leo Cowden - 0.19531% Catherine L. Dumsese - 3.51563% Thomas W. Ellison - 0.04883% Frost Nat'l. Bank of San Antonio, Tr. Acct. #983 - 0.19530%	Mobil Oil Corporation - 3.12500% General Crude Oil Company - 3.12500%	Clay Trusts #618-1, 2, & 3 - 23.33333% Margaret B. Clay - 26.66667% George R. Bentley - 3.33333% Merchants Nat'l. Bank of Terre Haute, Ind. for John W. Bentley, decd. - 3.33333% Management Trust Company - 10.00000% Gackle Oil Company - 33.33334%	

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
317				Martha Watkins Harris-0.06510%			
				Ima Hays-0.09766%			
				John Hendrix - 0.36821%			
				G. M. Jenkins - 0.19531%			
				R. E. King-0.29297%			
				Belen Magruder Kolliker-0.14648%			
				Alvin Luskey-.09154%			
				David Luskey-.09154%			
				Gary Luskey-.09154%			
				Louis Luskey-.09154%			
				Mrs. Clyde W. Miller-0.06510%			
				Fluor Corporation - 1.56250%			
				Fort Worth Nat'l. Bank, Trst. for Roy S. Magruder (Trust 1059)-0.14648%			
				Myrtis Dean Watkins - 0.06510%			
				Annsabel Winningham-0.09766%			
				Elizabeth Woolworth-0.26042%			
				Ralph W. Wilson Indp. Executor of the Est. of May Woolworth-0.32532%			
				First Nat'l. Bank of Howell, Trst. Under Allie M. Lee Tr. of 1/1/66 - 0.29297%			

316 Cont'd.

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BOOK

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
46	Cont'd.			Shriners Hospital for Crippled Children - 0.09766%			
47	T235 - R37E Sec. 30: N/2 SE/4, NE/4 SW/4	120.00		Chas. T. Bates, Jr. - 0.46875% James Ray Bates - 0.46875% K. C. Bates - 0.46875% Theodocia G. Bates - 1.64062% Warren J. Bates - 0.46875% Louise W. Bradley & Geo. R. Shaw Co-Executors of the Est. of Edwin G. Bradley, decd. - 0.19331% Don Cowden - 1.1017% Donna S. Cowden - .06313% Mary Cowden Indiv. & Extr. Est. of Norie E. Cowden - 1.9530% William Leo Cowden - 0.19331% Catherine L. Dumas - 3.51563% Thomas W. Ellison - .04883% Frost Nat'l. Bank of San Antonio Tr. Acct. #983 - .19530%	Chas. T. Bates, Gackie Oil Company - 100%	J. C. Maxwell - 3.12500% J. E. Simmons - 3.12500%	Clay Trusts #618-1, 2, & 3 - 14.16667% Margaret B. Clay - 14.16667% W. J. Clay - 28.33333% Management Trust Company - 10.00000% Gackie Oil Company - 33.33333%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				Martha Watkins Barris-0.063102			
				Ima Mays - 0.097862			
				John Hendrix-366212			
				C. M. Jenkins - 0.195312			
				R. E. King - 0.292972			
				Helen Magruder Kelliker- 0.166432			
				Alvin Luskey - .091542			
				David Luskey - .091542			
				Gary Luskey - .091542			
				Louis Luskey - .091542			
				Mrs. Clyde W. Miller- 0.063102			
				Floor Corporation - 1.362502			
				Fort Worth Nat'l. Bank, Tat. for Roy			
				S. Magruder (Trust 1059)-0.166482			
				Myrtis Dean Watkins- 0.063102			
				Anabel Wilmington- 0.097862			
				Elizabeth Woolworth- 0.260422			
				Ralph W. Wilson, Indep. Executor of Est. of May			
				Woolworth-0.325522			
				First Nat'l. Bank of Roswell, Tat. Under Allie M. Lee Trust of 1/1/66-0.292972			

47 Cont'd.

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
47	Cont'd.			Shriners Hosp. for Crippled Children - 0.09766%			
48	T23S - R37E Sec. 30: SE/4 SW/4, SW/4 SE/4	80.00	Nov. 25, 1927	Chas. T. Bates, Jr. - 0.46875% James Ray Bates - 0.46875% K. C. Bates - 0.46875% Theodocia G. Bates - 1.64062% Warren J. Bates - 0.46875% Louise W. Bradley & Geo. R. Shaw Co-Executors of Est. of Edwin G. Bradley, decd. - 0.19531% Don Cowden - .13017% Dennis S. Cowden - .06513% Mary Cowden Indv. & Extr. Est. of Berie E. Cowden - .19530% William Leo Cowden - 0.19531% Catherine L. Dumassee - 3.51563% Thomas W. Ellison - .04883% Frost Nat'l. Bank of San Antonio, Tr. Acct. #983 - .19530% Martha Watkins Harris - 0.06510%	Great Western Drilling Co. - 100%	J. C. Maxwell - 10.9375%	Great Western Drilling Co. 100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record		Overriding Royalty		Working Interest	
				Owner and Percentage		Owner and Percentage		Owner and Percentage		Owner and Percentage	
				Lee Hays-0.09766%							
				John Hendrix -							
				.36621%							
				G. M. Jenkins -							
				0.19331%							
				R. E. King -							
				0.29297%							
				Helen Magruder Kolliker-							
				0.14648%							
				Alvin Luskey -							
				.09154%							
				David Luskey -							
				.09154%							
				Gary Luskey -							
				.09154%							
				Louis Luskey -							
				.09154%							
				Mrs. Clyde W. Miller-							
				0.06310%							
				Fluor Corporation -							
				1.56250%							
				Port Worth Nat'l. Bank,							
				Tat.-0.14648%							
				Myrtle Dean Watkins-							
				0.06310%							
				Annabel Wittingham -							
				0.09766%							
				Elizabeth Woolworth-							
				0.26042%							
				Ralph W. Wilson, Indp.							
				Executor of Est. of							
				May Woolworth -							
				0.32552%							
				First Nat'l. Bank of							
				Roswell, Trustee -							
				0.29297%							
				Shriners Hospital for							
				Crippled Children -							
				0.09766%							

448 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
49	I235 - RJ7E Sec. 31: Lots 1 & 2, E/2 NW/4, NE/4	315.88		Chas. T. Bates, Jr.-0.338542 James Ray Bates-0.338542 K. C. Bates - 0.338542 Theodocia G. Bates-1.184902 Warren J. Bates - 0.338542 Louise W. Bradley & Geo. R. Shaw, Co-Executors of Est. of Edwin G. Bradley decd. 0.195312 Don Cowden-.130172 Dorcas S. Cowden - .065132 Mary Cowden Indv. & Extra. Est. of Morie E. Cowden-.195302 William Leo Cowden - 0.195312 Catherine L. Dumraese-2.539062 Thomas W. Ellison - .048832 Frost Nat'l. Bank of San Antonio Trustee Acct. No. 983 - .195302 Martha Mackine Harris-0.065102 Ira Hays - 0.097662 John Hendrix-.366212 G. M. Jenkins - 0.195312 R. E. King-C.292972	Chas. T. Bates, Gaskle Oil Company-1002 See Attachment No. 1 - Tract 49		Cities Service Oil Company-23.000002 Austral Oil Company, Inc. 3.125002 Fluor Corporation - 3.125002 Clay Trusts #618-1, 2, & 3 19.479172 Margaret B. Clay-19.479172 Management Trust Company - 6.875002 Gaskle Oil Company - 22.916662

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
				Owner and Percentage			Owner and Percentage		Owner and Percentage	
9225	49 Cont'd.			Melen Magruder						
				Kolliker -						
				0.166482						
				Alvin Luskey -						
				.091542						
				David Luskey -						
				.091542						
				Gary Luskey -						
				.091542						
				Louis Luskey -						
				.091542						
				Mrs. Clyde W. Miller-						
				0.065102						
				Fluor Corporation-						
				0.390632						
				Port Worth Nat'l. Bank,						
				Trst for Roy S.						
				Magruder (Trust 1059)-						
				0.16448						
				Myrtis Dean Watkins -						
				0.065102						
				Annabel Winingham -						
				0.097662						
				Elizabeth Woolworth-						
				0.280421						
				Ralph W. Wilson Indp.						
				Executor of Est. of						
				May Woolworth-0.325522						
				First Nat'l. Bank of						
				Roswell, Trst, under						
				Allie M. Lee Trust of						
				1/1/66-0.292972						
				Shriners Hospital for						
				Crippled Children-						
				0.097662						
				Cities Service Oil						
				Company-3.125002						

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
50	T23S - R37E Sec. 33: NW/4, W/2 NE/4, SE/4 NE/4	280.00	Sept. 27, 1933	Mary M. Sivalis Combs-0.52083% Gordon H. Cone- 1.04170% Betty Mae Sivalis Davis-0.52083% Mary Ann Deen- 0.05780% Edith E. Davis Fanning-5.20840% Alan Isarn- 0.11610% Carolyn Isarn- 0.11610% E. B. Isarn- 0.23120% Edward Isarn, Jr.- 0.05780% Marian Isarn - 0.11560% Mabee Royalties, Inc.-2.34380% Bonnie H. Harrison- 0.34690% North Central Oil Corp.-1.04170% W. A. Yeager & J. M. Armstrong - 0.78120%	Reasler & Sheldon - 100%	Gulf Oil Corporation - 6.25000%	Reasler & Sheldon - 100.00000%
(UNQUALIFIED TRACT)							
51	T23S - R37E Sec. 33: NE/4 NE/4	40.00		Edith E. Davis Fanning- 14.06250% Mabee Royalties, Inc.-3.51563% W. A. Yeager & J. M. Armstrong- 1.17187%	Reasler & Sheldon - 100%	None	Reasler & Sheldon-100.00000%
(UNQUALIFIED TRACT)							

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record		Overriding Royalty		Working Interest	
				Owner and Percentage		Owner and Percentage		Owner and Percentage		Owner and Percentage	
52	T23S - R37E Sec. 33: N/2 SW/4	80.00		Geraldine Davis Walker - 0.03255%		Austral Oil Company, Inc. - 100.00000%		None		Austral Oil Company, Inc. - 100.00000%	
				Pauline Davis Stone - 0.03255%							
				Joyce D. Shurman - 0.03256%							
				Billy G. Davis - 0.03255%							
				Marjorie Cone Eastman - 0.16378%							
				S. E. Cone, Jr. - 0.16377%							
				Katherine Cone Keck, Trust - 0.16378%							
				Edith E. Davis Fanning - 2.99479%							
				Jennie B. Young - 2.99479%							
				Mary Lee McInnis - 2.99479%							
				J. G. Davis Est. - 1.71131%							
				Minnie P. Gainer - 1.19792%							
				James Forrest Pittman - 0.59896%							
				Marshall Henry Pittman - 0.59896%							
				Clinton Lowell Pittman - 0.59896%							
				Charles L. Cobb - 0.01092%							
				Owen W. McWhorter - 0.01092%							
				Hubert E. Cone - 0.14038%							

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 Exhibit "B"
 Myers Langille-Matrix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
52 Cont'd.				Adeline Cone- 0.4443%			
				Frank Bateman- 0.3228%			
				James L. Taylor- 0.3369%			
				C. M. Neal- 0.1403%			
				W. D. Girard, Jr.- 0.1403%			
				Polk Shelton- 0.0163%			
				Emmett Shelton- 0.0163%			
				Florence Louise Woods-0.3228%			
				North Central Oil Corp.-1.2834%			
				Lavina Howard, Indv. & Indept. Extr. & Tet. of Est. of L. A. Howard - 0.0109%			
				Jerome T. Hanners, Adm. of Est. of G. T. Hanners-0.4211%			
53	T23S - R17E Sec. 33: SW/4 SW/4	40.00		Geraldine Davis Wekier- 0.0325%	Austral Oil Co. Inc.- 100.00000%	None	Austral Oil Co. Inc.- 100.00000%
				Pauline Davis Stone-0.0325%			
				Joyce Davis Shurmon-0.0325%			
				Billy G. Davis- 0.0325%			
				Marjorie Cone Kasman- 0.1637%			

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53 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				S. E. Cone, Jr.- 0.16377%			
				Katherine Cone Koch-0.16378%			
				Edith E. Davis Fanning-2.99479%			
				Jeanie D. Young- 2.99479%			
				Mary Lee McInnis 2.99479%			
				J. G. Davis Est.- 2.99479%			
				Minnie P. Galtner- 1.19792%			
				James Forrest Pitt- man - .59896%			
				Marshall Henry Pitt- man - .59896%			
				Clifton Lowell Pitt- man - .59896%			
				Charles L. Cobb - 0.01092%			
				Owen W. McWhorter- 0.01092%			
				Robert E. Cone- 0.14038%			
				Adeline Cone-0.44434%			
				Frank Estenman - 0.32288%			
				James L. Taylor- 0.33691%			
				C. M. Neal-0.14038%			
				W. D. Girard, Jr.- 0.14038%			
				Polk Shelton-0.01638%			
				Emmett Shelton- 0.01638%			
				Florence Louise Woods-0.32288%			

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Hyers Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
53	Cont'd.			Lavana Howard, Indv. & Indept. Extrn. & Tot. of Est. of L. A. Howard-0.01092% Jerome T. Manners, Adm. of Est. of G. T. Manners-0.42114%			
54	T235 - 837E Sec. 33: 5E/4 SW/4	40.00		North Central Oil Corp. - 100% 0.89286% Minnie P. Gainer-1.19792% James Forrest Pittman - .59896% Marshall Henry Pittman - .59896% Clinton Lovell Pittman - .59896% Mary Lee McInnis-2.08333% Edith E. Fanning-2.08333% Magnolia Davis - 0.29762% Jerry Glynn Davis-0.44643% Terry Wayne Davis-0.44643% Mary E. Manners - .29297% Jennie D. Young - 2.08333% Flora E. Davis - 0.09766% Joyce Davis Shurmon-0.42318%	Austral Oil Co., Inc.- Genevieve Crabb - 2.57812% R. C. Crabb, Jr.- 0.85938% First Nat'l. Bank of Midland, Atty. in Fact for John Ed Crabb - 0.85938% Helen Crabb Seline, c/o First Nat'l. Bank of Midland - 0.85937% Paul L. Davis - 3.43750% Lonnie Kemper- Sliding Scale* *See Attach. #1-Tract 54	Austral Oil Co., Inc. - 100.00000%	

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lease of Record		Overriding Royalty		Working Interest	
				Owner and Percentage		Owner and Percentage		Owner and Percentage		Owner and Percentage	
55	T23S - R37E Sec. 33: N/2 SW/4	80.00		Geraldine Davis Walker-0.42318%							
				Billy G. Davis - 0.42317							
				Pauline Davis Stone-0.42318%							
				Frank Bateman- 0.22459%		Austral Oil Co., Inc. - 100%	None			Austral Oil Co., Inc. - 100.00000%	
				Charles L. Cobb- 0.00761%							
				Mary M. Sivalle Combs-0.52084%							
				Gordon M. Cone- 1.04167%							
				Robert E. Cone- 0.09767%							
				Adeline Z. Cone- 0.29420%							
				Betty Mae Sivalle Davis-0.52083%							
				Jerry Glynn Davis- 0.44643%							
				Magnolia Davis- 0.29762%							
				Terry Wayne Davis- 0.44642%							
				Mrs. T. E. Davis- 2.08334%							
				Edith D. Fanning- 2.08334%							
				W. D. Giraud, Jr.- 0.09765%							
				Mary E. Hammers- 0.29296%							
				Lavene Howard, Indv. & Ind. Exec. & Trustee of Est. of							
				L. A. Howard-0.00761%							

54 Cont'd

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Exhibit "B"

Myers Langite-Matrix Unit

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
35	Cont'd.			Marjorie Cone Eastman, Cdn. of Est. of S. E. Cone-0.341782 Mary Lee McInnis- 2.083342 Owen W. McWhorter- 0.007612 C. M. Neal - 0.097662 North Central Oil Corp.-0.892852 Emmett Shelton- 0.011412 Peik Shelton - 0.011412 Joyce Davis Shurmon - 0.032552 James L. Taylor- 0.117182 C. F. Taylor & L. Taylor - 0.117192 Geraldine Walker- 0.032552 Florence Louise Woods-0.224592 Suspense-0.065102			
	T23S - R37E Sec. 33: S/2 SE/4	80.00		Frank Bateman- 0.224592 Charles L. Cobb- 0.007612 Mary M. Sivalle Combs-0.320842 Gordon M. Cone- 1.041672	Austral Oil Co., Inc. - 50% Atlantic Richfield - 50%	Getty Oil Company - 10.937502	Austral Oil Co., Inc. - 50.000002 Atlantic Richfield Company- 50.000002

832

56

T23S - R37E

Sec. 33: S/2 SE/4

80.00

Frank Bateman-

0.224592

Charles L. Cobb-

0.007612

Mary M. Sivalle

Combs-0.320842

Gordon M. Cone-

1.041672

Austral Oil Co., Inc. -

50%

Cobb- Atlantic Richfield - 50%

Getty Oil Company -

10.937502

Austral Oil Co., Inc. -

50.000002

Atlantic Richfield Company-

50.000002

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Exhibit "B"

Myers Langille-Matrix Unit

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
17				Robert E. Cone- 0.09767%			
				Adeline Z. Cone- 0.29620%			
				Betty Rae Stivalle Davis-0.52083%			
				Jerry Glynn Davis- 0.44643%			
				Magnolia Davis-0.29762%			
				Jerry Wayne Davis- 0.44642%			
				Mrs. I. E. Davis- 2.08334%			
				Edith D. Fauning- 2.08334%			
				W. D. Girard, Jr.- 0.09763%			
				Mary E. Hammett- 0.29296%			
				Lavenna Howard, Indv. & Ind. Exec. & Trustee of Est. of L. A. Howard - 0.00761%			
				Marjorie Cone Eastman Gdn. of Est. of S. E. Cone-0.34178%			
				Mary Lee McNellis- 2.08334%			
				Owen W. McThorter- 0.00761%			
				C. M. Neal - 0.09766%			
				North Central Oil Corp.-0.89283%			
				Emmett Shelton- 0.01141%			

56 Con'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overtiding Royalty Owner and Percentage	Working Interest Owner and Percentage
56 Cont'd.				Polk Shelton- 0.01612 Joyce Davis Shurmon-0.03252 James L. Taylor- 0.117182 C. F. Taylor & L. Taylor-0.117192 Geraldine Walker- 0.032532 Billy G. Davis - .032532 Pauline Davis Stone- .032532 Florence Louise Woods-0.226592			
57	T24S - R37E Sec. 6: Lot 4	37.95	Feb. 16, 1950	Keith Camp - 1.562502 Nancy Dean Camp- 1.562502 General Crude Oil Company-2.343752 Cities Service Oil Company - 3.125002 Mobil Oil Corp.- 3.125002 Clara Dyer Est.- 0.390622 (Suspense) Gertrude C. Mitchell - 0.390632 (Suspense)	Mobil Oil Corporation - 100%	None	Mobil Oil Corporation - 50.000002 General Crude Oil Company- 18.750002 Cities Service Oil Company- 25.000002 Clara Dyer Estate - 3.125002 (Suspense) Gertrude C. Mitchell- 3.125002 (Suspense)

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Exhibit "3"

Myers Langille-Matrix Unit

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record		Overriding Royalty		Working Interest	
				Owner and Percentage	Owner and Percentage	Owner and Percentage	Owner and Percentage	Owner and Percentage	Owner and Percentage	Owner and Percentage	Owner and Percentage
58	T24S - R37E Sec. 6: Lot 3; SE/4 NW/4; SE/4 SW/4	119.80	Dec. 17, 1942 Dec. 23, 1941	R. L. Summers - 2.08310% Eddie Carter - 2.08330% Powhatan Carter, Jr. - 1.04170% Anderson Carter - 1.04170% Fluor Corporation - 4.16670% Blanche McCallister - 2.08330%	Gulf Oil Corporation - 100%	None	None	None	Gulf Oil Corporation - 50.00000% Cities Service Oil Company - 33.33333% Blanche McCallister - 16.66667%		
59	T24S - R37E Sec. 6: NE/4 SW/4	40.00	Nov. 16, 1943	Joyce Christmas Brown - 7.81250% B. A. Christmas, Jr. - 1.56250% Joyce Ann Brown - 0.62500% B. A. Christmas, Jr., Trustee U/W of B. A. Christmas - 2.50000%	Gulf Oil Corporation - 100%	None	None	None	Gulf Oil Corporation - 100.00000%		
60	T24S - R37E Sec. 5: Lots 1 & 2; S/2 NE/4	158.64	Aug. 3, 1926	Sabine Royalty Corp. - 3.12500% Edith Davis Fanning - 7.81250% Midwest Oil Corp. - 1.56250%	Texasco Inc. - 100%	None	None	None	Texasco Inc. - 100.00000%		
61	T24S - R37E Sec. 4: Lots 1, 2 3, & 4; S/2 N/2	317.64	Aug. 3, 1926	Midwest Oil Corp. - 1.56250%	Texasco Inc. - 100%	None	None	None	Texasco Inc. - 100.00000%		

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
61	Cont'd.			Jerry Glynn Davis - 0.78125%			
				Edith Davis Penning - 1.02426%			
				Charles L. Cobb- 0.00765%			
				Terry Wayne Davis- 0.78125%			
				Jennie D. Young- 2.08333%			
				Owen W. McPhortar- 0.00765%			
				Mary Lee McInnis- 1.30208%			
				Robert E. Cons - 0.09838%			
				Minnie P. Gainer - 1.19792%			
				James Forrest Pitt- man - .59896%			
				Marshall Henry Pitt- man - .59896%			
				Clinton Lowell Pitt- man - .59896%			
				Geraldine Davis Walker-0.09346%			
				Pauline Davis Stone-0.09346%			
				Joyce Davis Shurmon-0.09346%			
				Billie Davis- 0.09346%			
				Adeline Cons - 0.29845%			
				Frank Bateman- 0.22628%			

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Owners Langle-Mattix Unit

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				James L. Taylor- 0.11806%			
				C. M. Neal - 0.09838%			
				W. D. Giraud, Jr. 0.09838%			
				Polk Shelton - 0.01147%			
				Emmett Shelton- 0.01147%			
				Florence Louise Woods-0.2455%			
				Lavens Howard, Indp. Exrx. & Tr. of Est. of L. A. Howard - 0.00765%			
				Charley P. Taylor & Lenore Taylor JTWTS-0.11806%			
				Marjorie Cone Lastman-0.34434%			
				Mary E. Hanners- 0.29515%			
				Magnolia Davis - 0.52084%			
62	T24S - R37E Sec. 3; SE/4	160.00	Sept. 9, 1926	Continental Oil Co. - 0.50781%	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%
				Wallace W. Irvin-0.78125%			
				Jennie D. Young- 7.81250%			
				Ralph W. Wilson Indp. Executor of Est. of May Woolworth - 0.65104%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
63	T24S - R37E Sec. 3: W/2 SW/4 Sec. 10: W/2 NW/4, E/2 SW/4	240.00	April 29, 1926	<p>Elizabeth Woolworth-0.52083% Scope Industries-0.78125% Republic Nat'l. Bank of Dallas, Trustee for A/C of Langdell Oil Co.-1.05469% Myrtle Dean Watkins-0.13021% Mrs. Clyde W. Miller-0.13021% Martha Watkins Harris-0.13021%</p> <p>Amarada Hess Corporation-0.39060% Dorothy Gutman-0.73240% Max Gutman -0.24410% W. A. Yeager & J. M. Armstrong-0.78120% Harry Arledge-0.04880% Catherine L. Dunshee -0.39060% Helen B. Johnson & Erik A. Johnson as successors to Reginald B. Johnson, Charles G. Schirmer, & John D. Woodfin Trustees of The Brewster Trust-0.39060%</p>	Gulf Oil Corporation - 100.00000%	None	Gulf Oil Corporation - 100.00000%

62 Cont'd.

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839 117 000

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record		Overriding Royalty		Working Interest	
				Owner and Percentage		Owner and Percentage		Owner and Percentage		Owner and Percentage	
				Edith C. Socolow- 0.24420%							
				Theodora G. Bates-0.18230%							
				Warren J. Bates- 0.05210%							
				Charles T. Bates, Jr.-0.05210%							
				Jule Levine Daniels, Indpt. Executrix of Est. of Tina Levine- 0.09770%							
				Kenneth C. Bates- 0.05210%							
				Lucille Chism Bates-0.1179%							
				Wilma Chism Lain- 0.1181%							
				Norma Chism McCarthy-0.1180%							
				Mary Louise Wommensen- 0.03660%							
				Mary Helen Seaton- 1.17190%							
				Scope Industries- 0.78130%							
				Joyce Christmas Brown-0.19330%							
				Alfred E. Gutman- 0.24410%							
				Deltex Royalty Co., Inc. - 0.39060%							
				Thomas J. Galbraith- 1.17190%							
				Effie Carter- 0.39070%							

63 Cont'd.

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
63 Cont'd.				Powhatan Carter, Jr. - 0.1930% Anderson Carter - 0.1930%			
				B. A. Christmas, Jr.-0.09770% Fluor Corporation- 0.78120%			
				James Ray Bates- 0.05210% June D. Speight- 0.39060%			
				Thomas G. Voss, Successor Trustee U/W of V. Walter Voss, decd. - 0.39060%			
				Thomas G. Voss- 0.39060%			
				Jean Robertson- 0.39070%			
				Way Enterprises Inc.-0.39070% Daniel L. Gutman, Tst. U/W of Max Gutman- 0.73240%			
				Mary Christmas - 0.02440%			
				B. A. Christmas, Jr. Gdn. of Bradford Ace Christmas - 0.02440%			
				B. A. Christmas, Jr., Gdn. of Candy Christmas- 0.02440%			
				B. A. Christmas, Jr., Gdn. of Helen Jane Christmas-0.02440%			

63 Cont'd.

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Tr. No.	Description of Land	No. of Acres	and Lease Expiration Date	Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
8	T24S - R36E Sec. 12: SW 1/4 NW 1/4, SE 1/4 NW 1/4	80.00		A. M. Fielder, Ind. Exec. of Est. of Ella F. Allen-0.09763% Lam B. Allen - 0.09763% Atlantic Richfield Co.- 1.17190% Cities Service Oil Company- 3.51560% Continental Oil Company - 0.39060% Venice Harbormore- .390623% Virginia L. Sharp- .390623% Stella Sanders- .390623% Ernest L. Cooper- .390623% Frost Nat'l. Bank of San Antonio, Trustee A/C #747- 0.03900% General Crude Oil Company - 4.68750% Helen Koenig Graves-0.00088% Deus Ida Koenig- 0.00175% Palmer E. Koenig- 0.00087% La Gloria Oil & Gas Company- 0.78130%	Atlantic Richfield Company- 100%	None	Atlantic Richfield Company- 100.00000%

317 800K

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
64 Cont'd.				Frank O. Long- 0.00030%			
				John Byron McKean-0.04230%			
				Montana McKean- 0.03900%			
				Myrtle H. Smith- 0.01630%			
				Dorothy Stein- 0.02120%			
				Jack Stieren- 0.00410%			
				Man McKean Taylor- 0.02120%			
				Mora Walker- 0.00010%			
				Mrs. Ebor Megan, Gdn. Est. of Maude Eagle Flouts-0.00010%			
				Mobil Oil Corp. 4.68750%			
				Lucile H. Owens- 0.01630%			
				Elizabeth H. Penn. Trustee- 0.09550%			
				Nancy Elizabeth Penson-0.28650%			
				Royalty Roundup- .00120%			
65	T24S - R36E Sec. 12: N/2 SW/4	80.00		Atlantic Rich- field Co. - 0.78125%	Skelly Oil Company - 100%	None	Skelly Oil Company - 81.25000% Atlantic Richfield Company- 6.25000% Cities Service Oil Company- 12.50000%
				Cities Service Oil Company- 1.95313%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
65	Q43			Continental Oil Company - 0.39061%			
				Venice Harramore - .390625%			
				Virgie L. Sharp - .390625%			
				Stella Sanders - .390625%			
				Ernest L. Cooper - .390625%			
				Dana Ida Koenig, Indv. & as Extr. of Est. of E. J. Koenig, decd. -0.00351%			
				La Gloria Oil & Gas Co. -0.78125%			
				Lasca Inc. -1.00000%			
				E. B. McKean (Suspense) 0.19311%			
				Elizabeth E. Penn, Trustee, Est. of Robert Lee Penn - 0.09549%			
				Nancy Elizabeth Penson -0.09549%			
				John J. Reynolds - 5.25000%			
				Jack Stisten - 0.00407%			
				Mrs. Nora Walker - 0.00014%			
				Suspense -0.00013%			
				Lam B. Allen - 0.09765%			
				Elle Pulshear Allen -0.09765%			

65 Q43'd.

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
65	Cont'd.			Nancy Elizabeth Benson-0.19104% First Nat'l. Bank in Dallas & Vera M. Long, Ind. Exec. of Frank O. Long, dec'd. (Suspense)- 0.00028% Royalty Roundup, Inc. 0.00047%			
66	T24S - R36E Sec. 12: N/2 SE/4, SE/4 SE/4	120.00		C. O. Boyd- 1.40630% Mabel Cooper- 0.46870% Mrs. Gladys J. Dean-0.04690% Fluor Corporation- 1.56230% Mary Lois Farrell- .04690% Helen Fletcher- .46870% Heritage Resources- 1.23000% Eula Holden- .04690% Catherine Ivy- 0.04690% Jack M. Johnston 0.46870% Billy Fred Kennedy- .0 234% Odessa Lankford- 0.46870% Doris Kennedy Lile- 0.02340%	None	Atlantic Richfield Company- 100.00000%	

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
66	Cont'd.			Petroleum Corp. of Texas - 1.666702 Winnie Mae Rhodes - .468802 Connie P. Russell - 0.046902 Johnnie R. Russell - 0.046902 Mildred Cotton - .023432 Dorothy Espinola - .023432 Rufus B. Russell - 0.023432 Jimmie Morton Russell - 0.023432 Therman A. Russell - 0.046902 Walter B. Russell - 0.046902 Sun Oil Company - 3.333302 Della Toby - 0.468702			
67	T24S - R37E Sec. 7: Loc 3. NE 1/4 SW 1/4 (UNQUALIFIED TRACT)	78.11		Harold E. Rickford - 1.562302 Fannie B. Dore - 0.625002 General Crude Oil Co. - 3.125002 M. L. Hunt - 0.292972	King, Warren & Dye - 100%	Mobil Oil Corp. - 5.468752 General Crude Oil Co. - 5.468752	Max A. Thurber, Dorothy E. King & J. Ed Warren, Ancillary Excs. of Est. of Carl B. King - 50.000002 J. E. Warren - 25.000002 P. W. Dye Est. - 25.000002

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage		Overriding Royalty Owner and Percentage		Working Interest Owner and Percentage	
				Owner and Percentage		Owner and Percentage		Owner and Percentage		Owner and Percentage	
68	T2S - R37E Sec. 7: Lst 4, and S2/4 SW/4	78.10		Mobil Oil Corp.-							
				3.12500Z							
				W. A. Pruett -							
				0.31250Z							
				Wiser Oil Co.-							
				0.78125Z							
				The Superior Oil							
				Co.-1.93750Z							
				Texas Bank of							
				Commerce, N. A.							
				Indep. Executor							
				of the Est. of Frank							
				D. Jones, decd.-							
				0.25000Z							
				Keneth N.							
				Headley -							
				0.19311Z							
				Marion L. Hunt, Ind.							
				Execr. of Est. of							
				Edalyn Hunt-0.29797Z							
69	T2S - R37E Sec. 7: Lst 4, and S2/4 SW/4	78.10		Barold E.							
				Bickford							
				1.56250Z							
				Fannie B.							
				Dore-0.62500Z							
				General Crude							
				Oil Co.-3.12500Z							
				M. L. Hunt -							
				0.29797Z							
				Mobil Oil Corp.-							
				3.12500Z							
				W. A. Pruett-							
				0.31250Z							
69	T2S - R37E Sec. 7: Lst 4, and S2/4 SW/4	78.10		Wiser Oil Co.-							
				0.78125Z							
				Superior Oil							
				Co.-1.93750Z							
69	T2S - R37E Sec. 7: Lst 4, and S2/4 SW/4	78.10		Skelly Oil Company -							
				100.00000Z							

67 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
68	Cont'd.						
69	T245 - R37E Sec. 7: SE/4	160.00		Texas Commerce Bank, N. A. Ind. Exec. of Est. of Frank D. Jones - 0.25000% Kenneth W. Headley - 0.19531% Marion L. Hunt Ind. Execut. of Est. of Edalyn Hunt - 0.29297%	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.00000%
70	T245 - R37E Sec. 8: N/2 SW/4	80.00	July 31, 1946 June 11, 1946 May 20, 1946 May 15, 1946	Eunice A. Cooper - 1.56250% J. W. Burrell - 0.39063% Fred Turner, Jr. Acct. #5-2.73437% Robert P. Moore - 1.56250% Mrs. Jimmie Cooper - 5.46875% Leona L. Stagner - 0.78125%	Continental Oil Company - 100%	Gulf Oil Corporation - 5.46875%	Continental Oil Company - 100.00000%
71	T245 - R37E Sec. 8: SW/4 SW/4	40.00	July 31, 1946 June 11, 1946 May 20, 1946 May 15, 1946	Fred Turner, Jr. - 2.73440% Eunice A. Cooper - 1.56250% Mrs. Jimmie Cooper - 5.46880% Robert P. Moore - 1.56250%	Gulf Oil Corporation - 100%	None	Gulf Oil Corporation - 100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
71	Cont'd.			J. W. Burrell- 0.39060%			
				Leona Stagner- 0.78120%			
72	T24S - R37E Sec. 8: NW/4	160.00		Atlantic Rich- field Co.- (See Attach. #1-Tract 72) Wilmerth Burgess - 0.78125%	Texas Pacific Oil Company- 100%	Cities Service Oil Company- sliding scale *See Attach. #1-Tract 72	Texas Pacific Oil Company - 100.00000%
				Elizabeth Mannaffin- 0.78125%			
				First Nat'l. Bank at Lubbock for Acct. of C. G. James-0.78125%			
				Howard Jennings - 0.78125%			
				Dora L. Saunders, Behn, Leland Lewis Fellows and T. T. Saunders, Jr., Jr. Executors of Est. of L. T. Lewis - 0.58594%			
				Mellie T. Lewis- 0.58594%			
				Meleis Mounsey- 1.56250%			
				Virgil K. Reese- 0.39062%			

800K 317

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage		Overriding Royalty		Working Interest	
				Owner and Percentage		Owner and Percentage		Owner and Percentage		Owner and Percentage	
73	1245 - R37E Sec. 8: N/2 SE/4	80.00	Oct. 17, 1956	Atlantic Richfield Co. - 6.25000%		Amerada Hess Corp. - 100%		None		Amerada Hess Corp. - 50.00000%	
				Wilmerth Burgess - 0.78125%						Atlantic Richfield Company - 50.00000%	
				First Nat'l. Bank at Lubbock - 0.78125%							
				Elizabeth Mannifin - 0.78125%							
				Edward Jennings - 0.78125%							
				Dora L. Saunders, Dora Lee Saunders Behn, Leland Lewis Fellows, T. T. Saunders, Jr., Jr. Executors of Est. of L. T. Lewis - 0.58396%							
				Mallie T. Lewis - 0.58396%							
				Meicia Mounsey - 1.56250%							
				Virgil K. Reeve - 0.39062%							
74	1245 - R37E Sec. 9: W/2 NW/4	80.00		Carmen Regis Buchanan - 0.46935%		Atlantic Richfield Company - 100%		None		Atlantic Richfield Company - 100.00000%	
				Easter Crusan - 1.36719%							
				Sidney Z. Mays - 1.04167%							
				Martha Maxine Keyser-1.04166%							
				E. Ray Phelps - 0.01623%							

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
74 Cont'd.							
75	T24S - R37E Sec. 9: NE/4 NW/4	40.00		E. R. Polhemus - 0.97655% Kathryn D. Sparr - 1.04167% Martha Ellen Whitsett - 3.12500% Wood Oil Co. - 3.12500% Edna L. Polhemus Young - 0.09766% Martha M. Rays Kayser - 1.56250% Sidney Z. Rays 1.56250% Martha Ellen Rays - 4.68750% Kathryn D. Sparr - 1.56250% Elmer E. Polhemus - 1.46484% Edna Polhemus Young - 0.16649% Carman Regis Buchanan - 0.83008% Easter Crusan - 2.05078% Wood Oil Co. - 4.68750% E. Ray Phelps - 0.19531%	Continental-Emeco Company - 100%		Continental-Emeco Company - 87.5% E. L. Summers - 12.5%
	T24S - R37E Sec. 9: SE/4 NW/4	40.00		Bartha S. Adkins - 0.31250%	Ralph L. Clarke - 100%	None	Austral Oil Co., Inc. - 100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				Andrew Oil & Gas Royalties, Inc.-0.31250%			
				Donald B. Meer- 0.62500%			
				Leon S. Bennett- .62500%			
				American Baptist Foreign Mission Society-0.31250%			
				John H. Costello- 0.62500%			
				Kirby Petroleum Co.-3.12500%			
				Richard A. Loveth Adm. of Est. of Alfred R. Loveth- 0.31250%			
				Promo Inc.-.41667%			
				John L. Pratt III - 0.20833%			
				St. Mary's Church, Ticonderoga, N.Y.- 0.93750%			
				Warren E. Shaw & Manning A. Johnson, Co-Exec. of Est. of Sara F. Shaw-0.31250%			
				Henry F. Smith, Adm. of Est. of F. Page Beare- 0.31250%			
				Hazel T. Stines-0.31250%			
				A. K. Stubbs-0.62500%			
				Suspense, decd., Paul Elwood Middleton & Sophie Walther Middle- ton - 0.62500%			

First Revision - Effective February 1, 1974

Exhibit "B"
Myers Langille-Mattix Unit
Page 52

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
76	Cont'd.			<p>Suspense-Walter Adams-0.31250%</p> <p>Suspense, decd.. G. William Ward-0.15625%</p> <p>Suspense, (G. William Ward, decd.) G. William Ward & L. Atwood Bennett, et. for Thomas Ward - 0.15625%</p> <p>Suspense, Christian R. Martin, decd.-0.62500%</p> <p>Frances Grier Wakefield-0.41667%</p> <p>David D. Wakefield-0.10417%</p> <p>Robert W. Wakefield-0.10416%</p> <p>Frank S. Walker-0.62500%</p>			
77	T24S - R37E Sec. 9: NW/4 NE/4	40.00		<p>Carmen Regis Buchanan-1.09863%</p> <p>Easter Cruzan-3.51563%</p> <p>E. R. Polhemus-2.92989%</p> <p>Wood Oil Co.-9.37500%</p> <p>Edna Polhemus Young-0.65918%</p> <p>E. R. Polhemus, Easter Cruzan & Carmen Regis Buchanan-1.17187%</p>	Continental-Zasco Company - 100%	None	Continental-Emasco Company-87.3% R. L. Summers - 12.5%
78	T24S - R37E Sec. 9: SW/4 NE/4	40.00		<p>Jones-Robinson Co.-8.33333%</p>			Unleased

BOOK 317 PAGE 852

(UNQUALIFIED TRACT)

BOOK

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
78 Cont'd.							
79	T24S - R37E Sec. 9: NE/4 NW/4	40.00		Effie Ander- son Cartter- 2.08333% Powhatan Cartter, Jr. - 1.04167% Anderson Cartter- 1.04167%	Austral Oil Co., Inc. - 100%	Atlantic Richfield Company - 3.46875%	Austral Oil Co., Inc. - 100.00000%
80	T24S - R37E Sec. 9: SE/4 NW/4	40.00		Jones-Robinson Company - 8.33333% Effie Ander- son Cartter- 2.08333% Powhatan Cartter, Jr. - 1.04167% Anderson Cartter- 1.04167%	Atlantic Richfield Company - 100%		Atlantic Richfield Company - 100.00000%
81	T24S - R37E Sec. 11: SE/4 NW/4	40.00	May 24, 1926	Atlantic Rich- field - 0.23148% L. C. Nicke- 1.50467% Archie D. Smith, Jr., Trustee for Archie D. Smith & Claybelle B. Smith 1.30467%	Crown Central Petroleum Corp. - 100%		Crown Central Petroleum Corp. - 100.00000%

First Revision - Effective February 1, 1974
 Exhibit "g"
 Myers Langlie-Wattix Unit
 Page 3.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record		Overriding Royalty		Working Interest	
				Owner and Percentage		and Percentage		Owner and Percentage		Owner and Percentage	
81 Cont'd.				Kenneth C. Bates-							
				0.10417%							
				Theodora G. Bates-							
				0.36438%							
				Warren J. Bates-							
				0.10417%							
				Charles T. Bates,							
				Jr.-0.10417%							
				James Ray Bates-							
				0.10416%							
				I. J. Underwood-							
				0.43403%							
				Mrs. Catherine L.							
				Dumraese -							
				0.78125%							
				O. W. Skirvin-							
				0.43403%							
				Odeila N. Clark-							
				0.24306%							
				Rocket Oil & Gas							
				Company -							
				1.56250							
				James Henry							
				Bearly -							
				0.04774%							
				Elizabeth Bearly							
				Dudley-0.04774%							
				Judd Moore-0.04774%							
				Ione Bearly Atkins-							
				0.04775%							
				Wachovia Bank &							
				Trust Co., Trustee							
				For Richard C.							
				Allen & Lillian							
				Allen-0.43403%							

BOOK 317 PAGE 854

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
82	1235 - R37E Sec. 30: SE/4 SE/4	40.00		The Chase Manhattan Bank (Argo Prod. Pat.)-.4.398182			
	(UNQUALIFIED TRACT)			Charles T. Bates, Jr.-.468802	Atlantic Richfield Co.- 100%	J. C. Maxwell - 21.875002	Atlantic Richfield Co. - 100.000002
				James Ray Bates-.468802			
				Kenneth C. Bates-.468802			
				Theodocia G. Bates-1.640702			
				Warren J. Bates-.468802			
				Edwin C. Bradley-.195302			
				Don R. Cowden -.130172			
				Dana S. Cowden-.065132			
				Mary Cowden, Indiv. & Extra. Est. of			
				Ernie Emmitt			
				Cowden-.195302			
				William Leo Cowden-.195302			
				Catherine L. Dumrese-3.315602			
				Fort Worth Nat'l. Bank Trustee Under Will of Roy S. Magruder, decd.-.166502			
				Mrs. Martha W. Harris-.086802			
				Lee Bays -.097602			
				G. M. Jenkins-.195302			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lease of Record		Overriding Royalty		Working Interest	
				Owner and Percentage		Owner and Percentage		Owner and Percentage		Owner and Percentage	
				E. N. Johnson, C. G. Schirmer & J. D. Woodfin, Trustees for Brewster Trust- .78130%							
				Robert E. King No. 2- .2930%							
				Frost Nat'l. Bank of San Antonio- .19530%							
				Mrs. Helen Magruder Kolliter-.14650%							
				Mrs. Clyde W. Miller- .04680%							
				The First Nat'l. Bank of Norwell Trust- of Allis M. Lee Trust-.2929%							
				Shriners Hospital for Crippled Children-.0976%							
				Myrtis Dean Watkins- .04680%							
				Annabel Winghamer- .09760%							
				Elizabeth Woolworth- .13020%							
				May Woolworth-.13020%							
				May Woolworth, Attorney- in-Fact for Mrs. J. E. Watkins, L. Woolworth, & E. Woolworth - .26040%							
				Fluor Corporation - 1.56250%							

82 Cont'd.

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First Revision - Effective February 1, 1974
 Exhibit "g"
 Myers Langille-Wattix Unit
 Page 37

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record		Overriding Royalty		Working Interest	
				Owner and Percentage		and Percentage		Owner and Percentage		Owner and Percentage	
Party (40) Fee Tracts totaling 3,781.90 acres - 38.10985% of Unit Area											
	Federal Lands			4,543.67 Acres				43.78616% of Unit Area			
	State Lands			1,598.11 Acres				16.10401% of Unit Area			
	Fee Lands			3,781.90 Acres				38.10985% of Unit Area			
	TOTAL			9,923.68 Acres				100.00000% of Unit Area			

ATTACHMENT NO: 1
TO EXHIBIT "B"
UNIT AGREEMENT
MYERS LANGLEY-WATKINS UNIT, LFA COUNTY, NEW MEXICO

Schedule of sliding scale overriding royalty interests:

Tract 6

Gulf's ORI of 12.5%, suspended for amounts over 17.5% when average production is 500 MCF or less.

Tract 5

Gulf has an ORI of 12.5% on primary production and 25% on secondary production, suspended for amounts over 17.5% when average production/well/day is 15 barrels or less.

Tract 6

Overriding Royalty Owner

Percentage (%)	7 1/2 % *	5 % **
Marshall & Winston, Inc.	0.50000	0.33333
Southeast Royalty Co.	0.75000	0.50000
Mr. J. B. Hockman	1.62500	1.08333
Mr. Selma E. Andrews	0.80557	0.53705
Frank Andrews Trust	0.69443	0.46295
Sabine Royalty Corporation	0.50000	0.33333
Mr. Evelyn Stump Hill	1.62500	1.08333
Plator Corporation	1.00000	0.66667
	7.50000	5.00000

* During the period or periods when the average production per well per day is more than 15 barrels on the entire leasehold or any part of the area thereof or any some segregated for computation of royalties.

** During the period or periods when the average production per well per day is 15 barrels or less on the entire leasehold or any part of the area thereof or any some segregated for computation of royalties.

Tracts 16 and 17

Gulf's ORI is 5% when average production/well/day is over 15 barrels or 500 MCF, reducible to 3.125% when production falls below such amounts.

Tracts 19 and 22

Texaco's ORI is 1/16 when daily average oil production is 40 barrels or less, 3/32 when daily average oil production is more than 40 barrels but not more than 60 barrels and 1/8 when daily average oil production is more than 60 barrels. Overriding to be calculated on production from the SW 1/4 Section 29-23S-37E, which covers both Tracts 19 and 22. Texaco's overriding on gas is 1/8 of all gas produced from same quarter section.

Tract 44

Gulf and Shell overrides are as follows:

When daily avg. oil prod. per well per day is -

150 barrels or more
75-150 barrels
55-75 barrels
10-55 barrels
Not more than 10 barrels

1/8 separately or 1/4 combined
1/16 separately or 1/8 combined
3/64 separately or 3/32 combined
1/32 separately or 1/16 combined
1/64 separately or 1/32 combined

The ownership is -

Overriding on gas is 1/8 of 8/8 of gas and casinghead gas.

First Revision - Effective February 1, 1974.

Attachment No. 1

to Exhibit "B"

Page 2

Tract 69

When daily average oil production per well per day is less than 30 barrels.

Chas. T. Bates, Jr.
James Ray Bates
K. C. Bates
Theodore G. Bates
Warren J. Bates
Catherine L. Dumas
Martha Watkins Harris
R. E. King
Helen Magruder Kolliker
Mrs. Clyde W. Miller
The Fort Worth National Bank, Trustee
Myrtle Dean Watkins
Elizabeth Woolworth
May Woolworth
.0008464
.0008464
.0008464
.0029622
.0008464
.0008464
.0126933
.0001628
.0001628
.0015869
.0015869
Mrs. Clyde W. Miller
The Fort Worth National Bank, Trustee
Myrtle Dean Watkins
Elizabeth Woolworth
May Woolworth
.0008138

When daily average oil production per well per day is 30 barrels or more.

Chas. T. Bates, Jr.
James Ray Bates
K. C. Bates
Theodore G. Bates
Warren J. Bates
Catherine L. Dumas
Martha Watkins Harris
R. E. King
Helen Magruder Kolliker
Mrs. Clyde W. Miller
The Fort Worth National Bank, Trustee
Myrtle Dean Watkins
Elizabeth Woolworth
May Woolworth
.0016928
.0016928
.0016928
.0029622
.0001628
.0001628
.0001628
.0001628
Mrs. Clyde W. Miller
The Fort Worth National Bank, Trustee
Myrtle Dean Watkins
Elizabeth Woolworth
May Woolworth
.0016276

Tract 54

Louis Kemper override is as follows:

When daily avg. oil prod.
per well is

60-200 barrels
25-60 barrels
Less than 25 barrels
1/8
1/16
1/32

The ownership is -

Tract 72

Cities Service override is as follows:

When daily avg. oil prod.
per well per day is -

40 barrels or more
25-40 barrels
Not more than 25 barrels
1/16 of 7/8 separately or 1/8 comb.
3/64 of 7/8 separately or 1/32 comb.
1/32 of 7/8 separately or 1/16 comb.

The ownership is -

Override on all gas that may be produced is 1/16 of 7/8 separately or 1/8 of 7/8 combined.

Atlantic Richfield's basic royalty interest is as follows:

When Daily Avg. Oil Prod.
per Well Per Day is -

40 Barrels or More
25-40 Barrels
Not more than 25 Barrels
15/128
53/512
23/256

The Ownership is -

FIRST REVISION - EFFECTIVE FEBRUARY 1, 1974

EXHIBIT "C"

UNIT AGREEMENT
MYERS LANGLEY-HATTIX UNIT

LEA COUNTY, NEW MEXICO

SCHEDULE OF TRACT PARTICIPATION

Tract	No.	Phase I	Tract Participation (%)	Phase II
1	1	2.62347	1.24196	
2	2	1.07701	0.39930	
3	3	1.67778	4.22935	
6	6	0.29098	0.65214	
7	7	1.52929	1.09440	
8	8	0.43647	0.36642	
10	10	1.13205	2.17318	
11	11	0.29371	0.33919	
12	12	0.42176	2.10449	
13	13	2.62783	1.69145	
14	14	2.03279	1.56762	
15	15	3.67242	4.17934	
16	16	0.63645	0.41575	
17	17	0.62120	1.21405	
18	18	0.0	0.34116	
19	19	1.55980	2.53381	
20	20	0.57624	0.15872	
21	21	1.37399	3.12878	
22	22	1.09854	2.03336	
23	23	0.0	0.31429	
24	24	1.77150	0.30937	
25	25	0.57788	0.93127	
26	26	5.93516	3.45232	
27	27	0.55009	2.67745	
28	28	5.36001	2.22723	
29	29	0.0	1.03913	
30	30	6.15013	5.72008	
31	31	0.80538	0.60534	
32	32	2.81310	1.24425	
33	33	2.45428	2.45027	
34	34	3.13405	2.61446	
35	35	0.0	0.09069	
36	36	0.59777	0.33634	
37	37	1.10698	0.77335	
38	38	0.00381	0.15898	
39	39	1.15739	0.95786	
40	40	1.88875	2.73811	
41	41	0.36972	0.39603	
42	42	0.34139	0.38262	
43	43	0.68713	0.27193	
44	44	0.89665	1.31102	
45	45	0.0	0.02221	
46	46	0.91708	0.46044	
47	47	0.0	0.06662	
48	48	0.0	0.04652	
49	49	1.43975	3.34579	
52	52	1.23640	0.68210	
53	53	0.57379	0.31554	
54	54	0.21715	0.27285	
55	55	0.50159	0.24012	
56	56	0.98275	1.16926	
57	57	1.82736	1.39798	
58	58	1.89193	0.87082	
59	59	3.02480	1.45836	
60	60	0.96912	1.46823	
61	61	0.80810	1.12484	
62	62	1.47816	2.12501	
63	63	0.24330	2.17952	
64	64	0.0	1.52373	
65	65	1.88130	1.94111	

First Revision - Effective February 1, 1974
 EXHIBIT "C"
 Myers Langlie-Martin Unit
 Page 2

BOOK 317 PAGE 861

Tract No.	Tract Participation (%)	
	Phase I	Phase II
66	3.44356	4.48140
68	1.08383	3.91700
69	1.86904	2.37140
70	0.0	0.28006
71	0.0	0.30204
72	6.38653	1.88278
73	0.0	0.59930
74	0.0	1.07696
75	1.44156	0.51651
76	1.33121	0.76280
77	0.0	0.18604
79	0.88684	0.39262
80	0.54600	0.72234
81	0.73590	0.92668
TOTAL	100.00000	100.00000

STATE OF NEW MEXICO
 COUNTY OF LEA
 FILED

APR 8 1974

By 11:05 AM
 and 11:05 AM
 Page 2
 JANE RICK SHIFF, County Clerk
 By 11:05 AM Deputy

36987



ATTEST:

Certified this 24th day of June.
19 97, as true and correct copy of
the original on file in this office.

PAT CHAPPELLE, LEA COUNTY CLERK

D. James Deputy

19576

Misc.
BOOK 335 PAGE 152

CERTIFICATE
RELATING TO SECOND REVISION OF
EXHIBITS "A" AND "C" ATTACHED TO
UNIT AGREEMENT - MYERS LAMARIE MATTIX UNIT
LEA COUNTY, NEW MEXICO

THE STATE OF NEW MEXICO)
) SS:
COUNTY OF LEA)

KNOW ALL MEN BY THESE PRESENTS:

THAT, SKELLY OIL COMPANY, in its capacity as Unit Operator of the above described Unit and pursuant to the terms and provisions of said Unit Agreement of record in Book 316, page 455 of the Miscellaneous Records of the County Court Clerk's Office in Lea County, New Mexico, reference to such agreement and the record thereof being hereby made for all purposes, does hereby certify as follows, to-wit:

1. That it has, in compliance with said agreement, revised Exhibits "A" and "C" attached thereto, each of said revisions being occasioned by and in accordance with the provisions thereof;
2. That true and correct copies of said Exhibits "A" and "C", marked "Second Revision - Effective July 1, 1976", as so revised are attached hereto and by reference made a part hereof; and
3. That in accordance with the provisions of said Unit Agreement, the said revised Exhibits "A" and "C" are each to become effective as of July 1, 1976; and shall thereafter remain in full force and effect until again revised pursuant to the terms of provisions of said Unit Agreement; and
4. That reference to Tracts No. 50 and 51 in Exhibit "A", page 26, as "unqualified tracts" is hereby voided.

IN WITNESS WHEREOF, SKELLY OIL COMPANY, acting in its capacity as Unit Operator, has on this 30th day of July, 1976, executed this instrument by and through its Attorney-in-fact thereunto duly authorized.

SKELLY OIL COMPANY

By James H. Uniline
Attorney-in-fact

James H. Uniline
Attorney
RDM

STATE OF OKLAHOMA)
) SS:
COUNTY OF TULSA)

The foregoing instrument was acknowledged before me this 30th day of July, 1976, by James H. Uniline, Attorney-in-fact of SKELLY OIL COMPANY, a Delaware corporation, on behalf of said corporation.

James H. Uniline
Notary Public

My commission expires:
My Commission Expires August 26, 1975

[illegible]

SECOND REVISION - EFFECTIVE JULY 1, 1978

EXHIBIT "C"

DOM 335 NCE 154

JOINT AGREEMENT
MUDRA TANGUE MATTEIX UNIT
LEA COUNTY, NEW MEXICO

SCHEDULE OF TRACT PARTICIPATION

Tract No.	Proportions	
	Tract Participation (X)	
1	1.22311	
2	.59021	
3	4.16521	
6	.64225	
7	1.07186	
8	.16086	
10	2.14022	
11	.15405	
12	2.07257	
13	1.66580	
14	1.54185	
15	4.11596	
16	.40945	
17	1.19564	
18	.31599	
19	2.49538	
20	.15011	
21	3.08113	
22	2.00232	
23	.30952	
24	.30468	
25	.91715	
26	1.19996	
27	2.63684	
28	2.19145	
29	1.02317	
30	5.61333	
31	.59616	
32	1.22538	
33	2.41311	
34	2.57678	
35	.08911	
36	.31124	
37	.76162	
38	.15657	
39	.94133	
40	2.69658	
41	.59002	
42	.27813	
43	.26781	
44	1.29114	
45	.02147	
46	.45146	
47	.06561	
48	.04581	
49	3.29505	
50	1.33259	
51	0.18398	
52	.67176	
53	.31075	
54	.26871	
55	.23648	
56	1.15151	
57	1.17678	
58	.85761	
59	1.43644	
60	1.38687	
61	1.10778	
62	2.09278	
63	2.10707	
64	1.50062	
65	1.91167	

SCHEDULE OF TRACT PARTICIPATION
SECOND REVISION
PAGE 2

BOOK 335 PAGE 155

Tract No.	Phase II Tract Participation (2)
66	4.41344
68	1.05760
69	2.34115
70	.27581
71	.29746
72	1.85423
73	.59021
74	1.00000
75	.50068
76	.75123
77	.18122
79	.38667
80	.71119
81	.91261
TOTAL	100.00000

19576

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

SEP 3 - 1976

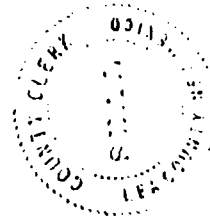
at 11:30 A.M.

and Recorded in Book _____

Page _____

Donna Hayes, County Clerk

By _____ Deputy



ATTEST:

Certified this 24th day of June .
19 97 , as true and correct copy of
the original on file in this office.

PAT CHAPPELLE, LEA COUNTY CLERK

D. J. J. J. Deputy

BUCK 344 187 701

CERTIFICATE
RELATING TO SECOND REVISION (CORRECTED 9/12/77) OF
EXHIBITS "A" AND "C" ATTACHED TO
UNIT AGREEMENT - MYERS LANGLE MATIX UNIT
LEA COUNTY, NEW MEXICO

THE STATE OF NEW MEXICO)
) SS:
COUNTY OF LEA)

KNOW ALL MEN BY THESE PRESENTS:

THAT, GERRY OIL COMPANY, in its capacity as Unit Operator of the above described Unit and pursuant to the terms and provisions of said Unit Agreement of record in Book 316, page 455 of the Miscellaneous Records of the County Court Clerk's Office in Lea County, New Mexico, reference to such agreement and the record thereof being hereby made for all purposes, does hereby certify as follows, to-wit:

1. That it has, in compliance with said agreement, revised Exhibits "A" and "C" attached thereto, each of said revisions being occasioned by and in accordance with the provisions thereof;
2. That true and correct copies of said Exhibits "A" and "C", marked "Second Revision - Effective June 1, 1976 (corrected 9/12/77)", as so revised are attached hereto and by reference made a part hereof; and
3. That in accordance with the provisions of said Unit Agreement, the said revised Exhibits "A" and "C" are each to become effective as of June 1, 1976; and shall thereafter remain in full force and effect until again revised pursuant to the terms of provisions of said Unit Agreement; and
4. That reference to Tracts No. 50 and 51 in Exhibit "B", page 26, as "unqualified tracts" is hereby voided.

IN WITNESS WHEREOF, GETTY OIL COMPANY, acting in its capacity as Unit Operator, has on this 29th day of September, 1977, executed this instrument by and through its Attorney-in-fact thereunto duly authorized.

GETTY OIL COMPANY

by Robert A. Smith
Attorney-in-Fact

STATE OF OKLAHOMA)
) SS:
COUNTY OF TULSA)

The foregoing instrument was acknowledged before me this 29th day of September, 1977, by WILLIAM J. ALLEN, Attorney-in-fact of GETTY OIL COMPANY, a Delaware corporation, on behalf of said corporation.



My Commission Expires: **NOVEMBER 3, 1979**
BOB STUEBE
 Notary Public, Tulsa County, Oklahoma
 My Commission Expires November 3, 1979

Paul Steens
Notary Public

SECOND REVISION - EFFECTIVE JUNE 1, 1976 (CORRECTED 9/22/77)

EXHIBIT "C"

UNIT AGREEMENT
MYERS LANGLIE MATTIX UNIT
LEA COUNTY, NEW MEXICOSCHEDULE OF TRACT PARTICIPATION

<u>Tract No.</u>	<u>Phase II Tract Participation (%)</u>
1	1.22311
2	.59021
3	4.16521
6	.64225
7	1.07386
8	.36086
10	2.14022
11	.33405
12	2.07257
13	1.66580
14	1.54385
15	4.11596
16	.40945
17	1.19564
18	.33599
19	2.49538
20	.15631
21	3.08133
22	2.00252
23	.30952
24	.30468
25	.91715
26	3.39996
27	2.63684
28	2.19345
29	1.02337
30	5.63333
31	.59616
32	1.22538
33	2.41311
34	2.57678
35	.08931
36	.33124
37	.76162
38	.15657
39	.91333
40	2.69658
41	.39002
42	.27813
43	.26781
44	1.29114
45	.02187
46	.45346
47	.06561
48	.04581
49	3.29505
50	1.33259
51	.18398
52	.67176
53	.41075
54	.26871
55	.23648
56	1.15151
57	1.17678
58	.85761
59	1.43644
60	1.38687
61	1.10778
62	2.09278
63	2.10707
64	1.56062
65	1.91167

BOOK 344 PAGE 704
 SCHEDULE OF TRACT PARTICIPATION
 SECOND REVISION
 PAGE 2

Tract No.	Phase 11 Tract Participation (%)
66	4.41344
68	1.85760
69	2.34135
70	.27581
71	.29746
72	1.85423
73	.59021
74	1.06063
75	.50868
76	.75123
77	.18322
79	.38667
80	.71139
81	.91263
TOTAL	160.00000

STATE OF NEW MEXICO
 COUNTY OF LEA
 FILED

OCT 18 1977
 at 1:45 o'clock P M
 and Recorded in Book _____
 Page _____
 Donna H. Hoge, County Clerk
 By _____ Deputy



4753

ATTEST:

Certified this 24th day of June.
19 97, as true and correct copy of
the original on file in this office.

PAT CHAPPELLE, LEA COUNTY CLERK

D. James Deputy

EXHIBIT "B"
UNIT AGREEMENT
MYERS LANGLEY-MATIX UNIT
LEA COUNTY, NEW MEXICO

Revised 10/13

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record And Percentage	Overriding Royalty		Working Interest	
					Owner and Percentage		Owner and Percentage	
FEDERAL LAND								
T23S - R36E Sec. 25: N/2 SE/4; E/2 SW/4 & SW/4 SW/4	200.00	LC-030139(b) H.B.P.	USA - All Schedule D 12.5%	J. Roger Lynn - 25% Patrick Lynn - 25% William R. Lynn - 25% Estate of Theresa Lynn - 25%	Continental Oil Company - 1.25000% Chevron Oil Company 1.25000% Atlantic Richfield Company - 1.25000% Amoco Production Company - 1.25000% Ben Redman - 2.50000%	Flag-Redfern Oil Co. 100		
T23S - R36E Sec. 25: S/2 SE/4	80.00	LC-030139(b) H.B.P.	USA - All Schedule D 12.5%	J. Roger Lynn - 25% Patrick Lynn - 25% William R. Lynn - 25% Estate of Theresa Lynn - 25%	None	Atlantic Richfield Compa 25.00000% Chevron Oil Company 25.00000% Continental Oil Company 25.00000% Amoco Production Company 25.00000%		
T23S - R37E Sec. 29: NW/4 & W/2 NE/4	240.00	LC-030187 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation 0.12500% Marshall & Winston Inc. - 0.12500% Elks National Foundation - 0.05626% Boys Club of America - 0.05626% Bishop Whipple Schools - 0.05626% New Mexico Boys Ranch, Inc. 0.05626% Regents, University of New Mexico - 0.05626% Marie Jane Devosas - 0.28120% The Blanco Co. - 0.09375%	Gulf Oil Corporation - 100.00000%		

Langlie-Mattix Unit
2

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
			Owner and Percentage	Owner and Percentage		Owner and Percentage	Owner and Percentage	Owner and Percentage	Owner and Percentage
Int'd.									
						Robert J. Leonard - 0.09375%			
						Midwest Oil Corporation - 0.5000%			
						Timothy T. Leonard - 0.09375%			
						Patrick J. Leonard - 0.09375%			
						First Nat'l. Bank of Rochester, Trustee - 0.09375%			
						Myrtle M. Olson - 0.09375%			

UNIT, D
ers Langlie-Mattix Unit
Se 3

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest
						Owner and Percentage
T24S - R36E Sec. 12: SW/4 NW/4	40.00	LC-030467(a) H.B.P.	USA - All Schedule C	Estate of Daniel Vaughan deceased 100%	See Attachment No. 1 - Tract 6	Atlantic Richfield Corp. 25.000000% Chevron Oil Company - 25.000000% Continental Oil Company 25.000000% Amoco Production Company 25.000000%

Langlie-Hattix Unit
4

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
T24S - R36E Sec. 1: Lot 1	39.98	LC-030467(b) H.B.P.	USA - All Schedule D 12.5%	Estate of Daniel Vaughan, deceased 100%	J. B. Bockman - 1.250000% Evelyn Stump Hill - 1.250000%	Atlantic Richfield Comp 25.000000% Chevron Oil Company - 25.000000% Continental Oil Company 25.000000% Amoco Production Compan 25.000000%
T24S - R36E Sec. 12: SE/4 NE/4	40.00	LC-030467(b) H.B.P.	USA - All Schedule D	Estate of Daniel Vaughan deceased 100%	J. B. Bockman - 1.250000% Evelyn Stump Hill - 1.250000%	Atlantic Richfield Comp 25.000000% Chevron Oil Company - 25.000000% Continental Oil Company 25.000000% Amoco Production Compar 25.000000%
T24S - R37E Sec. 3: Lots 1 & 2 SE/4 NE/4, NE/4 SE/4	158.87	LC-032339(a) H.B.P.	USA - All Schedule C 12.5%	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Lucille R. Jack - 0.517500% Annie May Kavanaugh - 0.546250%	W. H. Hunt - 25.000000% Lamar Hunt - 25.000000% N. B. Hunt - 50.000000%

Wyers Langlie-Matrix Unit
Page 5

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
0	Cont'd.					Howard Bradley Jack Adm. & Heir at Law of Wm. Howard Jack - 0.51750%	
						Mack Easley - 0.05750%	
						John Quinn - 0.05750%	
						Dorothy Beaty Mitchell - 0.03593%	
						Virginia Mitchell Lee - 0.00719%	
						Charles S. Mitchell - 0.00719%	
						Dorothy Mitchell Latady - 0.00719%	
						The Catholic Church Extension Society of the U.S.A. - 0.46000%	
						Howard Bradley Jack - 0.02875%	
						J. H. Daws - 0.05750%	
11	T24S - R37E Sec. 3: SW/4 NE/4, SE/4 SE/4	80.00	LC-032339(a)	USA - All Schedule C	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Lucille R. Jack - 0.51750% Annie May Kavanaugh - 0.54625% Howard Bradley Jack Adm. & Heir At Law of Wm. Howard Jack - 0.51750% Mack Easley - 0.05750% John Quinn - 0.05750% Dorothy Beaty Mitchell - 0.03593% Virginia Mitchell Lee - 0.00719% Charles S. Mitchell - 0.00719% Dorothy Mitchell Latady - 0.00719% The Catholic Church Extension Society of the U.S.A. - 0.46000%	W. H. Hunt - 25.000000% Lamar Hunt - 25.000000% N. B. Hunt - 50.000000%

Myers' Langlife-Mattix Unit
Page 6

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
11	Cont'd.					Howard Bradley Jack - 0.54625% J. H. Daws - 0.05750%	
12	T24S - R37E Sec. 10: S/2 NE/4, W/2 SE/4	160.00	LC-032339(b) H.B.P.	USA - All Schedule D	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	None	W. H. Hunt - 25.00000% Lamar Hunt - 25.00000% N. B. Hunt - 50.00000%
13	T24S - R37E Sec. 10: E/2 NW/4 NW/4 NE/4	120.00	LC-032339(b) H.B.P.	USA - All Schedule D	Continental Oil Co. - 25% Atlantic Richfield Co. - 25% Amoco Production Co. - 25% Chevron Oil Co. - 25%	Lula S. Rush - 8.20310% Charles M. Holland, Jr. - 5.46870% Boyce Rush Davis - 4.10160% Ruth Rush Weaver - 4.10160%	W. H. Hunt - 25.00000% Lamar Hunt - 25.00000% N. B. Hunt - 50.00000%
14	T23S - R37E Sec. 31: N/2 SE/4 SE/4 SE/4	120.00	LC-032545(a) H.B.P.	USA - All Schedule C	Texaco Inc. - 100%	Southland Royalty Company - 2.00000% H. R. Stroube - 0.50000% Marshall & Winston Inc. - 0.75000% W. C. Stroube - 0.50000% John M. Loffland, Jr. - 0.75000% Albuquerque Nat'l. Bank, Tst. of Tr. of Frank A. Andrews - 0.46295% Marlee I Kyte - 0.50000% Selma E. Andrews, Agency #1335 - 0.53705% David Bond Kyte - 0.25000% Bank of Cal., NA Tst. under Declaration of Tst. dated Dec. 23, 1958 - 0.25000% Lillian H. Coll, Indv. & as Exrx. & Tst. U/W of M. W. Coll - 1.00000%	Texaco Inc. - 100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
15	T23S - R37E Sec. 31: Lots 3 & 4 E/2 SW/4 SW/4 SE/4	195.96	LC-032545(b) H.B.P.	USA - All Schedule D	Texaco Inc. - 100%	None	Texaco Inc. - 100.000%
16	T23S - R37E Sec. 28: SW/4	160.00	LC-057420 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation - 0.12500% Marshall & Winston Inc. - 0.12500% Elke National Foundation - 0.05624% Boys Club of America - 0.05624% Bishop Whipple Schools - 0.05625% New Mexico Boys' Ranch, Inc. - 0.05625% Regents University of New Mexico - 0.05625% Maybelle K. Stewart - 0.28130% The Blanco Co. - 0.09373% Robert J. Leonard - 0.09373% Midwest Oil Corporation - 0.50000% Timothy T. Leonard - 0.09373% Patrick J. Leonard - 0.09373% First Nat'l. Bank of Rochester, Trustee U/W of Mildred H. Seybert, decd. - 0.09382% Gulf Oil Corporation - See Attach. #1 - Tract 16 Myrtle M. Olson - 0.09373%	Continental Oil Company - 100.00000%
17	T23S - R37E Sec. 29: S/2 SE/4, NE/4 SE/4	120.00	LC-057420 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Sabine Royalty Corporation - 0.12500% Marshall & Winston Inc. - 0.12500%	Continental Oil Company - 66.66666% T. J. Sivley - 33.333

Second Revision - Effective July 1, 1970
 Exhibit "B"
 Leasing Agreement - Mattix Unit
 Page 8

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty	Leasee of Record	Overriding Royalty		Working Interest		
			Owner and Percentage	and Percentage	Owner and Percentage	Owner and Percentage			
T236 - R37E Sec. 29: NW/4 SE/4	40.00	LC-057420 H.B.P.	USA - All Step Scale	Gulf Oil Corporation - 100%	Elks National Foundation - 0.05624%			Gulf Oil Corporation - 100.00000%	
					Boys Club of America - 0.05624%				
					Biahop Whipple Schools - 0.05625%				Gulf Oil Corporation - 100.00000%
					New Mexico Boys' Ranch, Inc. - 0.05625%				
					Regents University of New Mexico - 0.05625%				
					Maybelle K. Stewart - 0.28130%				
					The Blanco Co. - 0.09373%				
					Robert J. Leonard - 0.09373%				
					Midwest Oil Corporation - 0.50000%				
					Timothy T. Leonard - 0.09373%				
					Patrick J. Leonard - 0.09373%				
					First Nat'l. Bank of Rochester, Trustee U/W of Mildred H. Seybert, decd. - 0.09382%				
					Gulf Oil Corporation - See Attach. #1 - Tract 17				
					Myrtle M. Olson - 0.09373%				
					Sabine Royalty Corporation - 0.12500%				
					Marshall & Winston, Inc. - 0.12500%				
					Elks National Foundation - 0.05620%				
					Boys Club of America - 0.05620%				
					Biahop Whipple Schools - 0.05630%				
					New Mexico Boys' Ranch, Inc. - 0.05630%				
					Regents University of New Mexico - 0.05620%				

Cont'd.

CONFIDENTIAL - EXCLUDED
 hfbic "hg"
 are Langlie-Mattix Unit
 re 9

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty	Working Interest
					Owner and Percentage	Owner and Percentage
T23S - R37E Sec. 29: S/2 SW/4	80.00	LC-060824 H.B.P.	USA - All Schedule C	Texas Pacific Oil Company 100%	Maybelle K. Stewart - 0.28130%	Texas Pacific Oil Company
					The Blanco Co. - 0.09375%	58.33334%
					Robert J. Leonard - 0.09375%	Allied Chemical Corp. -
					Midwest Oil Corporation -	41.66666%
					0.50000%	
					Timothy T. Leonard - 0.09375%	
					Patrick J. Leonard - 0.09375%	
					First Nat'l. Bank of Rochester, Trustee - 0.09375%	
					Myrtle M. Olson - 0.09375%	
					Albuquerque Nat'l. Bank, Test. Est. for Frank A. Andrews decd. - 0.46295%	
T23S - R37E Sec. 30: Lot 2	37.85	LC-060825(a) H.B.P.	USA - All Schedule C 12.5%	Texas Pacific Oil Co. - 100%	Selma E. Andrews - 0.53705%	
					Bank of California, Trustee -	
					0.25000%	
					Lillian H. Coll, Indv. & as Exrx. & Test. U/W of M. W. Coll- 1.00000%	
					David Bond Kyte - 0.25000%	
					Marlee I. Kyte - 0.50000%	
					John M. Loffland, Jr. -	
					0.75000%	
					Marshall & Winston, Inc. -	
					0.75000%	
T23S - R37E Sec. 30: Lot 2	37.85	LC-060825(a) H.B.P.	USA - All Schedule C 12.5%	Texas Pacific Oil Co. - 100%	Southland Royalty Company - 2.00000%	
					H. R. Stroube - 1.00000%	
					Texaco Inc. - sliding scale	
					See Attach. #1-Tract 19	
					Albuquerque Nat'l. Bank, Test. Est. of Frank A. Andrews, decd. - 0.46295%	

Cont'd.

cond Revision - Effective July 1, 1970
 Unit "B"
 Langlie-Mattix Unit
 e 10

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty		Working Interest	
					Owner and Percentage		Owner and Percentage	
T23S - R37E Sec. 30: Lot 1, E/2 NW/4, NE/4	277.81	LC-060825(a) H.B.P.	USA - All Schedule C	Texas Pacific Oil Co. - 100%	Selma E. Andrews - 0.53705%		Texas Pacific Oil Company	
					Bank of California, Tst. -		100.00000%	
					Lillian H. Coll, Indv. & Extr.			
					& Tst. U/W of M. W. Coll -			
					1.00000%			
					David Bond Kyte - 0.25000%			
					Marlee I. Kyte - 0.50000%			
					John M. Loffland, Jr. -			
					0.75000%			
					Marshall & Winston, Inc. -			
					0.75000%			
					Southland-Royalty Company -			
					2.00000%			
					H. R. Stroube - 0.50000%			
					W. C. Stroube - 0.50000%			
					Texaco Inc. - 12.50000%			
					Albuquerque Nat'l. Bank,			
					Tst. Tst. of Frank A.			
					Andrews, decd.-0.46295%			
					Selma E. Andrews - 0.53705%			
					Bank of California, Tst. -			
					0.25000%			
					Lillian H. Coll, Indv. & Extr.			
					& Tst. U/W of M. W. Coll -			
					1.00000%			
					David Bond Kyte - 0.25000%			
					Marlee I. Kyte - 0.50000%			
					John M. Loffland, Jr. -			
					0.75000%			
					Marshall & Winston, Inc. -			
					0.75000%			
					Southland Royalty Company -			
					2.00000%			

Cont'd.

Second Revision - Effective July 1, 1976

Exhibit "B"
Myers Langlie-Mattix Unit
Page 11

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
21	Cont'd.						
22	T23S - R37E Sec. 29: N/2 SW/4	80.00	LC-060825(a) H.B.P.	USA - All Schedule C	Texas Pacific Oil Company 100%	H. R. Stroube - 0.50000% W. C. Stroube - 0.50000% Texaco Inc. - 12.50000% Albuquerque Nat'l. Bank, Test. Tst. of Frank A. Andrews, decd. - 0.46295% Selma E. Andrews - 0.53705% Bank of California, Tst. - 0.25000% Lillian H. Coll, Indv. & Extr. & Tst. U/r of M. W. Coll - 1.00000% David Bond Kyte - 0.25000% Marilee I Kyte - 0.50000% John M. Loffland, Jr. - 0.75000% Marshall & Winston, Inc. - 0.75000% Southland Royalty Company - 2.00000% H. R. Stroube - 0.50000% W. C. Stroube - 0.50000% Texaco Inc. - sliding scale See Attach. #1-Tract 22	Texas Pacific Oil Company - 100.00000%
23	T23S - R37E Sec. 34: N/2 SW/4	160.00	LC-060825(b) H.B.P.	USA - All Schedule D 12.5%	Texas Pacific Oil Company 100%	Texaco Inc. - 12.50000%	Texas Pacific Oil Company - 100.00000%
24	T23S - R37E Sec. 34: N/2 SW/4	80.00	LC-060825(b) H.B.P.	USA - All Schedule D	Texas Pacific Oil Company 100%	Texaco Inc. - 12.50000%	Texas Pacific Oil Company - 100.00000%

Second Revision - Effective July 1, 1976
 Exhibit "B"
 Leases Langlie-Mattix Unit
 Page 12

	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
1	T23S - R37E Sec. 34: S/2 SW/4	80.00	LC-065722 H.B.P.	USA - All Schedule D	Texas Pacific Oil Co. - 100%	Texasaco Inc. - 12.50000%	Texas Pacific Oil Co. - 50.00000% Atlantic Richfield Compa 50.00000%
2	T24S - R37E Sec. 5: SW/4 Sec. 6: SE/4	320.00	NM-7488 H.B.P.	USA - All Schedule D 12.5%	Ann Hughes Myers - 13.33333% Firm Royalties Inc. - 86.66667%	None	Texas Pacific Oil Co. - 100.00000%
7	T24S - R37E Sec. 4: S/2 Sec. 7: Lots 1 & 2 E/2 NW/4 Sec. 9: N/2 SW/4	556.23	NM-7488 H.B.P.	USA - All Schedule D	Amoco Production Company- 100%	None	Amoco Production Company 100.00000%
3	T24S - R37E Sec. 5: Lots 3 & 4, S/2 NW/4 Sec. 6: Lots 1 & 2 S/2 NE/4 Sec. 7: NE/4	477.96	NM-7488 H.B.P.	USA - All Schedule D 12.5%	Amoco Production Company- 100%	None	Amoco Production Company 100.00000%
9	T24S - R37E Sec. 8: NW/4	160.00	NM-0321613 H.B.P.	USA - All Schedule D 12.5%	Howard Bradley Jack, Adm. & Heir at Law of Wm. Howard Jack Abner B. Jack Annie May Kavanaugh Estate of Guy Jack Jr. Estate of Florence Jack Ways	Atlantic Richfield Company- 0.62500% Howard Bradley Jack, Adm. & Heir at Law of Wm. Howard Jack - 0.56250% Continental Oil Company- 0.62500% J. H. Davis - 0.06250% Mack Easley - 0.06250% John Quinn - 0.06250% Lucille R. Jack - 0.56250%	Texas Pacific Oil Co.- 30.00000% Herbert J. Schmitz - 20.00000% Frank D. Lortscher - 25.00000% Arlene S. Anthony - 8.33333% Charles T. Scott, Jr. - 8.33333% Robert C. Scott - 8.33333%

Second Revision - Effective July 1, 1976

Unit "B"
Mrs Langlie-Mattix Unit
Page 13

<u>Description of Land</u>	<u>No. of Acres</u>	<u>Serial No. and Lease Expiration Date</u>	<u>Basic Royalty Owner and Percentage</u>	<u>Lessee of Record and Percentage</u>	<u>Overriding Royalty Owner and Percentage</u>	<u>Working Interest Owner and Percentage</u>
Cont'd.						
					Charles S. Mitchell - 0.06250%	
					Amoco Production Company - 0.62500%	
					Chevron Oil Company 0.62500%	
					Catholic Church Extension Society - 0.50000%	
					Annie May Kavanaugh - 0.59375%	
					Howard Bradley Jack - 0.03125%	

Twenty-six (26) Federal Tracts Totaling 4,104.66 Acres - 44.01044% of Unit Area

STATE LANDS

T23S - R36E Sec. 36: N/2	320.00	B-1431-3 Dec. 5, 1932 H.B.P.	State of New Mexico - All	Amerada Hess Corp. - 100%	None	Amerada Hess Corporation 100.000000%
T23S - R36E Sec. 36: E/2 SW/4	80.00	B-1167-9 B-1167-10 Sept. 6, 1932 H.B.P.	State of New Mexico - All	Est. of Ralph Love - 100%	Shell Companies Foundation 6.25000%	Est. of Ralph Love - 100.000000%
T23S - R36E Sec. 36: W/2 SE/4	80.00	B-7776 Sept. 10, 1938 H.B.P.	State of New Mexico - All	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.000000%
T23S - R36E Sec. 36: E/2 SE/4	80.00	B-243-1 Sept. 10, 1931 H.B.P.	State of New Mexico - All	Gulf Oil Corporation - 100%	None	Gulf Oil Corporation - 100.000000%
T23S - R36E Sec. 32: N/2	320.00	B-1732 Feb. 28, 1933 H.B.P.	State of New Mexico - All	Gulf Oil Corporation - 100%	Gulf Oil Corporation - 6.25000%	Great Western Drilling - 100.000000%

Second Revision - Effective July 1, 1976

Unit "B"
for Langlie-Mattix Unit
c 14

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
T23S - R37E Sec. 32: N/2 SW/4	80.00	B-1167-12 H.B.P.	State of New Mexico - All	Shell Oil Company - 100%	None	El Paso Natural Gas Co. - 100.00000%
T23S - R37E Sec. 32: S/2 SW/4	80.00	B-165-1 H.B.P.	State of New Mexico - All	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%
T23S - R37E Sec. 32: S/2 SE/4	80.00	B-85-11 H.B.P.	State of New Mexico - All	Amerada Hess Corp. - 100%	None	Amerada Hess Corporation 50.00000% Skelly Oil Company - 50.00000%
T23S - R37E Sec. 32: N/2 SE/4	80.00	B-1327 H.B.P.	State of New Mexico - All	Skelly Oil Company - 100%	None	Amerada Hess Corporation 50.00000% Skelly Oil Company - 50.00000%
T24S - R37E Sec. 2: Lot 3, SE/4 NW/4	79.37	B-9974-3 H.B.P.	State of New Mexico - All	Phillips Petroleum Co. - 100%	None	Skelly Oil Company - 100.00000%
T24S - R37E Sec. 2: Lot 4, SW/4 NW/4, N/2 SW/4	159.39	B-9974-Orig. Dec. 10, 1942 H.B.P.	State of New Mexico - All	Phillips Petroleum Co. - 100%	None	Skelly Oil Company - 100.00000%
T24S - R37E Sec. 2: S/2 SW/4	80.00	B-9974-Orig. H.B.P.	State of New Mexico - All	Phillips Petroleum Co. - 100%	Robert E. Stripling - 2.05078% James H. Steedman - 2.05078%	Skelly Oil Company - 100.00000%
T24S - R37E Sec. 2: Lot 2, SW/4 NE/4	79.35	B-9694 H.B.P.	State of New Mexico - All	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.00000%

Seventeen (17) State Tracts Totaling 1,598.11 Acres - 17.13504% of Unit Area

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Shibit "B"
Langers Langlie-Mattix Unit
ge 15

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
			Owner and Percentage				
FEE LANDS							
T23S - R36E Sec. 25: NW/4 NE/4	40.00	Nov. 28, 1948	Atlantic Rich-	Petroleum Corporation of	Texas - 100%	None	Petroleum Corporation of Texas - 50.00000% Austral Oil Co., Inc. - 50.00000%
			field Co. -				
			5.85938%				
			Olive Hall -				
			0.19531%				
			Rosiland Burg-				
			hardt -.097655%				
			C. H. Crier -				
			0.19531%				
			Central Bank & Tr.				
			Des Moines, Gdn.				
			of Est. of Mrs.				
			Frank F. Faulk -				
			0.19531%				
			Ollie Flower -				
.097655%							
Fluor Corporation -							
3.12500%							
Ima Hays - 1.56250%							
W. C. Hentszler -							
0.04883%							
G. Jinkins -							
1.56250%							
Mina O. Lankford -							
1.56250%							
Arne S. Maki -							
0.19531%							
J. Hiram Moore -							
0.04882%							
Fannie McIntire -							
0.02442%							
Mary Margaret Parr -							
0.02442%							

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 Unit "B"
 Langlife-Mettix Unit
 c 16

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
Cont'd.						
T23S - R36E Sec. 25: NE/4 NE/4	40.00	May 1, 1930	Tennie Stroll - 0.04833% P. R. Worn Est.- 0.19531% Annabel & R. R. Winningham - 1.56250%	Jones-Robinson Shell Petroleum Corp., - Co. - 8.33333% 100% Anderson Carter- 1.04167% Pouhahan Carter- Jr. - 1.04167% Effie Carter - 2.08333%	Gulf Oil Corporation - sliding scale* Shell Companies Foundation- sliding scale* *See Attach. #1-Tract 44	Austral Oil Co. Inc. - 100.00000%
T23S - R36E Sec. 25: SE/4 NE/4	40.00	Nov. 28, 1948	Atlantic Rich- Petroleum Corporation field Co.-5.8598% of Texas - 100% Olive Bell - 0.13021% Rosiland Burg- hardt -.097655% J. E. Clark - 0.13021% Rosa B. Crew - 0.13021% C. H. Grier - 0.06511% Chas. A. Dore - 1.25000% Geo. R. Dunseath- 0.06510% Donald R. Wallace- 0.6510% Henry A. Felt - 0.09765% Ollie Flowers -.097655%	None	None	Petroleum Corporation of Texas - 25.00000% Austral Oil Company, Inc. 56.00000% Grace Johnson - 5.00000% Boyd E. Penfield - 5.0000% W. A. Pruett - 5.00000% Adele Combs Clough - 3.00000% Michael Clough - 1.00000%

111617
 Mrs Langlie-Matrix Unit
 17

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
			Owner and Percentage			Owner and Percentage		Owner and Percentage	
Cont'd.									
			Fluor Corporation-						
			3.12500%						
			Edward A. Gould -						
			0.13021%						
			Ima Hays - 0.52083%						
			First Nat'l. Bank of						
			Oregon, A/C J. A.						
			Haynes-0.03255%						
			Frank Haynes-0.16276%						
			Frank Haynes, Gdn. for						
			J. R. Haynes -						
			0.13021%						
			W. C. Hentzler-0.01628%						
			G. M. Jinkins-0.52083%						
			Adele Combs Clough -						
			0.37500%						
			Michael Clough -						
			0.12500%						
			Rose Kendall & Richard						
			W. Kendall, Exec. of						
			Est. of William J.						
			Kendall, dec.-0.09765%						
			Nina O. Lankford -						
			1.56250%						
			Arne S. Maki - 0.06511%						
			J. Hiram Moore-0.01628%						
			Fannie McIntire-0.00814%						
			Mary Margaret Parr -						
			0.00814%						
			W. A. Pruett-0.62500%						
			Mary Lee S. Reese -						
			0.03906%						
			Virginia Lee Saunders-						
			0.13021%						
			Woodlan Perry Saunders -						
			0.03906						
			George P. Senner-0.06510%						
			Mrs. S. S. Stinson -						
			1.04167%						
			Jennie Strohl-0.01628%						

Huber "B"
 vers Langlie-Mattix Unit
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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
Cont'd.			Superior Oil Co. - 3.87500% F. R. Worn Est. - 0.19531% W. Verde Watson - 0.05208% Annabel & R. R. Wittingham - 0.52083%			
T23S - R37E Sec. 30; Lots 3 & 4	75.78		Chas. T. Bates, Gackle Oil Co. - 100% Jr.-0.46875% James R. Bates - 0.46875% K. C. Bates - 0.46875% Theodocia G. Bates - 1.64062% Warren J. Bates - 0.46875% Louise W. Bradley & George R. Shaw, Co- Executors of the Estate of Edwin G. Bradley, dec. 0.19531% Don Cowden-.13017% Donna S. Cowden- .06513% Mary Cowden Indv. & as Extr. Est. of Rorie E. Cowden-.19530% William Leo Cowden - 0.19531% Catherine L. Dumrese - 3.51563% Thomas W. Ellison -.04883% Frost Nat'l. Bank of San Antonio, Tr. Acct. #983 - 0.19530%	Mobil Oil Corporation - 3.12500% General Crude Oil Company - 3.12500%	Clay Trusts #618-1, 2, 23.33333% Margaret B. Clay - 26.66667% George R. Bentley - 3.33333% Merchants Nat'l. Bank c Terre Haute, Ind. for John M. Bentley, decd 3.33333% Management Trust Compar. 10.00000% Gackle Oil Company - 33.33334%	

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 Exhibit "B".
 Myers Langlie-Matrix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
46 Cont'd.				Martha Watkins Harris-0.06510%			
				Ima Hays-0.09766%			
				John Hendrix - 0.36621%			
				G. M. Jenkins - 0.19531%			
				R. E. King-0.29297%			
				Helen Magruder Kolliker-0.14648%			
				Alvin Luskey-.09154%			
				David Luskey-.09154%			
				Gary Luskey-.09154%			
				Louis Luskey-.09154%			
				Mrs. Clyde W. Miller- 0.06510%			
				Fluor Corporation - 1.56250%			
				Fort Worth Nat'l. Bank, Tst. for Roy S. Magruder (Trust 1059)- 0.14648%			
				Myrtis Dean Watkins - 0.06510%			
				Annabel Winingham- 0.09766%			
				Elizabeth Woolworth- 0.26042%			
				Ralph W. Wilson Indp. Executor of the Est. of May Woolworth- 0.32552%			
				First Nat'l. Bank of Roanoke, Tst. Under Allie M. Lee Tr. of 1/1/66 - 0.29297%			

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
			Owner and Percentage	Percentage		Owner and Percentage	Owner and Percentage		
T23S - R37E Sec. 30: N/2 SE/4, NE/4 SW/4	120.00		Shriners Hospital for Crippled Children - 0.09766%		Chas. T. Bates, Gackle Oil Company-100%	J. C. Maxwell - 3.12500% J. E. Simmons - 3.12500%	Clay Trusts #618-1, 2, & 14.16667%		
							Margaret B. Clay-14.16667%		
			K. C. Bates - 0.46875%				W. J. Clay - 28.33333%		
			Theodocia G. Bates-1.64062%				Management Trust Company 10.00000%		
			Warren J. Bates-0.46875%				Gackle Oil Company - 33.33333%		
			Louise W. Bradley & Geo. R. Shaw Co-Executors of the Est. of Edwin G. Bradley, decd. - 0.19531%						
			Don Cowden-.13017%						
			Donna S. Cowden - .06513%						
			Mary Cowden Indiv. & Extr. Est. of Rorie E. Cowden-.19530%						
			William Leo Cowden - 0.19531%						
			Catherine L. Dumraese-3.51563%						
			Thomas W. Ellison - .04883%						
			Frost Nat'l. Bank of San Antonio Tr. Acct. #983 - .19530%						

Exhibit "g"
 Leases Langlie-Matrix Unit
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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
Cont'd.						
			Martha Watkins Harris-0.06510%			
			Ima Hays - 0.09766%			
			John Hendrix-.36621%			
			C. M. Jenkins - 0.19531%			
			R. E. King - 0.29297%			
			Helen Magruder Kolliker- 0.14648%			
			Alvin Luskey - .09154%			
			David Luskey - .09154%			
			Gary Luskey - .09154%			
			Louis Luskey - .09154%			
			Mrs. Clyde W. Miller- 0.06510%			
			Fluor Corporation - 1.56250%			
			Port Worth Nat'l. Bank, Tst. for Roy S. Magruder (Trust 1059)-0.14648%			
			Myrtis Dean Watkins- 0.06510%			
			Annebel Winingham- 0.09766%			
			Elizabeth Woolworth- 0.26042%			
			Ralph W. Wilson, Indep. Executor of Est. of May Woolworth-0.32552%			
			First Nat'l. Bank of Roswell, Tst. Under Allie M. Lee Trust of 1/1/66-0.29297%			

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 Exhibit "B"
 Yates Langlie-Mattix Unit
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No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty			Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				Owner and Percentage	for Crippled Children -				
7	Cont'd.			Shriners Hosp. for Crippled Children -					
				0.09766%					
8	T23S - R37E Sec. 30: SE/4 SW/4, SW/4 SE/4	80.00	Nov. 25, 1927	Chas. T. Bates, Jr.-0.46875%			Chas. T. Bates, Great Western Drilling Co. - 100%	J. C. Maxwell - 10.9375%	Great Western Drilling 100.000000%
				James Ray Bates- 0.46875%					
				K. C. Bates - 0.46875%					
				Theodocia G. Bates-1.64062%					
				Warren J. Bates- 0.46875%					
				Louise W. Bradley & Geo. R. Shaw Co- Executors of Est. of Edwin G. Bradley, decd. - 0.19531%					
				Don Cowden-.13017%					
				Donna S. Cowden - .06513%					
				Mary Cowden Indv. & Extr. Est. of Rorie E. Cowden - .19530%					
				William Leo Cowden - 0.19531%					
				Catherine L. Dumraese- 3.51563%					
				Thomas W. Ellison - .0483%					
				Frost Nat'l. Bank of San Antonio, Tr. Acct. #983 - .19530%					
				Martha Watkins Harris - 0.06510%					

Second Revision - Effective July 1, 1976
 "Libit" "B"
 Mrs Langlie-Matrix Unit
 Page 23

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
			Owner and Percentage			Owner and Percentage		Owner and Percentage	
Cont'd.			Ima Hays-0.09766%						
			John Hendrix -						
			.36621%						
			G. M. Jenkins -						
			0.19531%						
			R. E. King -						
			0.29297%						
			Helen Magruder Kolliker-						
			0.14648%						
			Alvin Luskey -						
			.09154%						
			David Luskey -						
			.09154%						
			Gary Luskey -						
			.09154%						
			Louis Luskey -						
			.09154%						
			Mrs. Clyde W. Miller-						
			0.06510%						
			Fluor Corporation -						
			1.56250%						
			Port Worth Nat'l. Bank,						
			Tet.-0.14648%						
			Myrtis Dean Watkins-						
			0.06510%						
			Annabel Winningham -						
			0.09766%						
			Elizabeth Woolworth-						
			0.26042%						
			Ralph W. Wilson, Indp.						
			Executor of Est. of						
			May Woolworth -						
			0.32552%						
			First Nat'l. Bank of						
			Roswell, Trustee -						
			0.29297%						
			Shriners Hospital for						
			Crippled Children -						
			0.09766%						

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 Exhibit "B"
 Mrs Langlie-Matrix Unit
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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
			Owner and Percentage			Owner and Percentage		Owner and Percentage	
T23S - R37E Sec. 31: Lots 1 & 2, E/2 NW/4, NE/4	315.88		Chas. T. Bates, Gackle Oil Company-100% Jr.-0.33854% James Ray Bates- 0.33854% K. C. Bates - 0.33854% Theodocia G. Bates- 1.18490% Warren J. Bates - 0.33854% Louise W. Bradley & Geo. R. Shaw, Co- Executors of Est. of Edwin G. Bradley decd. 0.19531% Don Cowden-.13017% Donna S. Cowden - .06513% Mary Cowden Indv. & Extr. Est. of Rorie E. Cowden-.19530% William Leo Cowden - 0.19531% Catherine L. Dumraese- 2.53906% Thomas W. Ellison - .04883% Frost Nat'l. Bank of San Antonio Trustee Acct. No. 983 - .19530% Martha Watkins Harris- 0.06510% Ima Hays - 0.09766% John Hendrix-.36621% G. H. Jenkins - 0.19531% R. E. King-0.29297%		See Attachment No. 1 - Tract 49	Cities Service Oil Company- 25.00000% Austral Oil Company, Inc 3.12500% Fluor Corporation - 3.12500% Clay Trusts #018-1, 2, & 19.47917% Margaret B. Clay-19.4791 Management Trust Company 6.87500% Gackle Oil Company - 22.91666%			

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 Exhibit "g"
 Myers Langlie-Matrix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty		Working Interest	
						Owner and Percentage		Owner and Percentage	
9	Cont'd.	1		Helen Magruder					
				Kolliker -					
				0.14648%					
				Alvin Luskey -					
				.09154%					
				David Luskey -					
				.09154%					
				Gary Luskey -					
				.09154%					
				Louis Luskey -					
				.09154%					
				Mrs. Clyde W. Miller-					
				0.06510%					
				Fluor Corporation-					
				0.39063%					
				Fort Worth Nat'l. Bank,					
				Tst for Roy S.					
				Magruder (Trust 1059)-					
				0.14648					
				Myrtis Dean Watkins -					
				0.06510%					
				Annabel Winingham -					
				0.09766%					
				Elizabeth Woolworth-					
				0.26042%					
				Ralph W. Wilson Indp.					
				Executor of Est. of					
				May Woolworth-0.32552%					
				First Nat'l. Bank of					
				Roswell, Tst, under					
				Allie M. Lee Trust of					
				1/1/66-0.29297%					
				Shriners Hospital for					
				Crippled Children-					
				0.09766%					
				Cities Service Oil					
				Company-3.12500%					

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Shibit "B"
 vers Langlie-Mattix Unit
 ge 26

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
			Owner and Percentage				
T23S - R37E Sec. 33: NW/4, W/2 NE/4, SE/4 NE/4	280.00	Sept. 27, 1933	Mary M. Sivalis Combs-0.52085% Gordon M. Cone- 1.04170% Betty Rae Sivalis Davis-0.52085% Mary Ann Deen- 0.05780% Edith E. Davis Fanning-5.20840% Alan Isarn- 0.11610% Carolyn Isarn- 0.11610 E. D. Isarn- 0.23120% Edward Isarn, Jr.- 0.05780% Marian Isarn - 0.11560% Mabee Royalties, Inc.-2.34380% Bonnie H. Morrison- 0.34690% North Central Oil Corp.-1.04170% W. A. Yeager & J. M. Armstrong - 0.78120%		Resler & Sheldon - 100%	Gulf Oil Corporation - 6.25000%	Resler & Sheldon - 100.00000%
T23S - R37E Sec. 33: NE/4 NE/4	40.00		Edith E. Davis Fanning- 14.06250% Mabee Royalties, Inc.-3.51563% W. A. Yeager & J. M. Armstrong- 1.17187%		Resler & Sheldon - 100%	None	Resler & Sheldon-100.000%

SECOND REVISION - EFFECTIVE July 1, 1976
ATTACHMENT NO. 1
TO EXHIBIT "B"
UNIT AGREEMENT
MYERS LANGLEIE-MATTIX UNIT, LEA COUNTY, NEW MEXICO

Schedule of sliding scale overriding royalty interests:

Tract 4

Gulf's ORRI of 12.5%, suspended for amounts over 17.5% when average production/well/day is 15 barrels or less, or when gas production is 500 MCF or less.

Tract 5

Gulf has an ORRI of 12.5% on primary production and 25% on secondary production, suspended for amounts over 17.5% when average production/well/day is 15 barrels or less.

Tract 6

<u>Overriding Royalty Owner</u>	<u>Percentage (%)</u>	
	<u>7 1/2% *</u>	<u>5% **</u>
Marshall & Winston, Inc.	0.50000	0.33334
Southland Royalty Co.	0.75000	0.50000
Mr. J. B. Bockman	1.62500	1.08333
Ms. Selma E. Andrews	0.80557	0.53705
Frank Andrews Trust	0.69443	0.46295
Sabine Royalty Corporation	0.50000	0.33333
Ms. Evelyn Stump Hill	1.62500	1.08333
Fluor Corporation	<u>1.00000</u>	<u>0.66667</u>
	7.50000	5.00000

* During the period or periods when the average production per well per day is more than 15 barrels on the entire leasehold or any part of the area thereof or any zone segregated for computation of royalties.

** During the period or periods when the average production per well per day is 15 barrels or less on the entire leasehold or any part of the area thereof or any zone segregated for computation of royalties.

Tracts 16 and 17

Gulf's ORRI is 5% when average production/well/day is over 15 barrels or 500 MCF, reducible to 3.125% when production falls below such amounts.

Tracts 19 and 22

Texaco's ORRI is 1/16 when daily average oil production is 40 barrels or less, 3/32 when daily average oil production is more than 40 barrels but not more than 60 barrels and 1/8 when daily average oil production is more than 60 barrels. Override to be calculated on production from the SW/4 Section 29-23S-37E, which covers both Tracts 19 and 22. Texaco's override on gas is 1/8 of all gas produced from same quarter section.

Tract 44

Gulf and Shell overrides are as follows:

<u>When daily avg. oil prod. per well per day is -</u>	<u>The ownership is -</u>
150 barrels or more	1/8 separately or 1/4 combined
75-150 barrels	1/16 separately or 1/8 combined
55-75 barrels	3/64 separately or 3/32 combined
10-55 barrels	1/32 separately or 1/16 combined
Not more than 10 barrels	1/64 separately or 1/32 combined

Override on gas is 1/8 of 8/8 of gas and casinghead gas.

Tract 49

When daily average oil production per well per day is less than 30 barrels.

Chas. T. Bates, Jr.	.0008464
James Ray Bates	.0008464
K. C. Bates	.0008464
Theodocia G. Bates	.0029622
Warren J. Bates	.0008464
Catherine L. Dumraese	.0126953
Martha Watkins Harris	.0001628
R. E. King	.0007325
Helen Magruder Kolliker	.0015869
Mrs. Clyde W. Miller	.0001628
The Fort Worth National Bank, Trustee	.0015869
Myrtis Dean Watkins	.0001628
Elizabeth Woolworth	.0006510
May Woolworth	.0008138

When daily average oil production per well per day is 30 barrels or more.

Chas. T. Bates, Jr.	.0016928
James Ray Bates	.0016928
K. C. Bates	.0016928
Theodocia G. Bates	.0059244
Warren J. Bates	.0016928
Catherine L. Dumraese	.0126953
Martha Watkins Harris	.0003256
R. E. King	.0007325
Helen Magruder Kolliker	.0031738
Mrs. Clyde W. Miller	.0003256
The Fort Worth National Bank, Trustee	.0031738
Myrtis Dean Watkins	.0003256
Elizabeth Woolworth	.0013020
May Woolworth	.0016276

Tract 54

Lonnie Kemper override is as follows:

<u>When daily avg. oil prod. per well is</u>	<u>The ownership is -</u>
60-200 barrels	1/8
25-60 barrels	1/16
Less than 25 barrels	1/32

Tract 72

Cities Service override is as follows:

<u>When daily avg. oil prod. per well per day is -</u>	<u>The ownership is -</u>
40 barrels or more	1/16 of 7/8 separately or 1/8 comb.
25-40 barrels	3/64 of 7/8 separately or 3/32 comb.
Not more than 25 barrels	1/32 of 7/8 separately or 1/16 comb.

Override on all gas that may be produced is 1/16 of 7/8 separately or 1/8 of 7/8 combined.

Atlantic Richfield's basic royalty interest is as follows:

<u>When Daily Avg. Oil Prod. Per Well Per Day is -</u>	<u>The Ownership is -</u>
40 Barrels or More	

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Exhibit "g"
 Yates Langlie-Hattix Unit
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P.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record		Overriding Royalty		Working Interest	
				Owner and Percentage		and Percentage		Owner and Percentage		Owner and Percentage	
2	T23S - R37E Sec. 33: N/2 SW/4	80.00		Geraldine Davis Walker - 0.03255%		Austral Oil Company, Inc.- 100.00000%		None		Austral Oil Company, Inc	100.00000%
				Pauline Davis Stone- 0.03255%							
				Joyce D. Shurmon- 0.03256%							
				Billy G. Davis- 0.03255%							
				Marjorie Cone Kast- man - .16378%							
				S. E. Cone, Jr. - .16377%							
				Katherine Cone Keck, Trust-.16378%							
				Edith E. Davis Fanning-2.99479%							
				Jennie D. Young- 2.99479%							
				Mary Lee McInnis- 2.99479%							
				J. G. Davis Est.- 1.71131%							
				Minnie P. Gainer - 1.19792%							
				James Forrest Pittman - .59896%							
				Marshall Henry Pittman - .59896%							
				Clinton Lowell Pittman - .59895%							
				Charles L. Cobb - 0.01092%							
				Owen W. McWhorter- 0.01092%							
				Hubert E. Cone - 0.14038%							

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 Exhibit "B"
 Mrs Langlie-Mattix Unit
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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
			Owner and Percentage			Owner and Percentage		Owner and Percentage	
Cont'd.									
			Adeline Cone- 0.44434%						
			Frank Bateman- 0.32288%						
			James L. Taylor- 0.33691%						
			C. M. Neal- 0.14038%						
			W. D. Girard, Jr.- 0.14034%						
			Polk Shelton- 0.01635%						
			Emmett Shelton- 0.01638%						
			Florence Louise Woods-0.32288%						
			North Central Oil Corp.-1.28348%						
			Lavana Howard, Indv. & Indept. Extr. & Tst. of Est. of L. A. Howard - 0.01092%						
			Jerome T. Hanners, Adm. of Est. of G. T. Hanners-0.42114%						
			Geraldine Davis Wakler- 0.03255%		Austral Oil Co. Inc.- 100.00000%	None		Austral Oil Co. Inc. - 100.00000%	
			Pauline Davis Stone-0.03255%						
			Joyce Davis Shurmon-0.03256%						
			Billy G. Davis- 0.03255%						
			Marjorie Cone Kastman- 0.16378%						
T23S - R37E Sec. 33: SW/4 SW/4	40.00								

Exhibit "B"
 Myers Langlie-Matrix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty			Lessee of Record		Overriding Royalty		Working Interest	
				Owner and Percentage			and Percentage		Owner and Percentage		Owner and Percentage	
53 Cont'd.				S. E. Cone, Jr.- 0.16377%								
				Katherine Cone Keck-0.16378%								
				Edith E. Davis Fanning-2.99479%								
				Jennie D. Young- 2.99479%								
				Mary Lee McInnis 2.99479%								
				J. G. Davis Est.- 2.99479%								
				Minnie P. Gainer- 1.19792%								
				James Forrest Pitt- man - .59896%								
				Marshall Henry Pitt- man - .59896%								
				Clinton Lowell Pitt- man - .59896%								
				Charles L. Cobb - 0.01092%								
				Owen W. McWhorter- 0.01092%								
				Hubert E. Cone- 0.14038%								
				Adeline Cone-0.44434%								
				Frank Bateman - 0.32288%								
				James L. Taylor- 0.33691%								
				C. M. Neal-0.14038%								
				W. D. Girard, Jr.- 0.14038%								
				Polk Shelton-0.01638%								
				Emmett Shelton- 0.01638%								
				Florence Louise Hindle-0.17787%								

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rs Langlie-Mattix Unit
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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
Cont'd.			Lavena Howard, Indv. & Indept. Extr. & Tst. of Est. of L. A. Howard-0.01092% Jerome T. Hanners Adm. of Est. of G. T. Hanners-0.42114%			
T23S - R37E Sec. 33: SE/4 SW/4	40.00		North Central Oil Corp. - 0.89286% Minnie P. Gainer- 1.19792% James Forrest Pittman 0.59896% Marshall Henry Pittman 0.59896% Clinton Lowell Pittman- 0.59896% Mary Lee McInnis- 2.08333% Edith E. Fanning 2.08333% Magnolia Davis- 0.29762% Jerry Glynn Davis- 0.44643% Terry Wayne Davis- 0.44643% Mary E. Hanners- 0.29297% Jennie D. Young- 2.08333% Flora B. Davis- 0.09766% Joyce Davis Shurmon- 0.42318%	Austral Oil Co., Inc.- 100%	Genevieve Crabb - 2.57812% R. C. Crabb, Jr.- 0.85938% First Nat'l. Bank of Midland, Atty. in Fact for John Ed Crabb - 0.85938% Helen Crabb Seline, c/o First Nat'l. Bank of Midland - 0.85937% Paul L. Davis - 3.43750% Lonnie Kemper - Sliding Scale* *See Attach. #1-Tract 54	Austral Oil Co., Inc- 100.00000%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
				Owner and Percentage			Owner and Percentage		Owner and Percentage	
4	Cont'd			Geraldine Davis Walker-0.42318%						
				Billy G. Davis - 0.42317						
				Pauline Davis Stone-0.42318%						
5	T23S - R37E Sec. 33: N/2 SE/4	80.00		Frank Bateman- 0.22459%		Austral Oil Co., Inc. - 100%				Austral Oil Co., Inc. 100.00000%
				Charles L. Cobb- 0.00761%						
				Mary M. Sivalle Combs-0.52084%						
				Gordon M. Cone- 1.04167%						
				Hubert E. Cone- 0.09767%						
				Adeline Z. Cone- 0.29620%						
				Betty Rae Sivalle Davis-0.52083%						
				Jerry Glynn Davis- 0.44643%						
				Magnolia Davis- 0.29762%						
				Terry Wayne Davis- 0.44642%						
				Mrs. T. E. Davis- 2.08334%						
				Edith D. Fanning- 2.08334%						
				W. D. Girard, Jr.- 0.09765%						
				Mary E. Hanners- 0.29296%						
				Lavena Howard, Indv. & Ind. Exec. & Trustee of Est. of L. A. Howard-0.00761%						

r. o.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
5	Cont'd.						
				Marjorie Cone Kastman, Gdn. of Est. of S. E. Cone-0.34178%			
				Mary Lee McInnis- 2.08334%			
				Owen W. McWhorter- 0.00761%			
				C. H. Neal - 0.09766%			
				North Central Oil Corp.-0.89285%			
				Emmett Shelton- 0.01141%			
				Polk Shelton - 0.01141%			
				Joyce Davis Shurmon - 0.03255%			
				James L. Taylor- 0.11718%			
				C. F. Taylor & L. Taylor - 0.11719%			
				Geraldine Walker- 0.03255%			
				Florence Louise Woods-0.22459%			
				Suspense-0.06510%			
		80.00		Frank Bateman- 0.22459%	Austral Oil Co., Inc. - 50%	Getty Oil Company - 10.93750%	Austral Oil Co., Inc. - 50.00000%
				Charles L. Cobb- 0.00761%	Atlantic Richfield - 50%		Atlantic Richfield Comp. 50.00000%
				Mary M. Sivalls Combs-0.52084%			
				Gordon M. Cone- 1.04167%			
	T23S - R37E Sec. 33: S/2 SE/4						

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest Owner and Percentage
				Owner and Percentage			Owner and Percentage		
6	Con'd.			Hubert E. Cone- 0.09767%					
				Adeline Z. Cone- 0.29620%					
				Betty Rae Sivalls Davis-0.52083%					
				Jerry Glynn Davis- 0.44643%					
				Magnolia Davis-0.29762%					
				Terry Wayne Davis- 0.44642%					
				Mrs. T. E. Davis- 2.08334%					
				Edith D. Fanning- 2.08334%					
				W. D. Girard, Jr.- 0.09765%					
				Mary E. Hanners- 0.29296%					
				Lavana Howard, Indv. & Ind. Exec. & Trustee of Est. of L. A. Howard - 0.00761%					
				Marjorie Cone Kastman Gdn. of Est. of S. E. Cone-0.34178%					
				Mary Lee McInnis- 2.08334%					
				Owen W. McWhorter- 0.00761%					
				C. M. Neal - 0.09766%					
				North Central Oil Corp.-0.89285%					
				Emmett Shelton- 0.01141%					

T24S - R37E
Sec. 6: Lot 4

37.95 Feb. 16, 1950

0.01141%
Joyce Davis
Shurmon-0.03255%
James L. Taylor-
0.11718%
C. F. Taylor & L.
Taylor-0.11719%
Geraldine Walker-
0.03255%
Billy G. Davis -
.03255%
Pauline Davis Stone-
.03255%
Florence Louise
Woods-0.22459%

Keith Camp - Mobil Oil Corporation - None
1.56250% 100%
Nancy Dean Camp-
1.56250%
General Crude Oil
Company-2.34375%
Cities Service
Oil Company -
3.12500%
Mobil Oil Corp.-
3.12500%
Clara Dwyer Est.-
0.39062% (Suspense)
Gertrude C.
Mitchell -
0.39063%
(Suspense)

Mobil Oil Corporation -
50.00000%
General Crude Oil Company-
18.75000%
Cities Service Oil Company
25.00000%
Clara Dwyer Estate -
3.12500% (Suspense)
Gertrude C. Mitchell-
3.12500% (Suspense)

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
58	T24S - R37E Sec. 6: Lot 3; SE/4 NW/4; SE/4 SW/4	119.80	Dec. 17, 1942 Dec. 23, 1941	R. L. Summers - 2.08330% Effie Carter - 2.08330% Powhatan Carter, Jr. - 1.04170% Anderson Carter - 1.04170% Fluor Corporation - 4.16670% Blanche McCallister - 2.08330%	Gulf Oil Corporation - 100%	None	Gulf Oil Corporation - 50.00000% Cities Service Oil Company - 33.33333% Blanche McCallister - 16.66667%
59	T24S - R37E Sec. 6: NE/4 SW/4	40.00	Nov. 16, 1943	Joyce Christmas Brown - 7.81250% B. A. Christmas, Jr. - 1.56250% Joyce Ann Brown - 0.62500% B. A. Christmas, Jr., Trustee U/W of B. A. Christmas - 2.50000%	Gulf Oil Corporation - 100%	None	Gulf Oil Corporation - 100.00000%
60	T24S - R37E Sec. 5: Lots 1 & 2; S/2 NE/4	158.64	Aug. 3, 1926	Sabine Royalty Corp. - 3.12500% Edith Davis Fanning - 7.81250% Midwest Oil Corp. - 1.56250%	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%
61	T24S - R37E Sec. 4: Lots 1, 2, 3, & 4; S/2 N/2	317.64	Aug. 3, 1926	Midwest Oil Corp. - 1.56250%	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%

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r. o.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty			Lessee of Record		Overriding Royalty		Working Interest
				Owner and Percentage	Owner and Percentage	Owner and Percentage	and Percentage	and Percentage	Owner and Percentage	Owner and Percentage	Owner and Percentage
1	Cont'd.			Jerry Glynn Davis - 0.78125%							
				Edith Davis Fanning - 1.02426%							
				Charles L. Cobb- 0.00765%							
				Terry Wayne Davis- 0.78125%							
				Jennie D. Young- 2.08333%							
				Owen W. McWhorter- 0.00765%							
				Mary Lee McInnis- 1.30208%							
				Hubert E. Cone - 0.09838%							
				Minnie P. Gainer - 1.19792%							
				James Forrest Pitt- man - .59896%							
				Marshall Henry Pitt- man - .59896%							
				Clinton Lowell Pitt- man - .59896%							
				Geraldine Davis Walker-0.09346%							
				Pauline Davis Stone-0.09346%							
				Joyce Davis Shurmon-0.09346%							
				Billie Davis- 0.09346%							
				Adeline Cone - 0.29845%							
				Frank Bateman- 0.22628%							

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C.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
1	Cont'd.			James L. Taylor- 0.11806% C. M. Neal - 0.09838% W. D. Girard, Jr. 0.09838% Polk Shelton - 0.01147% Emmett Shelton- 0.01147% Florence Louise Woods-0.24595% Lavena Howard, Indp. Exrx. & Tr. of Est. of L. A. Howard - 0.00765% Charley F. Taylor & Lenora Taylor JTWS-0.11806% Marjorie Cone Kastman-0.34434% Mary E. Hanners- 0.29515% Magnolia Davis - 0.52084%			
2	T24S - R37E Sec. 5: SE/4	160.00	Sept. 9, 1926	Continental Oil Co. - 0.50781% Wallace W. Irwin-0.78125% Jennie D. Young- 7.81250% Ralph W. Wilson Indp. Executor of Est. of May Woolworth - 0.65104%	Texaco Inc. - 100%	None	Texaco Inc. - 100.00000%

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
Cont'd.			Elizabeth Wool- worth-0.52083% Scope Industries- 0.78125% Republic Nat'l. Bank of Dallas, Trustee for A/C of Langdell Oil Co.-1.05469% Myrtis Dean Watkins- 0.13021% Mrs. Clyde W. Miller- 0.13021% Martha Watkins Harris- 0.13021%			
T24S - R37E Sec. 3: W/2 SW/4 Sec. 10: W/2 NW/4, E/2 SW/4	240.00	April 29, 1926	Amerada Hess Corporation- 0.39060% Dorothy Gutman- 0.73240% Max Gutman - 0.24410% W. A. Yeager & J. M. Armstrong- 0.78120% Harry Arledge- 0.04880% Catherine L. Dumraese - 0.39060% Helen B. Johnson & Erik A. Johnson as successors to Reginald H. Johnson, Charles G. Schirmer, & John D. Woodfin trustees of The Brewster Trust-0.39060%	Gulf Oil Corporation - 100.00000%	None	Gulf Oil Corporation - 100.00000%

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
63	Conting.			Edith G. Socolow-0.24420%			
				Theodocia G. Bates-0.18230%			
				Warren J. Bates-0.05210%			
				Charles T. Bates, Jr.-0.05210%			
				Jule Levine Daniels, Indpt. Executrix of Est. of Tina Levine-0.09770%			
				Kenneth C. Bates-0.05210%			
				Lucille Chism Bates-0.1179%			
				Wilma Chism Lain-0.1181%			
				Norma Chism McCarthy-0.1180%			
				Mary Louise Nommensen-0.03660%			
				Mary Helen Seaton-1.17190%			
				Scope Industries-0.78130%			
				Joyce Christmas Brown-0.19530%			
				Alfred E. Gutman-0.24410%			
				Deltex Royalty Co., Inc. -0.39060%			
				Thomas J. Galbraith-1.17190%			
				Effie Carter-0.39070%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest Owner and Percentage
				Owner and Percentage			Owner and Percentage		
33	Cont'd.			Powhatan Carter, Jr. - 0.19530%					
				Anderson Carter - 0.19530%					
				B. A. Christmas, Jr. - 0.09770%					
				Fluor Corporation - 0.78120%					
				James Ray Bates - 0.05210%					
				June D. Speight - 0.39060%					
				Thomas G. Voss, Successor Trustee U/W of F. Walter Voss, decd. - 0.39060%					
				Thomas G. Voss - 0.39060%					
				Jean Robertson - 0.39070%					
				Way Enterprises Inc. - 0.39070%					
				Daniel L. Gutman, Tst. U/W of Max Gutman - 0.73240%					
				Mary Christmas - 0.02440%					
				B. A. Christmas, Jr. Gdn. of Bradford Ace Christmas - 0.02440%					
				B. A. Christmas, Jr., Gdn. of Candy Christmas - 0.02440%					
				B. A. Christmas, Jr., Gdn. of Helen Jane Christmas - 0.02440%					

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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
T24S - R36E Sec. 12: SW/4 NE/4, SE/4 NW/4	80.00		<p>A. H. Fielder, Ind. Exec. of Est. of Ella F. Allen-0.09765% Lem B. Allen - 0.09765% Atlantic Richfield Co. - 1.17190% Cities Service Oil Company - 3.51560% Continental Oil Company - 0.39060% Venice Narremore - .390625% Virgie L. Sharp - .390625% Stella Sanders - .390625% Ernest L. Cooper - .390625% Frost Nat'l. Bank of San Antonio, Trustee A/C #747-0.03900% General Crude Oil Company - 4.68750% Helen Koenig Graves-0.00088% Dena Ida Koenig - 0.00175% Palmer E. Koenig - 0.00087% La Gloria Oil & Gas Company - 0.78130%</p>	Atlantic Richfield Company- 100%	None	Atlantic Richfield Comp 100.00000%

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S.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty			Lessee of Record and Percentage	Overriding Royalty		Working Interest Owner and Percentage
				Owner and Percentage				Owner and Percentage	Owner and Percentage	
4	Cont'd.			Frank O. Long- 0.00030%						
				John Byron McKean-0.04230%						
				Montana McKean- 0.03900%						
				Myrtle M. Smith- 0.01630%						
				Dorothy Stein- 0.02120%						
				Jack Stieren- 0.00410%						
				Nan McKean Taylor- 0.02120%						
				Nora Walker- 0.00010%						
				Mrs. Exor Megan, Gdn. Est. of Maude Eagle Flouts-0.00010%						
				Mobil Oil Corp. 4.68750%						
				Lucile H. Owens- 0.01630%						
				Elizabeth H. Penn, Trustee- 0.09550%						
				Nancy Elizabeth Penson-0.28650%						
				Royalty Roundup- .00120%						
5	T24S - R36E Sec. 12: N/2 SW/4	80.00		Atlantic Rich- field Co. - 0.78125%			Skelly Oil Company - 100%	None		Skelly Oil Company - 81.25000% Atlantic Richfield Com; 6.25000% Cities Service Oil Com; 12.50000%

Exhibit "B"
 Myers Langlie-Hattix Unit
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S. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty			Lessees of Record and Percentage	Overriding Royalty		Working Interest	
				Owner and Percentage	Owner and Percentage	Owner and Percentage		Owner and Percentage	Owner and Percentage	Owner and Percentage	Owner and Percentage
5 Cont'd.				Continental Oil Company -							
				0.39063%							
				Venice Narramore -							
				.390625%							
				Virgie L. Sharp -							
				.390625%							
				Stella Sanders -							
				.390625%							
				Ernest L. Cooper -							
				.390625%							
				Dena Ida Koenig, Indv. & as Extr. of Est. of E. J. Koenig, decd. - 0.00351%							
				La Gloria Oil & Gas Co. - 0.78125%							
				Lasca Inc. - 1.00000%							
				E. B. McKean (Suspense) 0.19331%							
				Elizabeth H. Penn, Trustee, Est. of Robert Lee Penn - 0.09549%							
				Nancy Elizabeth Penson - 0.09549%							
				John J. Reynolds - 5.25000%							
				Jack Stieren - 0.00407%							
				Mrs. Nora Walker - 0.00014%							
				Suspense - 0.00013%							
				Lem B. Allen - 0.09765%							
				Ella Fulshear Allen - 0.09766%							

Exhibit "B"
 Myers Langlie-Mattix Unit
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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
5	Cont'd.	1		Nancy Elizabeth Penson-0.19104% First Nat'l. Bank In Dallas & Vera H. Long, Ind. Exec. of Frank O. Long, decd. (Suspense)- 0.00028% Royalty Roundup, Inc. 0.00047%			
T24S - R36E	Sec. 12: N/2 SE/4, SE/4 SE/4	120.00		C. O. Boyd- 1.40630% Mabel Cooper- 0.46870% Mrs. Gladys J. Dean-0.04690% Fluor Corporation- 1.56250% Mary Lois Farrell- .04690% Helen Fletcher- .46870% Heritage Resources- 1.25000% Eula Holden- .04690% Catherine Ivy- 0.04690% Jack M. Johnston 0.46870% Billy Fred Kennedy- .0234% Odessa Lankford- 0.46870% Doris Kennedy Lile- 0.02340%	Atlantic Richfield Company- 100%	None	Atlantic Richfield Comp 100.00000%

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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
Cont'd.			Petroleum Corp. of Texas -			
			1.66670%			
			Winnie Mae			
			Rhodes -			
			.46880%			
			Connie P. Russell-			
			0.04690%			
			Johnnie R. Russell-			
			0.04690%			
			Mildred Cotton-			
			.02345%			
			Dorothy Espinola-			
			.02345%			
			Rufus B. Russell-			
			0.02345%			
			Jimmie Norton			
			Russell -			
			0.02345%			
			Thurman A. Russell-			
			0.04690%			
			Walter B. Russell-			
			0.04690%			
			Sun Oil Company-			
			3.33330%			
			Della Toby-			
			0.46870%			

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rs Langlie-Matrix Unit
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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
T24S - R37E Sec. 7; Lot 4, and SE/4 SW/4	78.10		Harold E. Bickford 1.56250% Fannie B. Dore-0.62500% General Crude Oil Co.-3.12500% M. L. Hunt - 0.29297% Mobil Oil Corp.- 3.12500% W. A. Pruett- 0.31250% Wiser Oil Co.- 0.78125% Superior Oil Co.-1.93750%	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.00000%

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Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
58 Cont'd.							
Texas Commerce Bank, N. A. Ind. Exec. of Est. of Frank D. Jones - 0.25000% Kenneth N. Headley - 0.19531% Marion L. Hunt Ind. Execrx. of Est. of Edalyn Hunt-0.29297%							
59	T24S - R37E Sec. 7: SE/4	160.00		Rocket Oil & Gas Co. - All	Skelly Oil Company - 100%	None	Skelly Oil Company - 100.000000%
70	T24S - R37E Sec. 8: N/2 SW/4	80.00	July 31, 1946 June 11, 1946 May 20, 1946 May 15, 1946	Eunice A. Cooper - 1.56250% J. W. Burrell - 0.39063% Fred Turner, Jr. Acct. #5-2.73437% Robert P. Moore - 1.56250% Mrs. Jimmie Cooper - 5.46875% Leona L. Stagner - 0.78125%	Continental Oil Company - 100%	Gulf Oil Corporation - 5.46875%	Continental Oil Company - 100.00000%
1	T24S - R37E Sec. 8: SW/4 SW/4	40.00	July 31, 1946 June 11, 1946 May 20, 1946 May 15, 1946	Fred Turner, Jr. -2.73440% Eunice A. Cooper - 1.56250% Mrs. Jimmie Cooper -5.46880% Robert P. Moore - 1.56250%	Gulf Oil Corporation - 100%	None	Gulf Oil Corporation - 100.00000%

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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
			Owner and Percentage			Owner and Percentage		Owner and Percentage	
Cont'd.			J. W. Burrell- 0.39060%						
			Leona Stagner- 0.78120%						
			Atlantic Rich- field Co.- (See Attach. #1-Tract 72) Wilmoth Burgess - 0.78125%		Texas Pacific Oil Company- 100%	Cities Service Oil Company- sliding scale*		Texas Pacific Oil Compa-	
	160.00		Elizabeth Hannifin- 0.78125%			*See Attach. #1-Tract 72		100.00000%	
			First Nat'l. Bank at Lubbock for Acct. of C. G. James-0.78125%						
			Howard Jennings - 0.78125%						
			Dora L. Saunders, Dora Lee Saunders Behn, Leland Lewis Fellows and T. T. Saunders, Jr., Jt. Executors of Est. of L. T. Lewis - 0.58594%						
			Nellie T. Lewis- 0.58594%						
			Neicia Mounsey- 1.56250%						
			Virgil K. Reese- 0.39062%						

T24S - R37E
 Sec. 8: NE/4

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 West Langlie-Hattix Unit
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Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty		Working Interest	
			Owner and Percentage			Owner and Percentage		Owner and Percentage	
T24S - R37E Sec. 8: N/2 SE/4	80.00	Oct. 17, 1956	Atlantic Richfield Co.-		Amerada Hess Corp. - 100%	None		Amerada Hess Corp. - 50.00000%	Atlantic Richfield Comp. 50.00000%
			6.25000%						
			Wilmerth Burgess-						
			0.78125%						
			First Nat'l. Bank						
			at Lubbock -						
			0.78125%						
			Elizabeth Hanniffin-						
			0.78125%						
			Howard Jennings -						
			0.78125%						
			Dora L. Saunders,						
			Dora Lee Saunders						
			Behn, Leland Lewis						
			Fellows, T. T.						
T24S - R37E Sec. 9: W/2 NW/4	80.00		Saunders, Jr., Jt.		Atlantic Richfield Company- 100%	None		Atlantic Richfield Comp. 100.00000%	
			Executors of Est.						
			of L. T. Lewis -						
			0.58594%						
			Nellie T. Lewis -						
			0.58594%						
			Neicia Mounsey -						
			1.56250%						
			Virgil K. Reeve -						
			0.39062%						
			Carmen Regis						
			Buchanan-						
			0.66935%						
			Easter Cruzan-						
			1.36719%						
			Sidney Z. Hays-						
			1.04167%						
			Martha Maxine						
			Keymer-1.04166%						
			E. Ray Phelps-						
			0.01425%						

Second Revision - Effective July 1, 1976
 Exhibit "g"
 Myers Langlife-Mattix Unit
 Page 50

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
74 Cont'd.				E. R. Polhamus - 0.97655%			
				Kathryn D. Sparr - 1.04167%			
				Martha Ellen Whitsett - 3.12500%			
				Wood Oil Co. - 3.12500%			
				Edna L. Polhamus Young - 0.09766%			
5	T24S - R37E Sec. 9: NE/4 NW/4	40.00		Martha M. Hays Keymer - 1.56250%	Continental-Emsco Company - 100%	None	Continental-Emsco Comp - 87.5% R. L. Summers - 12.5%
				Sidney Z. Hays - 1.56250%			
				Martha Ellen Hays - 4.68750%			
				Kathryn D. Sparr - 1.56250%			
				Elinor H. Polhamus - 1.46484%			
				Edna Polhamus Young - 0.14649%			
				Carmen Regis Buchanan - 0.83008%			
				Easter Cruzan - 2.05078%			
				Wood Oil Co. - 4.68750%			
				E. Ray Phelps - 0.19531%			
				Bertha S. Adkins - 0.31250%	Ralph L. Clarke - 100%	None	Austral Oil Co., Inc. - 100.00000%
	T24S - R37E Sec. 9: SE/4 NW/4	40.00					

Second Revision - Effective July 1, 1970
 Exhibit "B"
 Myers Langlie-Matrix Unit
 Page 51

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				Andrew Oil & Gas Royalties, Inc.-0.31250%			
				Donald B. Baer-0.62500%			
				Leon S. Bennett-.62500%			
				American Baptist Foreign Mission Society-0.31250%			
				John H. Costello-0.62500%			
				Kirby Petroleum Co.-3.12500%			
				Richard A. Loweth Adm. of Est. of Alfred R. Loweth-0.31250%			
				Promco Inc.-.41667%			
				John L. Pratt III - 0.20833%			
				St. Mary's Church, Ticonderoga, N.Y.-0.93750%			
				Warren E. Shaw & Henning A. Johnson, Co-Exec. of Est. of Sara F. Shaw-0.31250%			
				Henry F. Smith, Adm. of Est. of F. Page Bearse-0.31250%			
				Hazel T. Stines-0.31250%			
				A. K. Stubbs-0.62500%			
				Suspense, decd., Paul Elwood Middleton & Sophie Walther Middleton - 0.62500%			

76 Cont'd.

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
'6 Cont'd.							
				Suspense-Walter Adams-0.31250% Suspense, decd., G. William Ward- 0.15625%			
				Suspense, (G. William Ward, decd.) G. William Ward & L. Atwood Bennett, Tst. for Thomas Ward - 0.15625%			
				Suspense, Christian R. Martin, decd.-0.62500% Frances Grier Wakefield- 0.41667%			
				David D. Wakefield-0.10417% Robert W. Wakefield- 0.10416%			
				Frank S. Walker-0.62500%			
7	T24S - R37E Sec. 9: NW/4 NE/4	40.00		Carmen Regis Buchanan- 1.09863% Easter Cruzan- 3.51563% E. R. Polhamus- 2.92969% Wood Oil Co.- 9.37500% Edna Polhamus Young-0.65918% E. R. Polhamus, Easter Cruzan & Carmen Regis Buchanan-1.17187%	Continental-Emsco Company - 100%	None	Continental-Emsco Comp 87.5% R. L. Summers - 12.5%

Unit "B"
 Langlie-Mattix Unit
 Sec 53

Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
			Owner and Percentage				
T24S - R37E Sec. 9: NE/4 NE/4	40.00		Jones-Robinson Company - 8.3333%		Austral Oil Co., Inc. - 100%	Atlantic Richfield Company - 5.46875%	Austral Oil Co., Inc. - 100.00000%
			Effie Ander- son Carter- 2.0833%				
			Powhatan Carter, Jr.-1.04167%				
			Anderson Carter- 1.04167%				
T24S - R37E Sec. 9: SE/4 NE/4	40.00		Jones-Robinson Company - 8.3333%		Atlantic Richfield Company- 100%	None	Atlantic Richfield Corp 100.00000%
			Effie Carter- 2.0833%				
			Anderson Carter- 1.04167%				
			Powhatan Carter, Jr.-1.04167%				
T24S - R37E Sec. 11: SW/4 NW/4	40.00	May 24, 1926	Atlantic Rich- field - 0.23148%		Crown Central Petroleum Corp. - 100%	None	Crown Central Petroleum Corp. - 100.00000%
			L. C. Ritts- 1.50462%				
			Archie D. Smith, Jr., Trustee for Archie D. Smith & Clarebelle B. Smith 1.50462%				

Tr. No.	Description of Inad	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
81 Cont'd.				Kenneth C. Bates- 0.10417%			
				Theodocia G. Bates- 0.36458%			
				Warren G. Bates- 0.10417%			
				Charles T. Bates, Jr.-0.10417%			
				James Ray Bates- 0.10416%			
				I. J. Underwood- 0.43403%			
				Mrs. Catherine L. Dumraese - 0.78125%			
				O. W. Skirvin- 0.43403%			
				Odella N. Clark- 0.24306%			
				Rocket Oil & Gas Company - 1.56250%			
				James Henry Bearly - 0.04774%			
				Elizabeth Bearly Dudley-0.04774%			
				Judd Moore-0.04774%			
				Ione Bearly Atkins- 0.04775%			
				The Chase Manhattan Bank (Argo Prod. Pmt.)-4.39816%			

Dr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
31 Cont'd.							
				Wachovia Bank & Trust Co., Trustee For Richard C. Allen & Lillian Allen-0.43403% - This trust has been dissolved and divided among the following beneficiaries with each basic royalty interest reflected as follows:			
				Estate of Pauline Cromartie -			
				0.0002067%			
				Ricard L. Cromartie, Jr.-0.0001033%			
				Jane Cromartie Williams-			
				0.0001033%			
				Harry E. Smith -			
				0.0001033%			
				Lillian Smith Ward -			
				0.0001033%			
				Jack Wooten -			
				0.0001033%			
				Frances Wooten Scott -			
				0.0001033%			
				Eva W. Graham -			
				0.0002066%			
				T. L. Wooten -			
				0.0002067%			
				Frank L. Smith -			
				0.0002067%			
				Mary M. Smith -			
				0.0002067%			
				H. Winfield Smith Jr.-			
				0.0002067%			
				Katie Smith Hazelhurst -			
				0.0002067%			

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty		Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
				Owner and Percentage				
31 Cont'd.								
				Magabel Smith Rule-				
				0.0002067%				
				Mildred Smith Rawls-				
				0.0002067%				
				Mary Smith Bowers -				
				0.0002067%				
				Eugene Smith -				
				0.0002067%				
				Rosa Lee Smith				
				Johnson -				
				0.0002196%				
				Maudie S. Smith -				
				0.0002067%				
				Cassius L. Smith -				
				0.0002325%				
				Leon D. Smith -				
				0.0002325%				
				Edmond D. Smith -				
				0.0002325%				
				R. P. Smith -				
				0.0002325%				
				Betty S. Warren -				
				0.000258%				
				Robert H. Smith -				
				0.000258%				
				Harry Eldon Smith -				
				0.0000130%				
				David L. Smith -				
				0.0000130%				
				Dudley M. Smith -				
				0.0000130%				

Exhibit "B".
 Myers Langlie-Mattix Unit
 Page 57

Tr. No.	Description of Land	No. of Acres	Serial No. and Lease Expiration Date	Basic Royalty Owner and Percentage	Lessee of Record and Percentage	Overriding Royalty Owner and Percentage	Working Interest Owner and Percentage
Thirty-Seven (37) Fee Tracts totaling 3,623.79 acres - 38.85452% of Unit Area							
	Federal Lands			4,104.66 Acres		44.01044% of Unit Area	
	State Lands			1,598.11 Acres		17.13504% of Unit Area	
	Fee Lands			3,623.79 Acres		38.85452% of Unit Area	
	TOTAL			9,326.56 Acres		100.00000% of Unit Area	



Texaco USA

P.O. Box 728
Hobbs NM 88240
505 393 7191

June 13, 1989

TO WORKING INTEREST OWNERS

RE: MYERS LANGLIE MATTIX UNIT
WELLS NO. 258, 259, 260, 261 AND 262
LANGLIE MATTIX FIELD
LEA COUNTY, NEW MEXICO

Gentlemen:

Attached for your approval is Texaco's Authority for Expenditure (Drilling Proposal) to drill and complete the above captioned wells. The wells are shown on Figure No. 1. Please indicate your approval by returning one signed copy for each well to Texaco Producing Inc., Attention: Laura Skinner, P.O. Box 728, Hobbs, New Mexico, 88240. *Mattix & Co*

These wells were originally approved in March, 1988. However, due to declining oil prices and budgetary constraints, the wells were postponed until now. These wells have now been released for drilling, but due to the long period of time since approval, we are resubmitting our request of approval.

The total cost to drill and complete the proposed wells will be \$935,000 and is expected to recover an additional 267,276 barrels of new oil or 53.5 MBBLS per well. The first 12 months production is expected to be 12.4 MBBLS per well. Estimated initial production will be 43.5 BOPD.

The subject wells are a continuation of the infill drilling program that was started in the first quarter of 1986 with the completion of Wells No. 253 - 257. Figure No. 2 shows the combined production of these five wells. These five wells have a cumulative production of 195 MBO as of 1-1-89 and are expected to produce a total of 328 MBO. Due to the large variation from well to well in the Langlie Mattix field, the production and reserves for the current five well package were estimated at considerably less than the actual of those already drilled.

The well locations were selected on the basis of offset cumulative production. It has been determined that wells drilled in areas of production greater than 100 MBO tend to be better wells.

All Working Interest Owners

- 2 -

June 13, 1989

Your early consideration and prompt return of the signed AFE's will be appreciated. If there are any questions regarding this proposal, please contact Mr. Kent Watson of this office at (505) 393-7191.

Yours very truly,

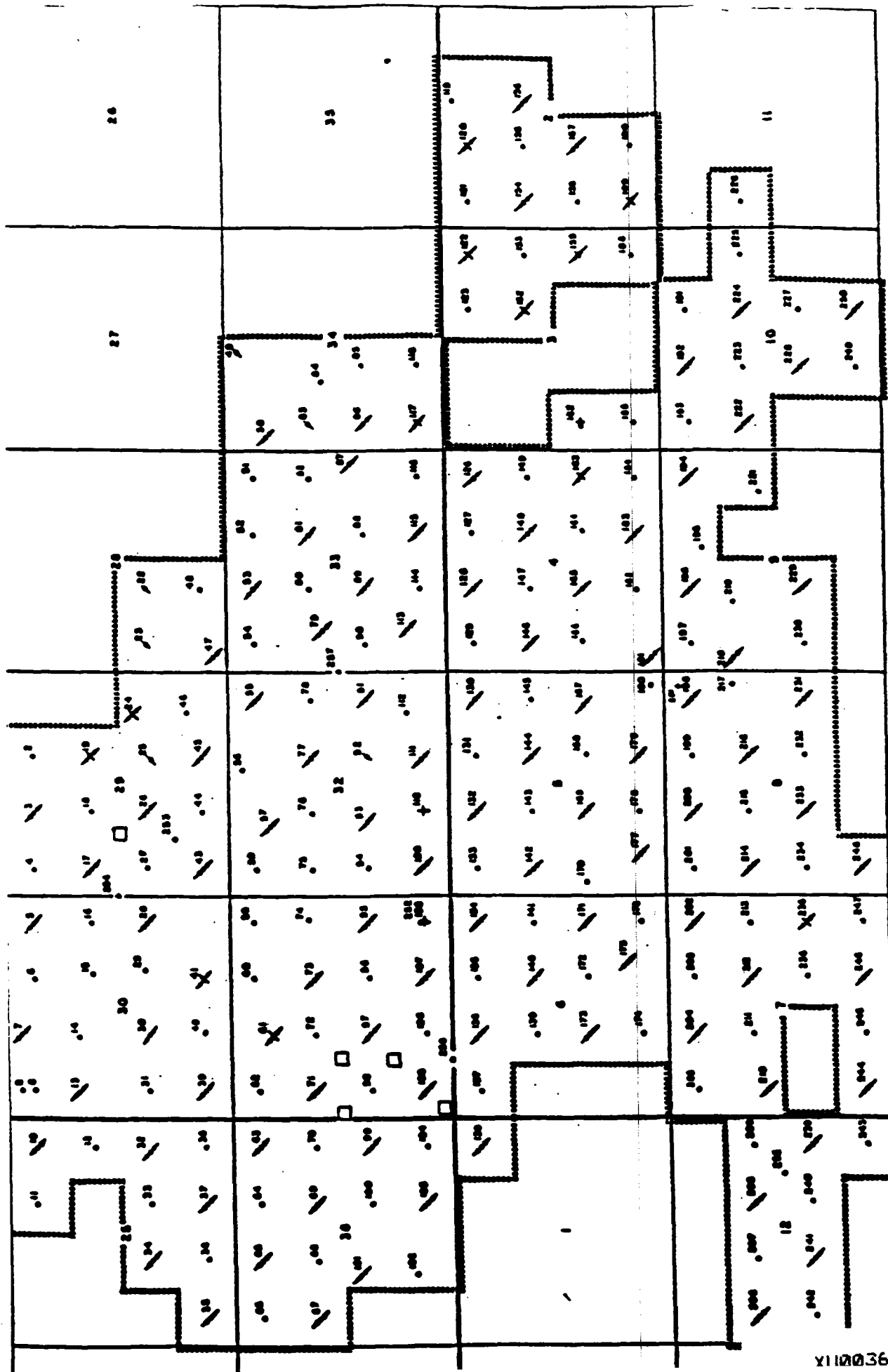


W. B. Cade
District Operations Manager

KAW:jss

Attachments

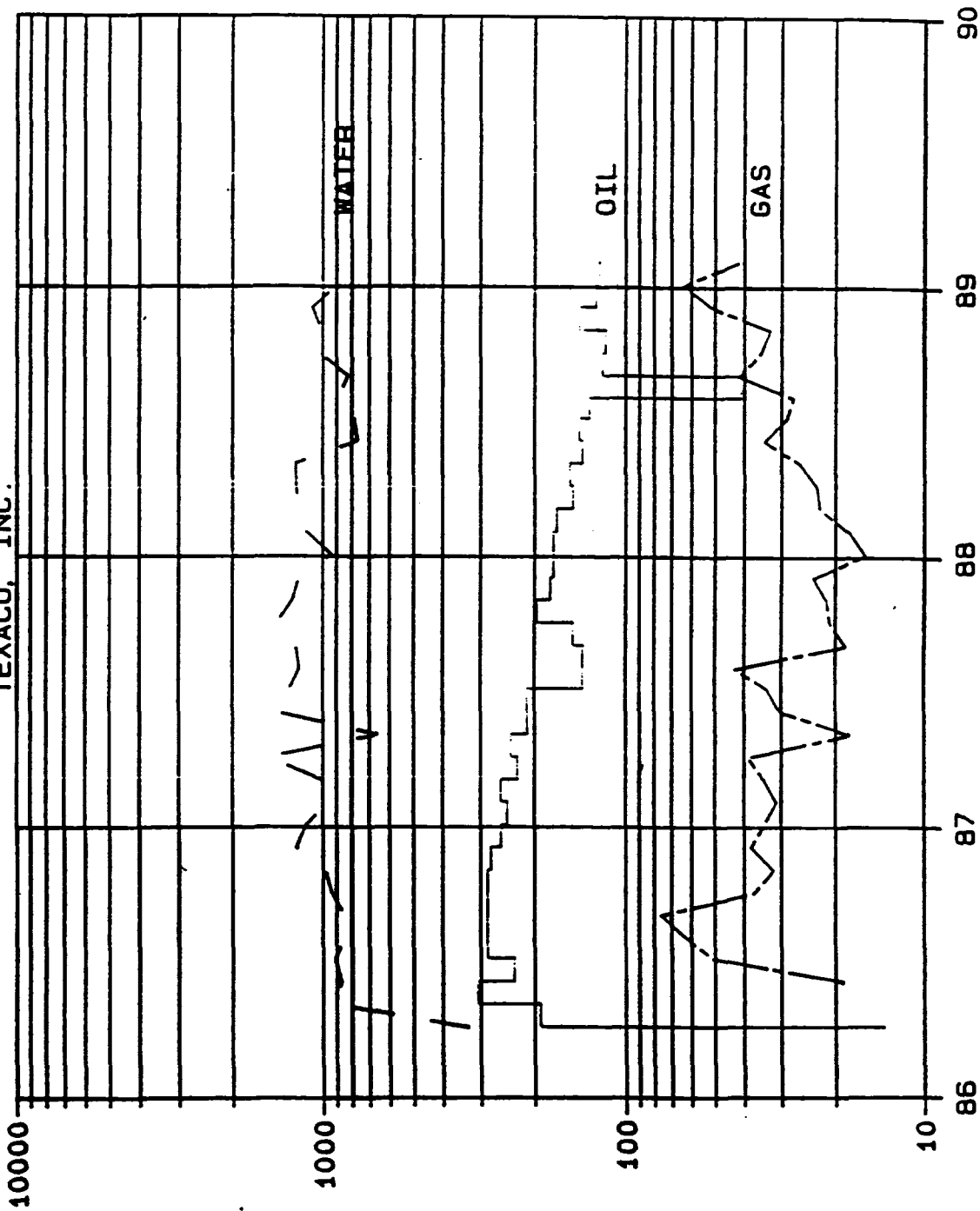
XU00026101



Y110036192

MYERS LANGLEIE MATTIX UNIT LANGLEIE MATTIX
TEXACO, INC.

LEASE DATA
LSE
FLD
OPER
ZONE
--
COUNTY
STATE
STATUS
CO 195 MBO
CG 33 MMCF
BOPD 123
BWPD 824
MCFPD 42
WELLS 5



YEARS

FIGURE NO. 2

TEXACO INC.
DRILLING PROPOSAL

Date: JUNE 14, 1989
Lease Name and Well No. MYERS LANGLIE MATTIX UNIT WELL NO. 258
Prospect: LANGLIE MATTIX POOL County: LEA State N.M.
District: HOBBS Area: EUNICE
Location: 2630' FSL, 1320' FWL, SEC. 31, T-23-S, R-37-E
Objective: SEVEN RIVERS-QUEEN Depth: 3650'

Estimated Well Costs (\$000):

	<u>Dry Hole</u>	<u>Completion</u>	<u>Total</u>
Well and Lease Equipment:			
Wellhead	<u>6</u>	<u> </u>	<u>6</u>
Surface Casing (<u>13-3/8"</u>)	<u>1</u>	<u> </u>	<u>1</u>
Intermediate Casing (<u>8-5/8"</u>)	<u>8</u>	<u> </u>	<u>8</u>
Completion Casing (<u>5-1/2"</u>)	<u> </u>	<u>21</u>	<u>21</u>
Tubing (<u>2-7/8"</u>)	<u> </u>	<u>13</u>	<u>13</u>
Total	<u>15</u>	<u>34</u>	<u>49</u>

(Detailed Tubular Data Available Upon Request)

Intangible Drilling Costs (\$000):

Drilling Rig	<u>33</u>	<u>4</u>	<u>37</u>
Completion Rig	<u> </u>	<u>7</u>	<u>7</u>
Road and Location	<u>13</u>	<u>1</u>	<u>14</u>
Bits, Reamers, Directional Tool and Rental	<u>12</u>	<u>4</u>	<u>16</u>
Mud and Logging	<u>16</u>	<u>2</u>	<u>18</u>
Cementing and Service	<u>7</u>	<u>8</u>	<u>15</u>
Supervision	<u>2</u>	<u>1</u>	<u>3</u>
Perforation and Stimulation	<u> </u>	<u>12</u>	<u>12</u>
Miscellaneous	<u>11</u>	<u>5</u>	<u>16</u>
Total	<u>94</u>	<u>44</u>	<u>138</u>
Estimated Total Well Costs	<u>109</u>	<u>78</u>	<u>187</u>

The estimate given above is made to the best of our ability based on available facts. Actual costs may be more or less because of unforeseen circumstances or conditions.

Non-Operator:
Approved By:
Date:

TEXACO INC.
DRILLING PROPOSAL

Date: JUNE 14, 1989
Lease Name and Well No. MYERS LANGLIE MATTIX UNIT WELL NO. 258
Prospect: LANGLIE MATTIX POOL County: LEA State N.M.
District: HOBBS Area: EUNICE
Location: 2630' FSL, 1320' FWL, SEC. 31, T-23-S, R-37-E
Objective: SEVEN RIVERS-QUEEN Depth: 3650'

Estimated Well Costs (\$000):

	<u>Dry Hole</u>	<u>Completion</u>	<u>Total</u>
Well and Lease Equipment:			
Wellhead	<u>6</u>	<u> </u>	<u>6</u>
Surface Casing (<u>13-3/8"</u>)	<u>1</u>	<u> </u>	<u>1</u>
Intermediate Casing (<u>8-5/8"</u>)	<u>8</u>	<u> </u>	<u>8</u>
Completion Casing (<u>5-1/2"</u>)	<u> </u>	<u>21</u>	<u>21</u>
Tubing (<u>2-7/8"</u>)	<u> </u>	<u>13</u>	<u>13</u>
Total	<u>15</u>	<u>34</u>	<u>49</u>

(Detailed Tubular Data Available Upon Request)

Intangible Drilling Costs (\$000):

Drilling Rig	<u>33</u>	<u>4</u>	<u>37</u>
Completion Rig	<u> </u>	<u>7</u>	<u>7</u>
Road and Location	<u>13</u>	<u>1</u>	<u>14</u>
Bits, Reamers, Directional Tool and Rental	<u>12</u>	<u>4</u>	<u>16</u>
Mud and Logging	<u>16</u>	<u>2</u>	<u>18</u>
Cementing and Service	<u>7</u>	<u>8</u>	<u>15</u>
Supervision	<u>2</u>	<u>1</u>	<u>3</u>
Perforation and Stimulation	<u> </u>	<u>12</u>	<u>12</u>
Miscellaneous	<u>11</u>	<u>5</u>	<u>16</u>
Total	<u>94</u>	<u>44</u>	<u>138</u>
Estimated Total Well Costs	<u>109</u>	<u>78</u>	<u>187</u>

The estimate given above is made to the best of our ability based on available facts. Actual costs may be more or less because of unforeseen circumstances or conditions.

Non-Operator: _____
Approved By: _____
Date: _____

TEXACO INC.
DRILLING PROPOSAL

Date: JUNE 14, 1989
Lease Name and Well No. MYERS LANGLIE MATTIX UNIT WELL NO. 259
Prospect: LANGLIE MATTIX POOL County: LEA State N.M.
District: HOBBS Area: EUNICE
Location: 50' FSL, 50' FWL, SEC. 31, T-23-S, R-37-E
Objective: SEVEN RIVERS-QUEEN Depth: 3700'

Estimated Well Costs (\$000):

	<u>Dry Hole</u>	<u>Completion</u>	<u>Total</u>
Well and Lease Equipment:			
Wellhead	<u>6</u>	<u> </u>	<u>6</u>
Surface Casing (13-3/8")	<u>1</u>	<u> </u>	<u>1</u>
Intermediate Casing (8-5/8")	<u>8</u>	<u> </u>	<u>8</u>
Completion Casing (5-1/2")	<u> </u>	<u>21</u>	<u>21</u>
Tubing (2-7/8")	<u> </u>	<u>13</u>	<u>13</u>
Total	<u>15</u>	<u>34</u>	<u>49</u>

(Detailed Tubular Data Available Upon Request)

Intangible Drilling Costs (\$000):

Drilling Rig	<u>33</u>	<u>4</u>	<u>37</u>
Completion Rig	<u> </u>	<u>7</u>	<u>7</u>
Road and Location	<u>13</u>	<u>1</u>	<u>14</u>
Bits, Reamers, Directional Tool and Rental	<u>12</u>	<u>4</u>	<u>16</u>
Mud and Logging	<u>16</u>	<u>2</u>	<u>18</u>
Cementing and Service	<u>7</u>	<u>8</u>	<u>15</u>
Supervision	<u>2</u>	<u>1</u>	<u>3</u>
Perforation and Stimulation	<u> </u>	<u>12</u>	<u>12</u>
Miscellaneous	<u>11</u>	<u>5</u>	<u>16</u>
Total	<u>94</u>	<u>44</u>	<u>138</u>
Estimated Total Well Costs	<u>109</u>	<u>78</u>	<u>187</u>

The estimate given above is made to the best of our ability based on available facts. Actual costs may be more or less because of unforeseen circumstances or conditions.

Non-Operator: _____
Approved By: _____
Date: _____

TEXACO INC.

DRILLING PROPOSAL

Date: JUNE 14, 1989

Lease Name and Well No. MYERS LANGLIE MATTIX UNIT WELL NO. 260

Prospect: LANGLIE MATTIX POOL County: LEA State N.M.

District: HOBBS Area: EUNICE

Location: 2630' FNL, 1320' FWL, SEC. 29, T-23-S, R-37-E

Objective: SEVEN RIVERS-QUEEN Depth: 3750'

Estimated Well Costs (\$000):

	<u>Dry Hole</u>	<u>Completion</u>	<u>Total</u>
Well and Lease Equipment:			
Wellhead	<u>6</u>	<u> </u>	<u>6</u>
Surface Casing (<u>13-3/8"</u>)	<u>1</u>	<u> </u>	<u>1</u>
Intermediate Casing (<u>8-5/8"</u>)	<u>8</u>	<u> </u>	<u>8</u>
Completion Casing (<u>5-1/2"</u>)	<u> </u>	<u>21</u>	<u>21</u>
Tubing (<u>2-7/8"</u>)	<u> </u>	<u>13</u>	<u>13</u>
Total	<u>15</u>	<u>34</u>	<u>49</u>

(Detailed Tubular Data Available Upon Request)

Intangible Drilling Costs (\$000):

Drilling Rig	<u>33</u>	<u>4</u>	<u>37</u>
Completion Rig	<u> </u>	<u>7</u>	<u>7</u>
Road and Location	<u>13</u>	<u>1</u>	<u>14</u>
Bits, Reamers, Directional Tool and Rental	<u>12</u>	<u>4</u>	<u>16</u>
Mud and Logging	<u>16</u>	<u>2</u>	<u>18</u>
Cementing and Service	<u>7</u>	<u>8</u>	<u>15</u>
Supervision	<u>2</u>	<u>1</u>	<u>3</u>
Perforation and Stimulation	<u> </u>	<u>12</u>	<u>12</u>
Miscellaneous	<u>11</u>	<u>5</u>	<u>16</u>
Total	<u>94</u>	<u>44</u>	<u>138</u>
Estimated Total Well Costs	<u>109</u>	<u>78</u>	<u>187</u>

The estimate given above is made to the best of our ability based on available facts. Actual costs may be more or less because of unforeseen circumstances or conditions.

Non-Operator:

Approved By:

Date:

TEXACO INC.

DRILLING PROPOSAL

Date: JUNE 14, 1989

Lease Name and Well No. MYERS LANGLIE MATTIX UNIT WELL NO. 260

Prospect: LANGLIE MATTIX POOL County: LEA State N.M.

District: HOBBS Area: EUNICE

Location: 2630' FNL, 1320' FWL, SEC. 29, T-23-S, R-37-E

Objective: SEVEN RIVERS-QUEEN Depth: 3750'

Estimated Well Costs (\$000):

	<u>Dry Hole</u>	<u>Completion</u>	<u>Total</u>
Well and Lease Equipment:			
Wellhead	<u>6</u>	<u> </u>	<u>6</u>
Surface Casing (<u>13-3/8"</u>)	<u>1</u>	<u> </u>	<u>1</u>
Intermediate Casing (<u>8-5/8"</u>)	<u>8</u>	<u> </u>	<u>8</u>
Completion Casing (<u>5-1/2"</u>)	<u> </u>	<u>21</u>	<u>21</u>
Tubing (<u>2-7/8"</u>)	<u> </u>	<u>13</u>	<u>13</u>
Total	<u>15</u>	<u>34</u>	<u>49</u>

(Detailed Tubular Data Available Upon Request)

Intangible Drilling Costs (\$000):

Drilling Rig	<u>33</u>	<u>4</u>	<u>37</u>
Completion Rig	<u> </u>	<u>7</u>	<u>7</u>
Road and Location	<u>13</u>	<u>1</u>	<u>14</u>
Bits, Reamers, Directional Tool and Rental	<u>12</u>	<u>4</u>	<u>16</u>
Mud and Logging	<u>16</u>	<u>2</u>	<u>18</u>
Cementing and Service	<u>7</u>	<u>8</u>	<u>15</u>
Supervision	<u>2</u>	<u>1</u>	<u>3</u>
Perforation and Stimulation	<u> </u>	<u>12</u>	<u>12</u>
Miscellaneous	<u>11</u>	<u>5</u>	<u>16</u>
Total	<u>94</u>	<u>44</u>	<u>138</u>
Estimated Total Well Costs	<u>109</u>	<u>78</u>	<u>187</u>

The estimate given above is made to the best of our ability based on available facts. Actual costs may be more or less because of unforeseen circumstances or conditions.

Non-Operator:

Approved By: _____

Date: _____

TEXACO INC.

DRILLING PROPOSAL

Date: JUNE 14, 1989

Lease Name and Well No. MYERS LANGLIE MATTIX UNIT WELL NO. 261

Prospect: LANGLIE MATTIX POOL County: LEA State N.M.

District: HOBBS Area: EUNICE

Location: 1320' FSL, 1320' FWL, SEC. 31, T-23-S, R-37-E

Objective: SEVEN RIVERS-QUEEN Depth: 3650'

Estimated Well Costs (\$000):

	<u>Dry Hole</u>	<u>Completion</u>	<u>Total</u>
Well and Lease Equipment:			
Wellhead	<u>6</u>	<u> </u>	<u>6</u>
Surface Casing (<u>13-3/8"</u>)	<u>1</u>	<u> </u>	<u>1</u>
Intermediate Casing (<u>8-5/8"</u>)	<u>8</u>	<u> </u>	<u>8</u>
Completion Casing (<u>5-1/2"</u>)	<u> </u>	<u>21</u>	<u>21</u>
Tubing (<u>2-7/8"</u>)	<u> </u>	<u>13</u>	<u>13</u>
Total	<u>15</u>	<u>34</u>	<u>49</u>

(Detailed Tubular Data Available Upon Request)

Intangible Drilling Costs (\$000):

Drilling Rig	<u>33</u>	<u>4</u>	<u>37</u>
Completion Rig	<u> </u>	<u>7</u>	<u>7</u>
Road and Location	<u>13</u>	<u>1</u>	<u>14</u>
Bits, Reamers, Directional Tool and Rental	<u>12</u>	<u>4</u>	<u>16</u>
Mud and Logging	<u>16</u>	<u>2</u>	<u>18</u>
Cementing and Service	<u>7</u>	<u>8</u>	<u>15</u>
Supervision	<u>2</u>	<u>1</u>	<u>3</u>
Perforation and Stimulation	<u> </u>	<u>12</u>	<u>12</u>
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TEXACO INC.

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Intermediate Casing (<u>8-5/8"</u>)	<u>8</u>	<u> </u>	<u>8</u>
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Non-Operator: _____

Approved By: _____

Date: _____

TEXACO INC.

DRILLING PROPOSAL

Date: JUNE 14, 1989

Lease Name and Well No. MYERS LANGLIE MATTIX UNIT WELL NO. 262

Prospect: LANGLIE MATTIX POOL County: LEA State N.M.

District: HOBBS Area: EUNICE

Location: 2600' FSL, 50' FWL, SEC. 31, T-23-S, R-37-E

Objective: SEVEN RIVERS-QUEEN **Depth: 3825'**

Estimated Well Costs (\$000):

	<u>Dry Hole</u>	<u>Completion</u>	<u>Total</u>
Well and Lease Equipment:			
Wellhead	<u>6</u>	<u> </u>	<u>6</u>
Surface Casing (<u>13-3/8"</u>)	<u>1</u>	<u> </u>	<u>1</u>
Intermediate Casing (<u>8-5/8"</u>)	<u>8</u>	<u> </u>	<u>8</u>
Completion Casing (<u>5-1/2"</u>)	<u> </u>	<u>21</u>	<u>21</u>
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Non-Operator: _____

Approved By: _____

Date: _____

XU0036203



Texaco USA
Producing Department
Midland Division

P O Box 3109
Midland TX 79702

March 23, 1990

District Supervisor
Bureau of Land Management
Roswell District Office
P. O. Box 1397
Roswell, New Mexico 88201

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

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

All Working Interest Owners
(Address List Attached)

RE: MYERS LANGLIE MATTIX UNIT
SECONDARY RECOVERY UNIT
LEA COUNTY, NEW MEXICO

Gentlemen:

In accordance with Section 12 of the Unit Agreement for the Development and Operations of the Myers Langlie Mattix Unit, Lea County, New Mexico, Texaco Inc. respectfully submits for your approval a report of past operations and a plan of development for the year 1990. Enclosed for your convenience is a production plot, monthly operating reports for 1989 and a well status list.

PAST OPERATIONS

The Myers Langlie Mattix Unit became effective February 1, 1974. Injection started in eighteen (18) wells on August 13, 1975. As of December 1, 1989, ninety-eight producers and ninety-nine active injection wells were in service. Cumulative injection since unitization was 128,801,000 barrels through December of 1989. The daily average injection rate during December, 1989 was 29,918 BWPB at an average of 900 psig.

Bureau of Land Management,
Commissioner of Public Lands,
New Mexico Oil Conservation
Division, and Working
Interest Owners

-2-

March 23, 1990

Cumulative oil production from the Unit area since unitization was 5,704,436 barrels of oil through December of 1989. The average daily production during December of 1989 was 638 BOPD.

Installation of central production facilities and satellite test stations began in September, 1976. Additional facilities were installed in 1978 and 1980 to handle higher volumes. Statutory unitization became effective January 5, 1981.

In 1977, six (6) injectors and one (1) producer were drilled on undeveloped tracts. In 1978, ten (10) producers were drilled. In 1980, nine (9) injectors and six (6) producers were drilled.

In 1981, twelve (12), producers and two (2) injectors were drilled. In 1982, the fourteen (14) newly drilled wells were completed.

In 1983, one (1) replacement well was drilled for Well No. 110, which was plugged. Eight previously NIO injections were returned to injection to lease line agreements reached with the Carter Foundation. Well No. 99 was treated with polymer for profile modification.

In 1984, one (1) replacement well was drilled for Well No. 108, which was plugged. One (1) well was converted to injection. Ten (10) wells were polymer treated for profile modification.

In 1985, twelve (12) injection wells were polymer treated for profile modification.

In January, 1986, four (4) wells were polymer treated for profile modification and five (5) infill development wells were drilled. The unit was decertified as a tertiary recovery project after it was determined that polymer treatments for profile modification did not significantly add to the reserves of the unit. Two injectors were reactivated and eight (8) producers operating below economic limit were shut-in.

In 1987, 33,000' of injection line was replaced with fiberglass injection line. A 3000 Bbl, gun barrel was installed. Other work included the treatment of two wells with "injectrol". Moderate success was achieved on one injectrol treatment.

In 1988 workovers were performed on 16 wells. In 1989, the MLMU Nos. 163, 172, 253 and 254 were cleaned out and acidized. The MLMU No. 27 was converted to an injection well. Currently, workovers are pending on the MLMU Nos. 41 and 56.

Bureau of Land Management,
Commissioner of Public Lands,
New Mexico Oil Conservation
Division, and Working
Interest Owners

-3-

March 23, 1990

PLANS FOR 1990

The proposed plan of development for 1990 includes the drilling of five infill wells upon partnership approval. Unit production will continue to be monitored and optimized.

Yours very truly,

Texaco Inc.



S. G. Snyder
Portfolio Manager

MOS/srt
Attachments

file
chrono

MYERS LANGLIE MATTIY UNIT

Amerada Hess Corporation
Attn: R. W. Mullins
P. O. Box 2040
Tulsa, Oklahoma 74102

Clay Trusts 618-1,2,3
MBANK Fort Worth
Attn: Trust Dept.
P. O. Box 910
Fort Worth, TX 76101-0910

Meridian Oil
Attn: T. H. Olle
21 Desta Drive
Midland, Texas 79705

Oryx Energy Company
Attn: Linda Guerrero
P. O. Box 1861
Midland, Texas 79702-1861

Rufus Clay, Jr. Trust
Juanita Jackson, Trustee
P. O. Box 50668
Amarillo, Texas 79159

Amoco Production Company
Attn: V. P. Whitfield
P. O. Box 3092
Houston, Texas 77253

Sirgo Brothers, Inc.
P. O. Box 3531
Midland, Texas 79702

Kerr-McGee Corporation
Attn: Joint Interest
P. O. Box 11050
Midland, Texas 79702

Arlene S. Anthony
721 Chatham Road
Glenview, Illinois 60025

Mrs. Adele Combs Clough
6926 Midbury Drive
Dallas, Texas 75230

Geodyne Resources, Inc.
Attn: Robert Clemons
320 South Boston Avenue
Tulsa, Oklahoma 74103

OXY USA Inc.
Production Manager
P. O. Box 50250
Midland, Texas 79710

Mr. Michael Clough
7717 Meadowhaven Drive
Dallas, Texas 75240-8105

Texas American Bank
ELLEN HARRIS CLAY ESTATE
P. O. Box 2605
Fort Worth, Texas 76113

Mr. George R. Bentley
P. O. Box 509
Pineville, Kentucky 40977

Great Western Drlg. Co.
Attn: J. T. Hampton
P. O. Box 1659
Midland, Texas 79702

Conoco, Inc.
P. O. Box 460
Hobbs, New Mexico 88240

James C. Brown
P. O. Box 10621
Midland, Texas 79702

Margaret Couch Trust
Juanita Jackson, Trustee
P. O. Box 50668
Amarillo, TX 79159-0668

Chevron, U.S.A. Inc.
Attn: J. C. Prindle
P. O. Box 670
Hobbs, New Mexico 88240

Doyle Hartman
P. O. Box 10426
Midland, Texas 79702

Cross Timbers Production
810 Houston Street
Suite 2000
Fort Worth, Texas 76102

Parker & Parsley
Development Partner, L.P.
P. O. Box 3178
Midland, Texas 79702

ARCO Oil & Gas Company
Joint Interest Operations
P. O. Box 1610
Midland, Texas 79702

Davoil, Inc.
Attn: Jerry Brannon
P. O. Box 122269
Fort Worth, TX. 76121-2269

MYERS LANGLIE MATTIX UNIT (Cont'd)
LEA COUNTY, NEW MEXICO

American Exploration Co.
Joint Interest Manager
700 Louisiana, Suite 2100
Houston, Texas 77002-2793

Marilyn A. Tarlton,
Trustee for
Lortscher Family Trust
P. O. Box 1212
Los Altos, Calif. 94023

Maralo, Inc.
P. O. Box 832
Midland, Texas 79702

W. H. Hunt
Attn: Joint Interest
3500 Thanksgiving Tower
Dallas, Texas 75201

John H. Hendrix Corp.
223 West Wall, Suite 525
Midland, Texas 79701

P. C. Limited
P. O. Box 911
Breckenridge,
Texas 76024-0911

N. B. Hunt
Attn: Joint Interest
1941 Thanksgiving Tower
Dallas, Texas 75201

Lamar Hunt
Attn: Joint Interest
1962 Thanksgiving Tower
Dallas, Texas 75201

Mrs. R. L. Summers
Box 776
Hobbs, New Mexico 88240

Evelyn Clay O'Hara Trust
Marilyn Barnes, Trustee
1701 River Run, Suite 500
Fort Worth, Texas 76107

LTV Energy Products Co.
c/o NEFF, CROZIER & CO.
102 N. College, Suite 300
Tyler, Texas 75702

Ms. Weslynn McCallister
Larsen
P. O. Box 88
No. Komis, FLA. 34275

Joan Clay
c/o Grant Thornton
P. O. Box 19585
Irvine, California 92713

Susan Marie Clay
3550 Loop 363
No. 223
Temple, Texas 76501

John W. Clay, III
7604 Fair Oaks Ave.
No. 2099
Dallas, Texas 75231-461

Jennifer Ann Clay
2500 Ruger #37
Arlington, Texas 76006

Edythe B. Humphries
1706 Valleywood #110
Arlington, Texas 76013

Mr. T. J. Sivley
P. O. Drawer 'GG'
Artesia, New Mex. 88210

Robert C. Scott
2400 N.E. 26th Avenue
Fort Lauderdale,
Florida 33305

TEXACO INC.

MONTHLY OPERATIONS REPORT

PROJECT-107060
FIELD-LANGLIE MATIIX
COUNTY-LEA STATE-NEW MEXICO
OPERATOR-TEXACO PRODUCING INC.

MYERS LANGLIE MATIIX UNIT

EFFECTIVE DATE OF UNIT 2/1/74
WATER INJECTION BEGAN 8/1/75
CUM OIL FOR PROJECT PRIOR TO 2/1/74
8015466 BARRELS
TOTAL ACRES UNITIZED-9923.68

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
ALLOWABLE	849	789	881	871	853	836	838	825	829	824	811	638
OIL PRODUCTION												
BBLs/MONTH	26311	22104	27300	26118	26432	25086	25985	25570	24865	25555	24327	19770
BBLs/DAY	849	789	881	871	853	836	838	825	829	824	811	638
CUM. SINCE UNIT	5431326	5453428	5480728	5504846	5533378	5558346	5584349	5609919	5634784	5660339	5684646	5704436
CUM. SINCE DISC.	13446790	13468894	13496194	13522312	13548744	13573830	13599815	13625385	13650250	13675805	13700132	13719902
GAS PRODUCTION												
MCF/MONTH	10278	8235	10766	11230	11433	11114	12347	12348	10521	10552	8815	4033
MCF/DAY	332	294	347	376	369	370	398	398	351	340	294	195
CUM. SINCE UNIT	4805973	4814208	4824974	4836204	4847837	4858753	4871098	4883446	4893967	4904519	4913334	4919367
GAS-OIL RATIO (CF/BBL)	391	373	394	430	433	443	475	483	423	413	362	305
WATER PRODUCTION												
BBLs/MONTH	331246	299977	367998	334497	368458	302451	345458	340834	342184	361863	329151	314299
BBLs/DAY	10885	10713	11871	11150	11886	10082	11150	10995	11406	11673	10972	10139
CUM. SINCE UNIT	27894202	28194179	28562177	28896674	29265132	29567583	29913261	30254875	30596259	30958122	31287273	31601572
WATER CUT X	92.6	93.1	93.1	92.8	93.3	92.3	93.0	93.0	93.2	93.4	93.1	94.1
INJECTION												
TOTAL WATER INJECTION												
BBLs/MONTH	1002650	897503	1028758	994163	954119	943587	939774	915069	906010	921948	893242	927460
BBLs/DAY	32344	32034	33186	33205	30843	31453	30318	29518	30200	29740	29775	29918
CUM. SINCE UNIT (MBBLs)	118475	119373	120401	121397	122354	123297	124237	125152	126058	126980	127873	128801
NET WATER INJECTION												
BBLs/MONTH	671404	597526	660760	661666	587661	641136	594116	574235	563826	560085	564091	613161
BBLs/DAY	21658	21340	21315	22056	18957	21371	19165	18526	18794	18067	18803	19779
CUM. SINCE UNIT	90581477	91179003	91839763	92501629	93089990	93730226	94324342	94986577	95462403	96022488	96586579	97199740
INJ. PRESSURE MAXIMUM	1480	1440	1500	1500	1480	1450	1425	1460	1460	1460	1450	1460
INJ. WITHDRAWAL RATIO	2.79	2.77	2.59	2.75	2.41	2.86	2.51	2.48	2.46	2.37	2.52	2.77
WELL STATUS												
PRODUCERS	104	103	103	103	101	101	100	99	100	99	99	98
INJECTORS	105	105	105	103	103	99	91	88	101	101	101	99
SHUT-IN PRODUCERS	12	12	12	12	14	13	13	12	14	14	14	14
SHUT-IN INJECTORS	2	2	2	4	4	8	16	20	7	7	7	7
RECYCLING INJ & MONITOR	1	1	1	1	1	1	1	1	1	1	1	1
PLA'D, ASP, ASD	6	6	6	6	6	6	6	6	6	6	6	9
TO BE RECONDITIONED (TR-O)	9	10	10	10	10	11	12	13	10	11	11	11
WATER SUPPLY WELLS	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL WELLS	239	239	239	239	239	239	239	239	239	239	239	239

XU0036177

DATE 01/10/80

TIME 15.43.25

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TEXACO PRODUCING INC.

MIDLAND DIVISION HOBBS DISTRICT MONTH ENDING 01-01-90

FIELD NAME/ LEASE NAME/ WELL NO. WELL STATUS COMMENTS CONDITION

API NUMBER

SEQUENCE NUMBER

(2) JOINTLY OWNED AND OPERATED BY TEXACO

TEXACO W1 = 87.5000000

96 KING, E. P.
3330000610/0096
00318802
TEXACO W1 = /5.0000000

1	NG			22184800	3002509204
2	PM			22184900	3002509205
3	NG			22184900	3002509206
4	PM			22184900	3002509207
5	PM			22185000	3002509208

482 MYERS LANGELE MATTHEX UN
333000061800482
00337103
TEXACO W1 = 24.3233900

1	US	MONITOR WELL	08-22-80	22185400	3002599063
2	PM			22185400	3002510873
3	INJ			22185600	3002510874
4	PM			22185700	3002510871
5	INJ			22185800	3002510896
6	PM			22185900	3002510897
7	INJ			22186000	300251089J
9	PM			22186100	3002510892
10	INJ			22186200	3002508419
11	PM			22186300	3002509424
12	PM			22186400	3002527378
13	INJ			22186500	3002510894

SUB AREA 6107 EUNICE-OIL CENTER SUB-AREA

XU0036178

TEXACO PRODUCING INC.

MIDLAND DIVISION

HOBBS DISTRICT

MONTH ENDING 01-01-90

FIELD NAME/
LEASE NO. FRS NO.WELL
NO.WELL
STATUS

COMMENTS

CONDITION

(2) JOINTLY OWNED AND OPERATED BY TEXACO

SEQUENCE
NUMBER

API NUMBER

	14	PM				22186600	3002510895
	15	PM				22186700	3002526968
	16	PM				22186800	3002510890
	17	INJ				22186900	3002510869
	18	PM				22187000	3002510870
	19	INJ				22187100	3002510872
	22	SI-O				22187200	3002522644
	23	SI-O				22187300	3002525986
	24	INJ				22187400	3002510877
	25	SI-O	UNECON. TO PROD	05-16-89		22187500	3002525987
	26	INJ				22187600	3002510882
	27	INJ		07-29-89		22187700	3002510881
	28	INJ				22187800	3002521722
	29	PM				22187900	3002527379
	30	INJ				22188000	3002525676
	31	PM				22188100	3002510888
	32	INJ				22188200	3002525736
	33	PM				22188300	3002509413
	34	INJ				22188400	3002509414
	35	INJ				22188500	3002509415
	36	TR-O	UNECON TO PROD.	09-22-86		22188600	3002509412
	37	INJ				22188700	3002509418

SUB AREA -6107 EUNICE-OIL CENTER SUB-AREA

XU0036179

TEXACO PRODUCING INC.

MONTH ENDING 01-01-90

HOBBS DISTRICT

MIDLAND DIVISION

FIELD NAME / LEASE NO.	LEASE NAME / FRS NO.
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WELL NO.

**WEL
STATUS**

COMMENTS

CONDITION

SEQUENCE
NUMBER

(2) JOINTLY OWNED AND OPERATED BY TEXACO

38	PM	22188800	3002509411
39	INJ	22188900	3002510887
40	PM	22189000	3002510886
41	SI-O	22189100	3002526906
43	INJ	22189200	3002510879
44	PM	22189300	3002510880
45	INJ	22189400	3002510876
46	PM	22189500	3002510878
47	INJ	22189600	3002510855
48	SI-O	22189700	3002525988
49	TR-O	22189800	3002510953
50	INJ	22189900	3002510958
51	PM	22190000	3002510933
52	TR-O	22190100	3002528057
53	INJ	22190200	3002510932
54	PM	22190300	3002510931
55	INJ	22190400	3002510921
56	PM	22190500	3002510919
57	INJ	22190600	3002510918
58	PM	22190700	3002527381
59	PM	22190800	3002526905
60	SI-O	22190900	3002525945

TEXACO PRODUCING INC.

MIDLAND DIVISION	HOBBS DISTRICT	MONTH ENDING 01-01-90				
FIELD NAME/ LEASE NO.	LEASE NAME/ FRS NO.	WELL NO.	WELL STATUS	COMMENTS	CONDITION	SEQUENCE NUMBER

(2) JOINTLY OWNED AND OPERATED BY TEXACO

61		INJ				22191000	3002510903
62		PM				22191100	3002510900
63		INJ				22191200	3002509476
64		PM				22191300	3002509477
65		INJ				22191400	3002509478
66		ASD			08-23-86	22191500	3002509480
67		INJ				22191600	3002509472
69		INJ				22191700	3002509474
70		TR-O			08-14-86	22191800	3002509475
71		INJ				22191900	3002510901
72		PM				22192000	3002510902
73		INJ				22192100	3002510904
74		PM				22192200	3002525677
75		PM				22192300	3002525678
76		PM				22192400	3002525946
77		INJ				22192500	3002525679
78		PM				22192600	3002510916
79		INJ				22192700	3002510929
80		SI-O		UNECON. TO PROD	10-15-85	22192800	3002510930
81		INJ				22192900	3002526807
82		PM				22193000	3002527382
83		SI-O		NO REASON GIVEN	11-17-88	22193100	3002510955

SUB AREA 6107 EUNICE-OIL CENTER SUH AREA

XU0036181

TEXACO PRODUCING INC.

MIDLAND DIVISION	LEASE NAME/ LEASE NO.	LEASE NAME/ FRS NO.	HOBBS DISTRICT	WELL NO.	WELL STATUS	COMMENTS	MONTH ENDING 01-01-90	CONDITION	SEQUENCE NUMBER	API NUMBER
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(2) JOINTLY OWNED AND OPERATED BY TEXACO

84			TR-O		WO FAILURE	01-06-89			22193200	3002510957
85			INJ						22193300	3002510958
86			INJ						22193400	3002510954
87			INJ						22193500	3002522936
88			PM						22193600	3002510934
89			INJ						22193700	3002510924
90			SI-O			11-07-89			22193800	3002510923
91			INJ						22193900	3002510915
92			PM						22194000	3002525947
93			INJ						22194100	3002525680
94			SI-O		UNECUN. 10 PROD	05-08-89			22194200	3002526908
95			INJ		DUAL W/ E.E. 8LINEBRY 'A' NCT-1 #2				22194300 22194300	3002510912
96			PM						22194400	3002510907
97			INJ						22194500	3002510909
98			PM						22194600	3002510906
99			ASD		CASING LEAK	05-15-87			22194700	3002509482
100			PM						22194800	3002509485
101			INJ						22194900	3002509484
102			PM						22195000	3002526809
103			INJ						22195100	3002509486
104			PM						22195200	3002509483

DATE 01/10/90

TIME 15.43.25

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TEXACO PRODUCING INC.

HOBBS DISTRICT

MONTH ENDING 01-01-90

MIDLAND DIVISION

FIELD NAME/
LEASE NO.WELL
NO.WELL
STATUS

COMMENTS

CONDITION

SEQUENCE
NUMBER

API NUMBER

(2) JOINTLY OWNED AND OPERATED BY TEXACO

	105	INJ			22195300	3002510908
	106	PM			22195400	3002510911
	107	INJ			22195500	3002510910
	109	INJ			22195600	3002503205
	111	INJ			22195700	3002525081
	112	PM			22195800	3002510914
	113	INJ			22195900	3002510925
	114	PM			22196000	3002510926
	115	INJ			22196100	3002510935
	116	PM			22196200	3002510928
	117	INJ			22196300	3002510951
	118	PM			22196400	3002510952
	119	TR-O	HELD FOR HW	09-06-88	22196500	3002510983
	120	INJ			22196600	3002510977
	121	PM			22196700	3002510978
	122	INJ			22196800	3002510993
	123	PM			22196900	3002510994
	126	INJ			22197000	3002527383
	127	PM			22197100	3002511001
	128	INJ			22197200	3002528910
	129	PM			22197300	3002511003
	130	INJ			22197400	3002511013

SUB AREA 6107 LUNITE OIL CENTER SUB-AREA

XU0036183

TEXACO PRODUCING INC.

MIDLAND DIVISION	HOBBS DISTRICT	WELL NO.	WELL STATUS	COMMENTS	MONTH ENDING 01-01-90	SEQUENCE NUMBER	API NUMBER
(2) JOINTLY OWNED AND OPERATED BY TEXACO							
		131	PM			22197500	3002525948
		132	INJ			22197600	3002511010
		133	PM			22197700	3002511008
		134	INJ			22197800	3002511026
		135	PM			22197900	3002511024
		136	INJ			22198000	3002511019
		137	PM			22198100	3002511036
		138	INJ			22198200	3002509489
		139	PM			22198300	3002511020
		140	INJ			22198400	3002511028
		141	PM			22198500	3002511027
		142	INJ			22198600	3002511009
		143	PM			22198700	3002511011
		144	INJ			22198800	3002511017
		145	PM			22198900	3002511012
		146	INJ			22199000	3002511002
		147	PM			22199100	3002526058
		148	INJ			22199200	3002526911
		149	PM			22199300	3002511000
		152	INJ			22199400	3002510991
		153	IR-O	NO REASON GIVEN	01-13-89	22199500	3002510992
		154	INJ			22199600	3002510980

SUB AREA -610/ EUNICE OIL CENTER SUB AREA

XU0036184

TEXACO PRODUCING INC.

MIDLAND DIVISION		HOBBS DISTRICT		MONTH ENDING 01-01-90	
FIELD NAME/ LEASE NO.	LEASE NAME/ FRS NO.	WELL NO.	WELL STATUS	COMMENTS	CONDITION
(2) JOINTLY OWNED AND OPERATED BY TEXACO					

SEQUENCE NUMBER	APT NUMBER
22199700	3002510979
22199800	3002510984
22199900	3002510982
22200000	3002510981
22200100	3002510996
22200200	3002527386
22200300	3002510997
22200400	3002527480
22200500	3002526969
22200600	3002527481
22200700	3002511015
22200800	3002525949
22200900	3002511005
22201000	3002511004
22201100	3002511030
22201200	3002511023
22201300	3002511022
22201400	3002511021
22201500	3002511029
22201600	3002511025
22201700	3002511006
22201800	3002511007

TEXACO PRODUCING INC.

MIDLAND DIVISION HOBBS DISTRICT MONTH ENDING 01-01-90

FIELD NAME/ LEASE NO.	LEASE NAME/ FHS NO.	WELL NO.	WELL STATUS	COMMENTS	CONDITION	SEQUENCE NUMBER	API NUMBER
(2) JOINTLY OWNED AND OPERATED BY TEXACO							
		179	INJ	INITIAL W/ J.D. YOUNG WELL #3-G.		22201900 22201900	3002511016
		180	PM			22202000	3002511014
		181	INJ			22202100	3002510999
		182	PM			22202200	3002527482
		183	INJ			22202300	3002526970
		184	PM			22202400	3002527483
		185	INJ			22202500	3002527384
		188	PM			22202600	3002525890
		189	SI-INJ	UNECON. TO INJ	06-01-89	22202700	3002510975
		190	PM			22202800	3002510976
		191	PM			22202900	3002511091
		192	SI-INJ	NO REASON GIVEN	04-14-89	22203000	3002511090
		193	PM			22203100	3002527385
		194	INJ			22203200	3002511066
		195	PM			22203300	3002511067
		196	INJ			22203400	3002511068
		197	PM			22203500	3002526411
		198	INJ			22203600	3002511061
		200	INJ			22203700	3002511063
		201	PM			22203800	3002511064
		202	INJ			22203900	3002511035

TEXACO PRODUCING INC.

MIDLAND DIVISION

HOBBS DISTRICT

MONTH ENDING 01-01-90

FIELD NAME/
LEASE NO.WELL
NO.WELL
STATUS

COMMENTS

CONDITION

SEQUENCE
NUMBER

API NUMBER

(2) JOINTLY OWNED AND OPERATED BY TEXACO

	203	PM			22204000	3002511038
	204	INJ			22204100	3002528971
	205	PM			22204200	3002527448
	207	SI-O	NO REASON GIVEN	12-02-88	22204300	3002509553
	208	INJ			22204400	3002509549
	209	PM			22204500	3002509548
	210	INJ			22204600	3002511043
	211	SI-O			22204700	3002511046
	212	INJ			22204800	3002527089
	213	PM			22204900	3002511045
	214	INJ			22205000	3002511065
	215	PM			22205100	3002511062
	216	INJ			22205200	3002511060
	217	PM			22205300	3002511055
	218	INJ			22205400	3002511078
	219	PM			22205500	3002511069
	221	SI-O			22205800	3002511075
	222	SI-INJ	UNECON. TO INJ	06-01-89	22205700	3002511081
	223	SI-O	UNECON TO PROD.	02-25-87	22205800	3002511086
	225	PM			22205900	3002511087
	226	PM			22206000	3002511095
	227	PM			22206100	3002524407

SUB AREA -0107 EUNICE-011 CENTER SUB-AREA

XU0036187

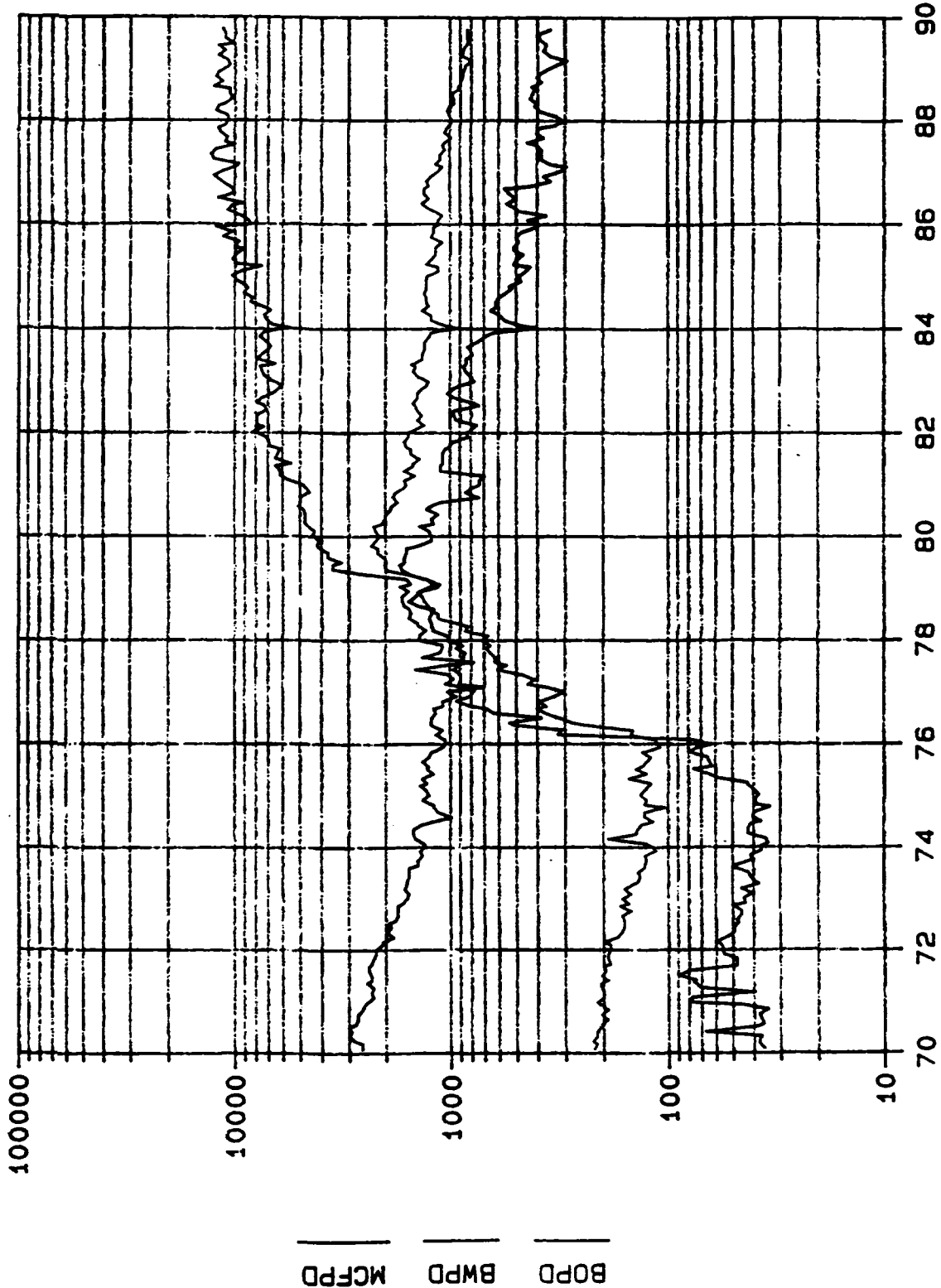
TEXACO PRODUCING INC.

MIDLAND DIVISION		HOBBS DISTRICT		MONTH ENDING 01-01-90		SEQUENCE NUMBER
FIELD NAME/ LEASE NO.	LEASE NAME/ FRS NO.	WELL NO.	WELL STATUS	COMMENTS	CONDITION	
(2) JOINTLY OWNED AND OPERATED BY TEXACO						
		229	SI-INJ	UNECON. TO INJ	06-01-89	22206200
		230	TR-O		08-14-86	22206300
		231	SI-INJ	UNECON. TO INJ	06-01-89	22206400
		232	ASD	UNECON. TO PROD	04-18-86	22206500
		233	SI-INJ	UNECON. TO INJ	06-01-89	22206600
		234	TR-O	NO REASON GIVEN	06-07-88	22206700
		235	INJ			22206800
		236	PM			22206900
		239	INJ			22207000
		240	PM			22207100
		241	INJ			22207200
		242	PM			22207300
		243	PM			22207400
		244	INJ	DUAL-LANGLIE MATRIX WITH S.E. 10BY #1		22207500 22207500
		245	PM			22207600
		246	INJ			22207700
		247	PM			22207800
		248	INJ			22207900
		249	PM			22208000
		250	SI-INJ	NO REASON GIVEN	04-14-89	22208100
		251	PM			22208200

SUB AREA 0107 LUNICE OIL CENTER SUB-AREA

XU0036188

MYERS LANGLEIE MATTIX UNIT



LEASE DATA
 LSE 534800
 FLD 31900
 OPER TPI
 ZONE 468
 COUNTY 025
 STATE 30
 STATUS
 CO 13995 MBO
 CG 40495 MMCF
 BOPD 829
 BWPD 11406
 MCFPD 351
 WELLS 182

XU0036189

YEARS

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

**IN THE MATTER OF DOYLE HARTMAN'S
PETITION FOR ENFORCEMENT OF THE
MYERS LANGLEIE-MATTIX UNIT AGREEMENT
AND UNIT OPERATING AGREEMENT,
LEA COUNTY, NEW MEXICO AND
DISAPPROVAL OF CHANGE OF OPERATOR.**

CASE NO. _____

RECEIVED

MAY 21 1991

OIL CONSERVATION DIVISION

**PETITION REGARDING STATUS OF OPERATOR FOR
MEYERS LANGLEIE-MATTIX UNIT, LEA COUNTY, NEW MEXICO**

Doyle Hartman petitions for an Order disapproving all C-104s filed by Sirgo Operating Inc. ("Sirgo") which name Sirgo as Operator of the Meyers Langlie-Mattix Unit ("MLMU"), and an Order enjoining Sirgo from replacing the current operator, Texaco Exploration & Production Inc. ("Texaco") until such time as all provisions of the Unit Operating Agreement are complied with. In support, Petitioner states as follows:

1. Doyle Hartman is the owner of a 4.8% working interest in the MLMU.
2. On January 1, 1973 a Unit Agreement was entered into by all working royalty or other oil and gas interest owners unitizing working and royalty interests in the MLMU. A copy of the MLMU Unit Agreement is attached and incorporated as Exhibit 1.
3. The MLMU Unit Agreement was approved by the Oil Conservation Commission for the State of New Mexico, by Order No. R-4660. A copy of the order of approval is attached and incorporated as Exhibit 2. The MLMU Unit Agreement was approved by the Commissioner of Public Lands for the State of New Mexico, by

EXHIBIT

Certificate of Approval dated December 26, 1973. The MLMU Unit Agreement was approved by the Supervisor, United States Geological Survey, by Certification-Determination dated January 31, 1974.

4. Pursuant to the provisions of Section 6 of the Unit Agreement, Skelly Oil Company was named Unit Operator of the MLMU. Texaco, as successor in interest to Skelly, succeeded to Operator of the MLMU in approximately 1981, and has for years operated the Unit.

5. On October 4, 1990, Sirgo represented to Hartman in a letter that as of October 4, 1990, Sirgo had purchased "60+ % of the Unit and Texaco has agreed to relinquish operations to us." A copy of the October 4, 1990 letter is attached and incorporated as Exhibit 3.

6. Contrary to Sirgo's representation in the October 4, 1991 letter, Sirgo's ownership interest in the MLMU at that time was only approximately 7.3%. See copy of Joint Account Statement for October, 1990 attached and incorporated as Exhibit 4.

7. Apparently, as part of its misrepresentations regarding ownership of the unit, Sirgo has misrepresented to Texaco and to other third parties, including various working interest owners in MLMU, that Sirgo owns Hartman's working interest in the MLMU. Sirgo contracted to purchase Hartman's working interest in the MLMU but has failed and refused to close the transaction. Sirgo does not own the Hartman interest.

8. In November and December 1990, Sirgo's ownership interest in the MLMU rose to approximately 21%. See November and December 1990 Joint Account

Statements attached and incorporated as Exhibit 5. Hartman has seen no records evidencing a greater ownership interest by Sirgo either before or since these referenced time periods.

9. On or About February 28, 1991 and March 8, 1991, Sirgo circulated ballots to various working interest owners in MLMU purporting to have the working interest owners vote for Sirgo to assume all rights, duties, and obligations of the unit operator under the MLMU Unit Agreement, thereby replacing Texaco as Unit Operator. Copies of the Ballots are attached and incorporated as Exhibit 6. No ballots were forwarded to Hartman.

10. On April 15, 1991, Texaco forwarded a letter to all working interest owners stating its intent to resign as Unit Operator "in the near future". Texaco's letter further states that Sirgo has furnished Texaco with documents regarding Sirgo's becoming the successor Unit Operator. A copy of the April 15, 1991 letter is attached and incorporated as Exhibit 7.

11. Section 7 of the Unit Agreement provides for the resignation or removal of the Unit Operator. Section 7 requires six months prior written notification of the Unit Operator's desire to resign. Texaco has not, as of this date, submitted a written notification of resignation.

12. Section 8 of the Unit Agreement provides for the selection of a successor Unit Operator. Section 8 requires documentation of approval of three or more working interest owners holding 65% or more of the Phase II Unit participation. Sirgo has not provided documentation of such approvals.

13. Section 8 of the Unit Agreement also requires the approval by both the supervisor of the United States Geological survey and the Commissioner of Public Lands of the State of New Mexico of any change in Unit Operator. Sirgo has provided no evidence of having obtained such approval.

14. Sirgo has not complied with either Section 7 or Section 8 of the Unit Agreement. Nevertheless, upon information and belief, Sirgo, on a date unknown at the present time, filed a form C-104 with the Oil Conservation Division claiming a change of operator from Texaco to Sirgo.

15. On May 13, 1991, Texaco wrote to the Oil Conservation Division denying the validity of the C-104's filed by Sirgo and reaffirming its operation of the subject unit. A copy of the May 13, 1991 letter is attached and incorporated as Exhibit 8.

16. Hartman has been informed that NMOCD has threatened to cancel the allowables for all wells on the MLMU because of Sirgo's having filed the C-104's reflecting a change in operator of the subject unit while the OCD does not recognize Sirgo as the operator of the unit. Because of its actions, Sirgo has jeopardized the allowables for each well within the MLMU, thereby jeopardizing each working interest owner's rights under the Unit Agreement. Disapproval of the C-104's filed by Sirgo is therefore necessary to ensure continued operation of the unit without disruption and harm to all working interest owners.

17. The New Mexico Oil Conservation Division has jurisdiction pursuant to NMSA, 1978 §70-7-1 et seq.

18. Notice of this Petition has been served on all interested parties, as identified in Exhibit 9, pursuant to NMOCD Rule 1207.

WHEREFORE, Orders of the Division are requested as follows:

A. Setting aside and disapproving each and every NMOCD Form C-104 filed by Sirgo naming it as Unit Operator of the respective wells in MLMU and any other filing or request pursuing such a change of Operator.

B. Because of Sirgo's false representations regarding its status as operator of the MLMU and Sirgo's false and/or fraudulent representations regarding the amount of ownership Sirgo has in the unit, including its misrepresentation of owning Hartman's interest in the MLMU, Hartman requests an order enjoining any change of Unit Operator from Texaco to Sirgo unless and until Sirgo can establish that it has fully complied with all requirements of the Unit Agreement.

C. Hearing on this Petition be placed on the July 11, 1991 Examiners Docket.

D. Further relief as appears appropriate.

Respectfully submitted,

GALLEGOS LAW FIRM, P.C.

By 

J. E. GALLEGOS

THOMAS M. DOMME

141 East Palace Avenue

Santa Fe, New Mexico 87501

(505) 983-6686

Attorneys for Petitioner

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION



BRUCE KING
GOVERNOR

May 23, 1991

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

Thomas M. Domme
Gallegos Law Firm
141 E. Palace Avenue
Santa Fe, New Mexico 87501

Re: Petition Regarding Status Operator for
Myers Langlie-Mattix Unit

Dear Mr. Domme:

We have received your application filed in the above-identified matter. Interpretation and enforcement of the Unit Agreement is not within the Division's jurisdiction, and this case will not be docketed. Interpretation and enforcement of a contract is a matter properly brought before the District courts and not the Oil Conservation Division.

Although your paragraph 17. states that the Division has jurisdiction pursuant to Section 70-7-1 et. seq. 1978, that Act is the Statutory Unitization Act and this is not a statutory unit, therefore that Act has no applicability whatever to this situation. Please send copies of this letter to all parties to whom you gave notice of the application.

If you have any questions, please call me.

Sincerely,

A handwritten signature in cursive script, reading "Robert G. Stovall".

ROBERT G. STOVALL,
General Counsel

RGS/dr



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

**IN THE MATTER OF DOYLE HARTMAN'S
PETITION FOR ENFORCEMENT OF THE
MYERS LANGLIE-MATTIX UNIT AGREEMENT
AND UNIT OPERATING AGREEMENT,
AND ORDER NO. R-6447 , LEA COUNTY,
NEW MEXICO AND DISAPPROVAL OF CHANGE
OF OPERATOR AND DEVELOPMENT PLAN.**

CASE NO. _____

RECEIVED

JUN 07 1991

OIL CONSERVATION DIVISION

**PETITION REGARDING STATUS OF OPERATOR AND DEVELOPMENT PLAN FOR
MEYERS LANGLIE-MATTIX UNIT, LEA COUNTY, NEW MEXICO**

Doyle Hartman ("Hartman") petitions the Oil Conservation Commission for the State of New Mexico ("NMOCD") for an Order disapproving all C-104s filed by Sirgo Operating Inc. ("Sirgo") which name Sirgo as Operator of the Meyers Langlie-Mattix Unit ("MLMU"); an Order enjoining Sirgo from replacing the current operator, Texaco Exploration & Production Inc. ("Texaco"); an Order disapproving a plan of development proposed by Sirgo; and for an evaluation of current and past operation of the MLMU to determine compliance by the Operators with the Unit Agreement and the Statutory Unitization Act. In support, Hartman states as follows:

GENERAL ALLEGATIONS AND FACTS

1. Hartman is the owner of a 4.8% working interest in the MLMU.
2. On January 1, 1973 a Unit Agreement was entered into by all working, royalty, or other oil and gas interest owners unitizing working and royalty

EXHIBIT

interests in the, MLMU. A copy of the MLMU Unit Agreement is attached and incorporated as Exhibit 1.

3. The Unit Agreement was approved by the NMOCD, by Order No. R-4660. A copy of the order of approval is attached and incorporated as Exhibit 2. The Unit Agreement was approved by the Commissioner of Public Lands for the State of New Mexico, by Certificate of Approval dated December 26, 1973. The Unit Agreement was approved by the Supervisor, United States Geological Survey, by Certification-Determination dated January 31, 1974.

4. Pursuant to the provisions of § 6 of the Unit Agreement, Skelly Oil Company was named Unit Operator of the MLMU. Texaco, as successor in interest to Skelly, succeeded to Operator of the MLMU in approximately 1981, and has for years operated the Unit.

5. On August 27, 1980, the NMOCD, through Order No. R-6447, approved the MLMU for statutory unitization pursuant to the Statutory Unitization Act, §§ 70-7-1 through 70-7-21 NMSA 1978 ("the Act"). A copy of the Order approving statutory unitization is attached and incorporated as Exhibit 3. The NMOCD has jurisdiction pursuant to NMSA, 1978 § 70-7-1 et seq.

6. Notice of this Petition has been served on all interested parties, as identified in Exhibit 4, pursuant to NMOCD Rule 1207.

**SIRGO'S CLAIM TO BE OPERATOR OF THE UNIT
IS WITHOUT FOUNDATION OR SUPPORT.**

7. On October 4, 1990, Sirgo represented to Hartman in a letter that as of October 4, 1990, Sirgo had purchased "60+% of the Unit and Texaco has agreed to relinquish operations to us." A copy of the October 4, 1990 letter is attached and incorporated as Exhibit 5.

8. Contrary to Sirgo's representation in the October 4 letter, Sirgo's ownership interest in the MLMU at that time was only approximately 7.3%. See copy of Joint Account Statement for October, 1990 attached and incorporated as Exhibit 6.

9. Apparently, as part of its misrepresentations regarding ownership of the unit, Sirgo has misrepresented to Texaco and to other third parties, including various working interest owners in MLMU, that Sirgo owns Hartman's working interest in the MLMU. Sirgo contracted to purchase Hartman's working interest in the MLMU but has failed and refused to close the transaction. Sirgo does not own the Hartman interest.

10. In November and December 1990, Sirgo's ownership interest in the MLMU rose to approximately 21%. See November and December 1990 Joint Account Statements attached and incorporated as Exhibit 7. Hartman has seen no records evidencing a greater ownership interest by Sirgo either before or since these referenced time periods.

11. On or About February 28, 1991 and March 8, 1991, Sirgo circulated ballots to various working interest owners in MLMU purporting to have the working interest owners vote for Sirgo to assume all rights, duties, and obligations of the unit operator under the MLMU Unit Agreement, thereby replacing Texaco as Unit Operator. Copies of the Ballots are attached and incorporated as Exhibit 8. No ballots were forwarded to Hartman.

12. On April 15, 1991, Texaco forwarded a letter to all working interest owners stating its intent to resign as Unit Operator "in the near future". Texaco's letter further states that Sirgo has furnished Texaco with documents regarding Sirgo's becoming the successor Unit Operator. A copy of the April 15, 1991 letter is attached and incorporated as Exhibit 9.

13. § 7 of the Unit Agreement provides for the resignation or removal of the Unit Operator. § 7 requires six months prior written notification of the Unit Operator's desire to resign. Texaco has not, as of this date, submitted a written notification of resignation.

14. § 8 of the Unit Agreement provides for the selection of a successor Unit Operator. § 8 requires documentation of approval of three or more working interest owners holding 65% or more of the Phase II Unit participation. Sirgo has not provided documentation of such approvals.

15. § 8 of the Unit Agreement also requires the approval by both the supervisor of the United States Geological survey and the Commissioner of Public Lands

of the State of New Mexico of any change in Unit Operator. Sirgo has provided no evidence of having obtained such approval.

16. Sirgo has not complied with either §§ 7 or 8 of the Unit Agreement. Nevertheless, upon information and belief, Sirgo, on a date unknown at the present time, filed a form C-104 with the NMOCD claiming a change of operator from Texaco to Sirgo.

17. On May 13, 1991, Texaco wrote to the NMOCD denying the validity of the C-104's filed by Sirgo and reaffirming its operation of the subject unit. A copy of the May 13 letter is attached and incorporated as Exhibit 10.

18. On May 20, 1991, Sirgo forwarded to Hartman a ballot for Hartman's approval of a change of operator from Texaco to Sirgo. Hartman has neither executed nor returned the ballot. A copy of the May 20 letter and ballot are attached and incorporated as Exhibit 11. Contained in the May 20, 1991 letter are the following misrepresentations of fact: (1) "Sirgo's current ownership in conjunction with ballots received to date is sufficient for Sirgo to assume operatorship"; and (2) "Texaco has agreed to resign as operator to allow us to do so, . . ." No proof of either representation has ever been offered by Sirgo, and both representations fly in the face of Texaco's May 13, 1991 letter (Exhibit 10).

19. Hartman has been informed that the NMOCD has threatened to cancel the allowables for all wells on the MLMU because of Sirgo's having filed the C-104's reflecting a change in operator of the subject unit while the NMOCD does not recognize Sirgo as the operator of the unit. Because of its actions, Sirgo has jeopardized the allowables for each well within the MLMU, thereby jeopardizing each working interest

owner's rights under the Unit Agreement. Disapproval of the C-104's filed by Sirgo is therefore necessary to ensure continued operation of the unit without disruption and harm to all working interest owners.

**SIRGO'S PROPOSED DEVELOPMENT PLAN IS DEFECTIVE
AND IN VIOLATION OF THE UNIT AGREEMENT AND THE ACT**

20. Attached to Sirgo's May 20, 1991 letter (Exhibit 11), was a proposed plan of development for the MLMU which Sirgo proposes implementing on July 1, 1991. A copy of the proposed plan of development is attached and incorporated as Exhibit 12. The proposed plan of development is defective and/or in violation of the Unit Agreement (Exhibit 1) for the following reasons, inter alia:

a. The plan purports to represent "a consensus of Texaco and Sirgo's combined engineering efforts", yet the plan does not detail or contain any discussion of Texaco's analysis and data. Texaco is the current operator of the unit and is required to inform all working interest owners of the proposed changes in the previously approved development plan. Its failure to do so in the proposed plan violates the current Unit Agreement.

b. The plan is based upon an analysis of only 23 of 232 wells in the unit. As acknowledged in the plan itself, a study of only 23 of 232 wells is not sufficient to properly predict reservoir performance: "the quantitative data coverage is minimal and may not be fully representative of the unitized area."

c. The plan's projected payout is 4.1 years. A more realistic payout period appears to be 8-10 years. The overly optimistic payout is apparently based

on assumed rather than existing economic parameters, and the use of such assumed economic parameters casts doubt on the overall economic viability of the project.

d. § 70-7-1 NMSA 1978, provides that "the Statutory Unitization Act applies to any type of operation that will substantially increase the recovery of oil above the amount that would be recovered by primary recovery alone and not to what the industry understands as exploratory units." The Unit Agreement (Exhibit 1) also specifically states that the purpose of the unitization is secondary recovery. According to the plan, a significant amount of primary reserves remain within the unitized area due to inefficient completions in many of the wells, and the intention of the plan is to recover these primary reserves. As a result, the plan violates the Unit Agreement by involving the recovery of primary reserves.

e. The plan is predicated upon 20-acre spacing for the Unit. It is Hartman's understanding that the NMOCD has not approved 20-acre spacing for this unit, and only special exception was granted for a pilot 5-well program in 1986. This program is not representative of Unit performance as a whole, meaning that the plan's 20-acre development constitutes an exploratory venture in violation of the Act's preclusion of exploratory units.

f. § 70-7-6(A)(6) NMSA 1978, provides "that the participation formula contained in the unitization agreement allocates the produced and saved unitized hydrocarbons to the separately owned tracts in the unit area on a fair, reasonable and equitable basis." The plan makes specific reference to the inefficient completion techniques used prior to 1970. Accordingly, the tracts upon which those wells are

located have not been given fair and equitable participation in the Unit due to low primary recoveries. Since the individual tract participation formulas in the Unit Agreement for the MLMU are based, in part, upon historical well by well cumulative production, the participation factors are inequitable and in violation of the Act. The inequitable participation factors also impair the correlative rights of the owners within those tracts that have inefficient well completions.

g. Finally, if the claims in the plan are true regarding the existence of primary reserves, the MLMU has been grossly mismanaged, and the current and former Unit Operators must be held accountable for such mismanagement.

21. For the foregoing reasons, inter alia, the development plan proposed by Sirgo under the guise of its claimed operatorship of the MLMU, and represented as having been approved by Texaco as current operator, is in direct violation of the Unit Agreement and/or the Act, and should be disapproved by the NMOCD, and Sirgo and Texaco should be prevented from going forward with it on July 1, 1991 or at any time. Also, because of certain representations in the plan, Texaco's operation of the unit is called into question, and the NMOCD needs to examine and determine whether the unit has been operated in violation of the Unit Agreement and/or the Act.

**SIRGO IS NOT FINANCIALLY QUALIFIED TO ASSUME THE
OPERATORSHIP OF THE MLMU**

22. The MLMU is the largest unit in New Mexico. Operation of this unit requires significant financial and business resources. To date, the unit has been operated by large national corporations with substantial financial and business resources. Sirgo

proposes to replace the current operator yet, as set forth below, has not provided evidence of its financial or business ability to do so:

a. Upon information and belief, Sirgo is operating at the present time with a negative working capital.

b. Upon information and belief, Sirgo has not paid Texaco the approximately \$1,000,000.00 in past due joint interest billings due Texaco from the interests Sirgo has bought in the unit.

c. Sirgo's proposed plan of development calls for approximately \$44,000,000.00 in development, yet the plan is conspicuously lacking in detail regarding the source of the funds for this development.

23. Based on the foregoing, and otherwise as will be developed prior to the hearing on this Petition, Hartman seeks an Order from the NMOCD barring Sirgo from replacing Texaco as Operator of the MLMU, from going forward with the proposed plan of development, and from interfering further with the operation of the MLMU.

WHEREFORE, Hartman requests the Division:

A. Set aside and disapprove each and every NMOCD Form C-104 filed by Sirgo naming it as Unit Operator of the respective wells in MLMU and any other filing or request pursuing such a change of Operator, and further enjoin Sirgo from replacing the current operator, or from interfering in any manner with the operation of the MLMU by the current or successor operator.

B. Disapprove the plan of development proposed by Sirgo.

C. Evaluate the current and past operation of the MLMU to determine

compliance with the Unit Agreement and the Act, and enter such orders as are necessary to ensure compliance with the Act, including, if necessary, Orders dissolving the MLMU, or reconfiguring the MLMU as necessary.

D. Hearing on this Petition be placed on the July 11, 1991 Examiners Docket, or because of the unique nature of the claims made, before the entire Commission.

E. Order such further relief as appears appropriate.

Respectfully submitted,

~~GALLEGOS LAW FIRM, P.C.~~

By 

J. E. GALLEGOS

THOMAS M. DOMME

141 East Palace Avenue

Santa Fe, New Mexico 87501

(505) 983-6686

Attorneys for Petitioner

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 10378
Order No. R-6447-A

APPLICATION OF DOYLE HARTMAN, OIL
OPERATOR, FOR AN ORDER ENFORCING THE
PROVISIONS OF THE MYERS LANGLIE MATTIX
UNIT AGREEMENT AND UNIT OPERATING AGREE-
MENT, AS APPROVED BY DIVISION ORDER NO.
R-6447; DISAPPROVAL OF A REDEVELOPMENT
PLAN; AND AN EVALUATION OF CURRENT AND
PAST OPERATION OF THE MYERS LANGLIE
MATTIX UNIT AREA BY CURRENT AND FORMER
OPERATORS, LEA COUNTY, NEW MEXICO.



ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9 o'clock a.m.
on August 29, 1991, at Santa Fe, New Mexico, before the
Oil Conservation Commission of New Mexico, hereinafter
referred to as the "Commission."

NOW, on this 13th day of September, 1991, the
Commission, a quorum being present, having considered
the record and being fully advised in the premises,

FINDS THAT:

Doyle Hartman, Oil Operator, applicant for hearing
in this case, has requested dismissal thereof and such
request should be granted.

IT IS THEREFORE ORDERED THAT:

Case No. 10378 is hereby dismissed.

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

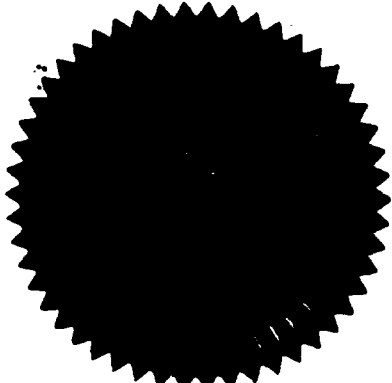
STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

GARY CARLSON, Member

Gary Carlson *Bill Weiss*

WILLIAM W. WEISS, Member

William J. Lemay
WILLIAM J. LEMAY, Chairman



SEAL

DOYLE HARTMAN

Oil Operator

3811 TURTLE CREEK BLVD., SUITE 730
DALLAS, TEXAS 75219

(214) 520-1800
(214) 520-0811 FAX

Via Fax (713) 646-4305 and U.S. Mail

August 11, 1995

Scurlock Permian Corporation
333 Clay Street, Suite 2900 (77002)
P.O. Box 4648
Houston, TX 77210-4648

Attn: John Keffer
Manager Crude Oil Trading

Re: Designation of Scurlock Permian as DHOO's Crude Oil Purchaser
Myers Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

Reference is made to our phone conversation yesterday that ended at 4:25 p.m., wherein I requested that Scurlock Permian Corporation immediately become the designated purchaser of Doyle Hartman, Oil Operator's 4.145% net revenue share of crude oil production from the OXY USA, Inc.-operated Myers Langlie Mattix Unit waterflood project located in Lea County, New Mexico. From a review of our letter to Enron Oil Trading and Transportation Company (Enron) of August 3, 1995 (copy enclosed), and Enron's reply letter of August 8, 1995 (copy enclosed), as well as my telephone conversation with you yesterday, it should be apparent that starting with the production month of April, 1993, a portion of Doyle Hartman, Oil Operator's Myers Langlie Mattix Unit crude oil has been improperly controlled by OXY USA, Inc. (OXY), without OXY having authority from Doyle Hartman, Oil Operator to take our share of such Myers Langlie Mattix Unit oil production.

In April, 1993, at the time that OXY took improper control of a portion of our Myers Langlie Mattix Unit crude oil production, OXY was not operator of the Myers Langlie Mattix Unit and most certainly was not owner of Hartman's Myers Langlie Mattix Unit oil production. In addition, in mid-1993, Doyle Hartman was involved in negotiations with OXY concerning the trade to OXY of our 4.86% Myers Langlie Mattix Unit leasehold interest in exchange for OXY assigning to us its 160-acre State "N" Eumont lease consisting of the SW/4 Section 2, T-21-S, R-36-E, Lea County,

New Mexico, which negotiations verify that OXY, in 1993, was very aware of our 4.86% Myers Langlie Mattix Unit leasehold ownership. During the subject 1993 trade negotiations, OXY's representatives indicated to our landman, Mr. Alan Smith, that OXY was highly desirous of acquiring our 4.86% Myers Langlie Mattix Unit working interest. However, in late 1993, just prior to OXY acquiring Texaco's Myers Langlie Mattix Unit interest, OXY changed its position as to the acquisition of our Myers Langlie Mattix Unit interest and it is now obvious that OXY decided not to acquire our Myers Langlie Mattix Unit interest because it was obtaining operations of the Myers Langlie Mattix Unit by acquiring Texaco's interest Myers Langlie Mattix Unit interest and also possibly because OXY saw no further economic advantage to holding record title to our 4.86% Myers Langlie Mattix Unit leasehold interest since it had been able, without our permission, to control our Myers Langlie Mattix Unit crude oil production without owning record title.

Moreover, from a review of the summary of Hartman MLMU revenues by purchaser, enclosed herewith, it is also apparent, that since 1993, OXY has failed to pay Doyle Hartman, Oil Operator, and our various royalty owners, a competitive oil price that includes a crude oil price bonus although such price bonuses have been paid in the Permian Basin for approximately the past two years. For this reason, we want to ensure that Scurlock Permian will be paying a competitive oil price as to our Myers Langlie Mattix Unit crude oil production including the payment of a price bonus.

In the event that OXY improperly refuses to allow Scurlock Permian to be designated as Doyle Hartman's official Myers Langlie Mattix Unit crude oil purchaser, you are to inform OXY that, for the following reasons, Scurlock Permian will be purchasing Doyle Hartman, Oil Operator's Myers Langlie Mattix Unit crude oil:

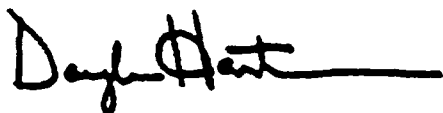
- 1) In April 1993, OXY improperly took control of our Myers Langlie Mattix Unit crude oil without possessing proper authority or record ownership and OXY has no legal authority to attempt to specify which entity is designated as Doyle Hartman, Oil Operator's oil purchaser for the MLMU.
- 2) OXY has failed to pay Doyle Hartman, Oil Operator and our royalty owners a competitive oil price including a crude oil price bonus although such bonuses, for some time, have been common in the Permian Basin, which failure by OXY to pay such bonus renders the ongoing operations of the Myers Langlie Mattix Unit even more non-commercial and further cements

Scurlock Permian Corporation
August 11, 1995
Page 3

the October 1, 1993 contractual termination of the Myers Langlie Mattix Unit agreement due to the failure of the Myers Langlie Mattix Unit to produce oil in quantities sufficient to yield revenues in excess of operating expenses.

Yours very truly,

DOYLE HARTMAN, Oil Operator :



Doyle Hartman

enclosures (3)

rep
wpdoot\corresp.dh\scurlock.mjm

cc: Minerals Management Service
Royalty Management Program
Reports and Payments Division
P.O. Box 17110
Denver, CO 80217-0110

John Glidewell, Area Manager
COA, West Texas and New Mexico
EOTT ENERGY Operating Limited Partnership
5805 E. Business 20
P.O. Box 1660
Midland, TX 79702
Via Certified Mail. Return Receipt Requested

Paul E. Fowler, Division Manager
Texaco Trading and Transportation Inc.
16825 Northchase Blvd., Suite 600
Houston, TX 77060-6986

x

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Scurlock Permian Corporation
August 11, 1995
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R.W. Lanning, Land Department
Texaco Exploration and Production Inc.
500 North Loraine (79701)
P.O. Box 3109
Midland, TX 79702

Herb Whitney, Manager of Operations
CITGO Petroleum Corporation
P.O. Box 3758
Tulsa, OK 74102
Via Certified Mail. Return Receipt Requested

Bennett Shelton, Senior Field Representative
CITGO Petroleum Corporation
1031 Andrews Hwy.
Midland, TX 79701
Via Certified Mail. Return Receipt Requested

Patty Burchett, Marketing Representative
OXY USA, Inc.
P.O. Box 300
Tulsa, OK 74102
Via Certified Mail. Return Receipt Requested

Charles Pollard, Operations Engineering Supervisor
OXY USA, Inc.
6 Desta Drive, Suite 6000 (79705)
P.O. Box 50250
Midland, TX 79710-0250
Hand Delivered

Jon Thoma, Acquisitions and Divestitures
OXY USA, Inc.
6 Desta Drive, Suite 6000 (79705)
P.O. Box 50250
Midland, TX 79710-0250
Hand Delivered

Scurlock Permian Corporation

August 11, 1995

Page 5

Ed Behm, Manager of Engineering

OXY USA, Inc.

6 Desta Drive, Suite 6000 (79705)

P.O. Box 50250

Midland, TX 79710-0250

Hand Delivered

T. Kent Wooley, Senior Landman

OXY USA, Inc.

6 Desta Drive, Suite 6000 (79705)

P.O. Box 50250

Midland, TX 79710-0250

Hand Delivered

J.E. Gallegos, Esq.

Gallegos Law Firm

460 St. Michaels Drive, Building 300

Santa Fe, NM 87505

James A. Davidson

P.O. Box 494

Midland, TX 79702

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002381

TABLE OF ENCLOSURES

1. Doyle Hartman, Oil Operator letter dated August 3, 1995 to John Glidewell, Area Manager of Enron Oil Trading and Transportation Company (Enron) together with Doyle Hartman, Oil Operator Effective Division Order Status Table corresponding to the Myers Langlie Mattix Waterflood Unit, Lea County, New Mexico and copy of Enron letter dated August 15, 1991 from John Glidewell to Doyle Hartman confirming Enron as the officially designated purchaser of a portion of Doyle Hartman's MLMU crude oil production.
2. EOTT ENERGY Operating Limited Partnership (Enron) letter reply dated August 8, 1995 from John Glidewell to Doyle Hartman together with Texaco Trading and Transportation Inc. letter dated June 2, 1993 from Paul E. Fowler to Mr. E.H. Gripp of Texas-New Mexico Pipeline Company and Texaco Exploration and Production Inc. Myers Langlie Mattix Unit Tract Allocation Percentage Table, Effective April 1, 1993 wherein EOTT, in its August 8, 1995 letter, indicated that OXY (and not Enron) was responsible for Hartman's MLMU oil production being controlled by OXY.
3. Doyle Hartman Summary Table of Hartman MLMU Revenue by Purchaser, for period of January 1992 thru June 1995, showing that as early as April, 1993, OXY took control of a portion of Doyle Hartman, Oil Operator's MLMU oil production revenues just after OXY acquired Sirgo's non-operating MLMU working interest ownership.

DOYLE HARTMAN
Oil Operator
3811 TURTLE CREEK BLVD., SUITE 730
DALLAS, TEXAS 75219

(214) 520-1800
(214) 520-0811 FAX

Via Facsimile (915) 682-9719 and Certified Mail

August 3, 1995

Enron Oil Trading and Transportation Company
5805 East Highway 80 (79701)
P.O. Box 1660
Midland, TX 79702

Attn: John Glidewell
Area Manager, COA, West Texas and New Mexico

Re: Myers Langlie Mattix Unit
Lea County, New Mexico

Gentlemen:

On August 6, 1991, Enron Oil Trading and Transportation Company issued corrected Division Order Contracts to Doyle Hartman, Oil Operator corresponding to certain Texaco-operated Myers Langlie Mattix Unit tracts described on the list attached hereto. However, it was brought to my attention today that, notwithstanding Enron's corrected 1991 Division Order Contracts, the production month of March, 1993 was the last month for which we have received payment from Enron for crude oil production corresponding to the Myers Langlie Mattix Unit.

Under paragraph 8, of Enron's 1991 Division Order Contracts between Doyle Hartman, as Seller, and Enron, as Purchaser, the seller is obligated to:

"...give you thirty (30) days prior notice before cancelling or discontinuing any or all of the oil sales being made, or to be made, by each of the hereunder..."

At no time subsequent to our execution of Enron's corrected 1991 Division Order Contracts have we given notice to Enron of our intention to discontinue crude oil sales to Enron and, at no time have we received written notice from Enron of its decision to discontinue such purchases, although, subsequent to March, 1993, we have received some revenue disbursements from Oxy USA, Inc. as

Enron Oil Trading and Transportation Company
August 3, 1995
Page 2

to certain undocumented amounts of MLMU production. Contrary to New Mexico Statute 70-2-18, for almost 2-1/2 years, neither Enron nor the operators of the Myers Langlie Mattix Unit have furnished us with an appropriate accounting of our share of crude oil sales from the subject MLMU tracts and therefore, we ask that you immediately inform us by what legal authority has Enron taken it upon itself to discontinue accounting to us for our rightful portion of crude oil proceeds from the MLMU?

Also, being that Enron has ceased to properly account to us for our share of crude oil production from the subject MLMU tracts, you are respectfully requested to promptly furnish us with monthly crude run statements for the MLMU for the period of time of March, 1991 to the present, which requested statements should include the following unit production and revenue data:

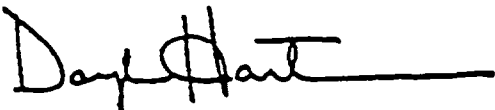
1. Gross MLMU Production
2. Oil Gravity
3. Oil Price
4. Gross Unit Oil Value
5. State Production Tax
6. Net Unit Oil Value

Once we have been furnished with the requested data, we will then be in a better position to independently determine how much money has been improperly withheld from us.

Concerning the considerable disruption to our MLMU oil revenues that was experienced by us in 1991, we are enclosing a copy of Enron's letter to us dated August 15, 1991, wherein Enron pledged its future assistance to prevent such a recurrence. Today, after reviewing Enron's August 15, 1991 letter (copy enclosed), we are amazed that Enron has allowed another serious disruption to occur corresponding to our MLMU oil revenues. Therefore, your prompt attention to this matter is again respectfully requested.

Yours very truly,

DOYLE HARTMAN, Oil Operator



Doyle Hartman

enclosures

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Enron Oil Trading and Transportation Company
August 3, 1995
Page 3

rcp
wpdocs\corresp.dh\enron-mL.msu

cc: Bill Harvey, Division Order Analyst
EOTT
1300 Post Oak Blvd., Suite 2700 (77056)
P.O. Box 4666
Houston, TX 77210-4666
Via Facsimile (713) 993-5821 and Certified Mail

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002385

Doyle Hartman, Oil Operator
Effective Division Order Status as of 8/2/95
Myers Langlie Mattix Waterflood Unit
Lea County, New Mexico

Division Order Control No.	Tract No.	Federal Lease No.	Type Interest	Date	Effective Date	Subsequent Discontinuance Notice	DI100 Tract W.L.	DI100 Tract N.M.L.	MI100 Tract P.L.	DI100 Unit W.L.A.	DI100 Unit N.M.L.	DI100 Unit P.L.A.	DI100 Unit N.M.L.	DI100 Unit P.L.A.	Stipulated Royalty Rate Reduction Credit to N.M.L.	DI100 Current N.M.L.	Current DI100 P.L.A.
43871	19	LC 060834	W.L. R.R.C.	9/1/91	9/1/91	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
5321748	20	LC 060835 (a)	W.L. R.R.C.	9/2/96	9/1/96	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
5321748	21	LC 060835 (a)	W.L. R.R.C.	9/2/96	9/1/96	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
5321748	22	LC 060835 (a)	W.L. R.R.C.	9/2/96	9/1/96	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
43871	23	LC 060835 (b)	W.L. R.R.C.	8/6/91	3/1/91	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
43871	24	LC 060835 (b)	W.L. R.R.C.	8/6/91	3/1/91	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
43871	25	LC 063723	W.L. R.R.C.	8/6/91	3/1/91	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
43871	26	NM 7488	W.L. R.R.C.	8/6/91	3/1/91	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
43871	29	NM 0321613	W.L. R.R.C.	8/6/91	3/1/91	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
43871	29	NM 0321613	W.L. R.R.C.	8/6/91	3/1/91	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
43871	63		A.L.	8/6/91	3/1/91	None	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000	0.0000000
3050700	72		W.L.	2/7/91	12/1/90	None	0.1777344	0.171079	0.0249538	0.0041351	0.0032709	0.7375000	0.0032709	0.7375000	0.0032709	0.0032709	0.7375000
Total																	

(1) Royalty rate reduction credit is equal to 0.125 - 0.037 or 0.088 of 8/6/91 as to above referenced Federal lease;
 i.e., as to Tract 19, R.R.C. = 0.1777344 x 0.088 = 0.0156616 = 0.0001903.

Prepared: 8/6/95
 executed: 8/6/95

ENRON
Oil Trading & Transportation Company

West Texas Office
P. O. Box 10607
Midland, TX 79702
(915) 682-3761

August 15, 1991

Doyle Hartman
P. O. Box 10426
Midland, Texas 79702

Attention: Mr. Bryan Jones
Land Manager

RE: Myers Langlie Mattix Unit

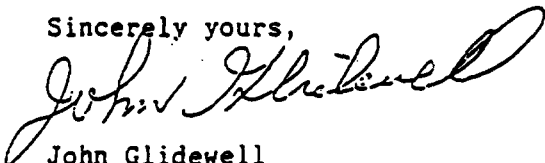
In reference to your letters dated August 6 and August 12, you stated that Enron received a copy of the C-104 from the New Mexico Oil Conservation Department. This is incorrect. Enron received a PL-107 from Texas New Mexico Pipeline based on information provided to them by the C-104 from the NMOCD. The purchaser (Enron) does not receive a copy of the C-104 from the NMOCD. A copy is provided to the transporter (Texas-New Mexico Pipeline) by the NMOCD.

The problems with the Division Orders which were brought to my attention on August 5, 1991 by Carolyn Sebastian have been resolved and the changes reflect that Texaco is the current operator of this Unit. Said Division Orders will be executed by Doyle Hartman and returned to Enron.

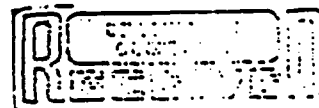
It is further understood that Enron will release money held in suspense for Doyle Hartman by a special check that will be hand delivered today (8-15-91), and that Enron will continue to purchase Doyle Hartman's interest in this unit.

If there are any further problems, questions or correspondence relative to this lease or any other lease in which Enron is involved please call me and I will do everything I can to see that the situation is handled as expediently as possible.

Sincerely yours,



John Glidewell
District Manager
Crude Oil Acquisitions



(AUG 15 1991)

EOTT ENERGY Operating Limited Partnership

P.O. BOX 1660
5805 E. BUSINESS 20
MIDLAND, TEXAS 79702 August 8, 1995
(915) 682-8251

Certified Mail Return Receipt Requested

Mr. Doyle Hartman
Oil Operator
P. O. Box 10426
Midland, TX 79702

Re: Myers Langlie Mattix Unit in Lea County, New Mexico

Dear Mr. Hartman:

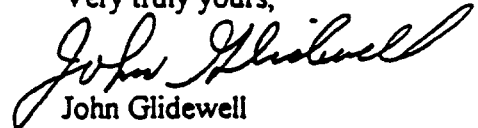
I am in receipt of your letter dated August 3, 1995, addressed to Enron Oil Trading & Transportation Company. Effective January 1, 1993, Enron Oil Trading & Transportation Company changed its name to EOTT Energy Corp. ("EOTT"). Please be advised that EOTT has not been the purchaser of crude oil from the tracts listed on the schedule attached to your letter since March 31, 1993. Effective April 1, 1993, CITGO became the purchaser of production from said tracts.

Since EOTT has not purchased production from your tracts since March, 1993, EOTT does not possess the accounting information requested in your letter, and EOTT has no duty to provide such accounting. You should contact Oxy USA, Inc., and/or CITGO to obtain the information requested in your letter.

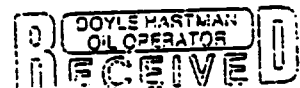
Enclosed is copy of a letter from Texaco Trading and Transportation Inc., to Texas-New Mexico Pipeline Company. This letter was EOTT's first notice that it was no longer the purchaser of production from your tracts.

You said in your letter that you were "amazed that Enron has allowed another serious disruption to occur corresponding to our MLMU oil revenues." Obviously, EOTT does not control the disbursement of proceeds of production that EOTT does not purchase. Likewise, EOTT's division order does not require EOTT to provide you with notice that it is no longer buying production from your tracts when the marketer of that production (Oxy USA, Inc.) unilaterally commences selling such production to another purchaser.

Very truly yours,


John Glidewell
Area Manager

cc: Bill Harvey
Walter Zimmerman



AUG 10 1995



Paul E Fowler
Division Manager
Texas-New Mexico Division

Texaco Trading and Transportation Inc

Two Greenspoint Plaza Suite 600
16835 Northchase Boulevard
Houston TX 77060-6060
713 875 8311

June 2, 1993

Mr. E. H. Gripp
Texas-New Mexico Pipeline Company
P. O. Box 60028
San Angelo, Texas 76906

Re: Myers Langlie Mattix Unit
Lea County, New Mexico
Operated by Texaco Exploration and Production Inc.

Effective April 1, 1993, Oxy USA Inc. designates CITGO as purchaser of interests recently acquired and previously purchased by Enron in the subject unit.

This change affects approximately 1967 BPD which should be run for CITGO's account on Texas-New Mexico Pipeline. The attached exhibit details the changes in purchaser percentages. Please update your records to reflect this change.

Should you have any questions, please contact Jason Staker at (713) 874-2350.

Very truly yours,

Paul E. Fowler

PEF/JS

Attachments

cc: Frank Burek
John Glidewell - Enron
Harry Rathermel
Tom Savage
Bennett Shelton - CITGO
Bob Wyatt

TEXACO EXPLORATION AND PRODUCTION INC. - UNIT OPERATOR
MYERS LANGLIE MATTIX UNIT TRACT ALLOCATION PERCENTAGE
LEA COUNTY, NEW MEXICO
PLDP #0055-2174-0000 - TTTI LEASE #81635
EFFECTIVE APRIL 1, 1993

GATHERER: TEXAS/NEW MEXICO PIPELINE

			PURCHASERS			
SUB	TRACT	TRACT ALLOCATION	AMERADA HESS	CITGO	ENRON	TTTI
	1	1.22311		1.22311		
	2	0.59021		0.59021		
	3	4.16521		4.16521		
	6	0.64225		0.64225		
	7	1.07386		1.07386		
	8	0.36086		0.36086		
	10	2.14022		2.14022		
	11	0.33405		0.33405		
	12	2.07257		2.07257		
	13	1.66580		1.6658		
2178	14	1.54385				1.54385
2179	15	4.11596				4.11596
	16	0.40945		0.40945		
	17	1.19564		1.19564		
	18	0.33599		0.33599		
2192	19	2.49538		2.49538		
8020	20	0.15631				0.15631
8021	21	3.08133				3.08133
8022	22	2.00252				2.00252
2189	23	0.30952		0.30952		
2190	24	0.30468		0.30468		
2191	25	0.91715		0.91715		
	26	3.39996		3.39996		
	27	2.63684		2.63684		
	28	2.19345		2.19345		
	29	1.02337		1.02337		
	30	5.63333	5.63333			
	31	0.59616			0.59616	
8032	32	1.22538				1.22538
	33	2.41311		2.41311		
8034	34	2.57678				2.57678
8035	35	0.08931				0.08931
2180	36	0.33124				0.33124
8037	37	0.76162				0.76162
8038	38	0.15657				0.15657
8039	39	0.94333				0.94333
8040	40	2.69658				2.69658
8041	41	0.39002				0.39002
8042	42	0.27833				0.27833
	43	0.26781		0.26781		
	44	1.29114				1.29114
	45	0.02187		0.02187		
	46	0.45346		0.45346		
	47	0.06561		0.06561		
8048	48	0.04581				0.04581
	49	3.29505		3.29505		
	50	1.33259		1.33259		
	51	0.18398		0.18398		

TEXACO EXPLORATION AND PRODUCTION IN -- UNIT OPERATOR
 MYERS LANGLIE MATTIX UNIT TRACT ALLOCATION PERCENTAGE
 LEA COUNTY, NEW MEXICO
 PLDP #0055-2174-0000 -- TTTI LEASE #81635
 EFFECTIVE APRIL 1, 1993

GATHERER: TEXAS/NEW MEXICO PIPELINE

			PURCHASERS			
SUB	TRACT	TRACT ALLOCATION	AMERADA HESS	CITGO	ENRON	TTTI
	53	0.31075				0.31075
	54	0.26871		0.26871		
	55	0.23648				0.23648
	56	1.15151		0.44081		0.71070
	57	1.37678				1.37678
	58	0.85761		0.85761		
	59	1.43644		1.43644		
2181	60	1.38687				1.38687
2182	61	1.10778				1.10778
2183	62	2.09278		0.03269		2.06009
	63	2.10707		2.10707		
	64	1.50062		1.50062		
8065	65	1.91167		0.12695		1.78472
	66	4.41344		4.41344		
	68	3.85760				3.85760
8069	69	2.34135				2.34135
	70	0.27581		0.27581		
	71	0.29746		0.29746		
	72	1.85423		1.85423		
	73	0.59021	0.29510	0.29511		
	74	1.06063		1.06063		
8075	75	0.50868				0.50868
	76	0.75123		0.75123		
8077	77	0.18322				0.18322
	79	0.38667		0.38667		
	80	0.71139		0.71139		
8081	81	0.91263		0.04225		0.87038
TOTALS		100.00000	5.92843	54.38217	0.59616	39.09324

prepared by JTS on June 2, 1993

Myers I le Mattix
Summary of Hartman Revenue by Purchaser
January 1992 thru June 1995

EMROIN					TEXACO					CITGO					OXYGEN					TOTAL				
VOLUME	GROSS	PRICE	TAXES	NET	VOLUME	GROSS	PRICE	TAXES	NET	VOLUME	GROSS	PRICE	TAXES	NET	VOLUME	GROSS	PRICE	TAXES	NET	VOLUME	GROSS	PRICE	TAXES	NET
180.46	2,773.10	15.36	211.00	2,562.10	184.24	2,828.42	15.36	230.13	2,598.29	164.16	2,364.36	15.00	185.16	2,179.20	420.88	8,007.87	18.83	765.71	7,242.16	420.88	8,007.87	18.83	765.71	7,242.16
180.00	2,865.32	15.36	211.00	2,654.32	200.34	2,864.36	15.36	242.37	2,621.99	162.07	2,402.71	15.36	194.04	2,207.67	433.01	8,330.36	18.83	783.41	7,546.95	433.01	8,330.36	18.83	783.41	7,546.95
207.70	3,188.81	15.36	240.01	2,948.80	223.83	3,183.83	15.36	260.81	2,923.02	170.70	2,708.00	15.36	215.00	2,492.64	611.51	9,338.66	18.83	740.44	8,598.22	611.51	9,338.66	18.83	740.44	8,598.22
185.90	3,366.53	16.87	268.00	3,098.53	208.41	3,452.53	16.87	271.33	3,181.20	180.37	2,817.00	16.87	221.43	2,595.57	611.51	9,338.66	18.83	740.44	8,598.22	611.51	9,338.66	18.83	740.44	8,598.22
185.74	3,411.35	17.44	268.00	3,143.35	208.41	3,497.35	17.44	282.50	3,214.85	180.37	2,862.00	17.44	221.43	2,640.57	611.51	9,338.66	18.83	740.44	8,598.22	611.51	9,338.66	18.83	740.44	8,598.22
177.21	3,337.87	18.83	282.20	3,055.67	188.74	3,315.77	18.83	278.78	3,037.00	153.43	2,800.00	18.83	227.18	2,572.82	533.92	8,118.07	18.83	763.30	7,354.77	533.92	8,118.07	18.83	763.30	7,354.77
182.66	3,304.68	18.10	281.15	3,023.53	188.74	3,304.68	18.10	278.78	3,025.90	153.43	2,800.00	18.10	227.18	2,572.82	533.92	8,118.07	18.10	763.30	7,354.77	533.92	8,118.07	18.10	763.30	7,354.77
181.06	3,302.11	17.76	280.25	3,021.86	188.74	3,302.11	17.76	278.78	3,024.89	153.43	2,800.00	17.76	227.18	2,572.82	533.92	8,118.07	17.76	763.30	7,354.77	533.92	8,118.07	17.76	763.30	7,354.77
181.06	3,317.77	18.13	281.00	3,036.77	188.74	3,317.77	18.13	278.78	3,038.99	153.43	2,800.00	18.13	227.18	2,572.82	533.92	8,118.07	18.13	763.30	7,354.77	533.92	8,118.07	18.13	763.30	7,354.77
188.74	3,401.40	18.13	280.25	3,121.15	188.74	3,401.40	18.13	278.78	3,122.89	153.43	2,800.00	18.13	227.18	2,572.82	533.92	8,118.07	18.13	763.30	7,354.77	533.92	8,118.07	18.13	763.30	7,354.77
182.44	3,404.40	18.74	280.25	3,124.15	188.74	3,404.40	18.74	278.78	3,125.89	153.43	2,800.00	18.74	227.18	2,572.82	533.92	8,118.07	18.74	763.30	7,354.77	533.92	8,118.07	18.74	763.30	7,354.77
175.77	3,280.38	15.82	218.70	3,061.68	188.74	3,280.38	15.82	218.70	3,063.68	153.43	2,800.00	15.82	218.70	2,581.30	533.92	8,118.07	15.82	763.30	7,354.77	533.92	8,118.07	15.82	763.30	7,354.77
178.03	3,280.38	16.48	218.70	3,061.68	188.74	3,280.38	16.48	218.70	3,063.68	153.43	2,800.00	16.48	218.70	2,581.30	533.92	8,118.07	16.48	763.30	7,354.77	533.92	8,118.07	16.48	763.30	7,354.77
183.28	3,600.31	18.48	311.70	3,288.61	188.74	3,600.31	18.48	311.70	3,290.61	153.43	2,800.00	18.48	311.70	2,888.31	533.92	8,118.07	18.48	763.30	7,354.77	533.92	8,118.07	18.48	763.30	7,354.77
177.10	2,867.70	18.80	232.70	2,635.00	188.74	2,867.70	18.80	232.70	2,637.00	153.43	2,800.00	18.80	232.70	2,635.00	533.92	8,118.07	18.80	763.30	7,354.77	533.92	8,118.07	18.80	763.30	7,354.77
2,701.40	44,996.80	16.80	3,645.31	41,351.49	5,000.10	78,325.87	16.70	5,100.85	73,225.02	5,000.10	78,325.87	16.70	5,100.85	73,225.02	5,000.10	78,325.87	16.70	5,100.85	73,225.02	5,000.10	78,325.87	16.70	5,100.85	73,225.02

1/1/93 Oxy assumed operations from Texaco of the Myers Le Mattix Unit. However, prior to Oxy's assumption of MLU operations proper authority and/or ownership, effective 6/1/93 Oxy improperly took control of Doyle Hartman's MLU of production, and 1/1/94 Oxy improperly assumed control of an additional portion of Doyle Hartman's MLU of production. Moreover, although crude oil price was based on common prices in the Petroleum Bulletin for approximately two years, Oxy has withheld crude oil price increases from us and Doyle Hartman's royalty interest owners.

KELLAHIN AND KELLAHIN

ATTORNEYS AT LAW

EL PATIO BUILDING

117 NORTH GUADALUPE

POST OFFICE BOX 2265

SANTA FE, NEW MEXICO 87504-2265

W. THOMAS KELLAHIN*

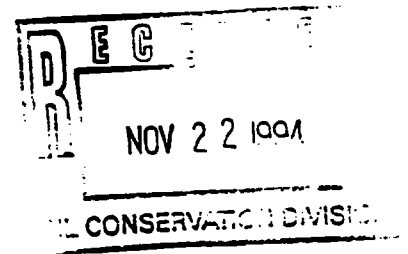
*NEW MEXICO BOARD OF LEGAL SPECIALIZATION
RECOGNIZED SPECIALIST IN THE AREA OF
NATURAL RESOURCES-OIL AND GAS LAW

JASON KELLAHIN (RETIRED 1991)

TELEPHONE (505) 962-4265
TELEFAX (505) 962-2047

November 22, 1994

HAND DELIVERED



Mr. Michael E. Stogner
Chief Hearing Examiner
Oil Conservation Division
2040 South Pacheco
Santa Fe, New Mexico 87505

Re: Application of OXY USA Inc. for Approval of
an Expansion of its Myers Langlie-Mattix Unit
Waterflood Project and to Qualify Said Expansion
for the Recovered Oil Tax Rate Pursuant to the
"New Mexico Enhanced Oil Recovery Act",
Lea County, New Mexico

Dear Mr. Stogner:

On behalf of OXY USA Inc., please find enclosed our referenced application which we request be set for hearing on the next available Examiner's docket now scheduled for December 15, 1994.

By copy of this letter and application, sent certified mail, we are notifying all interested parties within a 1/2 mile radius of the subject injection well of their right to appear at the hearing and participate in this case, including the right to present evidence either in support of or in opposition to the application and that failure to appear at the hearing may preclude them from any involvement in this case at a later date.

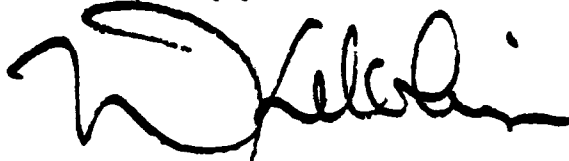


Mr. Michael E. Stogner
November 22, 1994
Page 2

Pursuant to the Division's Memorandum 2-90, all parties are hereby informed that if they appear in this case, then they are requested to file a Pre-Hearing Statement with the Division not later than 4:00 PM on Friday, December 9, 1994, with a copy delivered to the undersigned.

Also enclosed is our proposed advertisement of this case for the NMOCD docket.

Very truly yours,

A handwritten signature in black ink, appearing to read 'W. Thomas Kellahin', written over a horizontal line.

W. Thomas Kellahin

Enclosure

cc: OXY USA Inc. (Midland) and
By Certified Mail - Return Receipt
All Parties Listed in Application

PROPOSED ADVERTISEMENT

CASE _____ Application of OXY USA Inc. for approval of an expansion to a waterflood project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant, in the above styled cause, seeks approval of an Expansion of its Myers Langlie-Mattix Unit Waterflood Project by means of a significant changes in process including the approval of the conversion of 17 producers to injection wells. Applicant further seeks an order pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order R-9708, qualifying portions of its Myers Langlie-Mattix Unit Waterflood Project, located in various parts of Section 36, T23S, R36E, and in Sections 31 and 32. T23S, R37E, and in Sections 5 and 6, T24S, R37E, NMPM, Queen formation of the Langlie-Mattix Seven Rivers Queen Grayburg Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project area is located approximately 9 miles north of Jal, New Mexico.

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

IN THE MATTER OF THE APPLICATION OF
OXY USA INC. TO AUTHORIZE THE EXPANSION
OF A PORTION OF ITS MYERS LANGLIE-MATTIX
UNIT WATERFLOOD PROJECT AND TO QUALIFY
SAID EXPANSION FOR THE RECOVERED OIL
TAX RATE PURSUANT TO THE "NEW MEXICO
ENHANCED OIL RECOVERY ACT,"
LEA COUNTY, NEW MEXICO

DEB

MAY 22 1994

CASE NO. _____

APPLICATION

Comes now OXY USA INC., by its attorneys, Kellahin & Kellahin, and pursuant to the New Mexico "Enhanced Oil Recovery Act" and to Division Rule 701(G) applies to the New Mexico Oil Conservation Division approval of an expansion of its Myers Langlie-Mattix Unit Waterflood Project by means of a significant changes in process including the approval of the conversion of 16 producers to injection wells, to reactivate a plugged injector and an order pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order R-9708, qualifying portions of its Myers Langlie-Mattix Unit Waterflood Project, located in various parts of Section 36, T23S, R36E, and in Sections 31 and 32, T23S, R37E, and in Sections 5 and 6, T24S, R37E, NMPM, Queen formation of the Langlie-Mattix Seven Rivers Queen Grayburg Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5).

(1) Oxy USA Inc. ("OXY") is the current operator of the Myers Langlie-Mattix Unit ("Unit") which was approved by Division Order R-4660 issued November 16, 1973 and the Myers Langlie-Mattix Unit Waterflood Project ("Existing EOR Project") which was approved by Division Order R-4680 issued effective November 20, 1973.

(2) At the time of unitization approval by the Division on November 16, 1973, the Unit encompassed 9923.68 acres. Waterflood operations were initiated during the 1970s on 80-acre five-spot injection patterns.

(3) Ultimate primary oil recovery from the Unit has been 9,000 MBBL. As of October 31, 1994, total oil production from the Unit was 15,200,000 barrels. Under the proposed 40-acre five-spot patterns, ultimate secondary oil recovery is estimated at 1600 MBBL.

(4) The Unit is currently producing at 613 BOPD and 7032 BWPD from 93 active producers. Only 62 injectors are currently active. Approximately 688 MBBL of reserves remain under the current mode of operations.

(5) OXY seeks to expand a portion of this Unit by means of a significant change in the process used for the displacement of crude oil by a 20-acre infill drilling, reworking, establishment of water injection and initiation of 40-acre, 5-spot patterns for the Unit.

(6) OXY seeks approval to convert 16 producers to injection wells, to utilize plugged injection well (Unit Well No. 134) again for injection for the Waterflood Project and authorization for the necessary changes to convert the waterflood project from 80-acre five spot patterns to 20-acre infill with 40-acre 5-spot patterns.

(7) The estimated amount of recoverable oil attributable to a Positive Production Response from the Expanded Use of enhanced oil recovery technology for a portion of this existing EOR Project is 1,600,000 barrels of additional oil.

NMOCD Application
of OXY USA INC.
Page 3

(8) In accordance with Division Order R-9708, the following is submitted:

a. Operator's name and address:

OXY USA INC.
P. O. Box 50250
Midland, Texas 79710

b. Description of the Expanded Use area:

(1) Plat outlining Expanded Use area:

See Exhibit "A"

(2) Description of the Expanded Use Area:

T23S, R36E NMPM

Sec. 36: SE/4SE/4NE/4
NE/4NE/4SE/4

T23S, R37E, NMPM

Sec. 31: S/2S/2NW/4
SW/4SW/4NE/4
E/2SW/4
E/2W/2SW/4
NW/4NW/4SW/4
S/2SE/4
S/2N/2SE/4
NW/4NW/4SE/4
Sec. 32: S/2NW/4SW/4
SW/4NE/4SW/4
W/2SE/4SW/4
SW/4SW/4

T24S, R37E, NMPM

Sec 5: W/2NW/4
W2/2E/2NW/4
NW/4SW/4
W/2NE/4SW/4
N/2SW/4SW/4
NW/4SE/4SW/4

Sec 6: NE/4NW/4NW/4
N/2NE/4NW/4
N/2N/2NE/4
SE/4NE/4NE/4
E/2SE/4NE/4
E/2NE/4SE/4
NE/4SE/4SE/4

(3) Total acres in Expanded Use Area:

760 acres, more or less

(4) Name of the subject Pool and formation:

Queen formation of the
Langlie-Mattix Seven Rivers
Queen Grayburg Pool

c. Status of operations in the project area:

(1) unit name:

Myers Langlie-Mattix Unit
Order R-4660 issued November 16, 1973

(2) N/A

(3) N/A

d. Method of recovery to be used:

- (1) injected fluids: water
- (2) Approved by Order R-4680
issued November 20, 1973
- (3) N/A

e. Description of the Expanded Use Area:

- (1) a list of producing wells:
See Exhibit "B"
- (2) a list of injection wells:
See Exhibit "B" and "C"

(3) Capital cost of additional facilities:

Drill & Equip 18 producers: \$3,660,000
Convert 17 producers to injec: 690,000
Upgrade Battery/injec.facil: 750,000

(4) Total Project Costs:

\$5,100,000.

(5) Estimated total value of the additional
production that will be recovered as a
result of this Expanded Use Area:

An additional 1,600,000 barrels of oil
with a current undiscounted value
of \$ 14.8 million dollars

- (6) Anticipated date of commencement of
injection:
as soon as possible after
OCD approval, if granted.

(7) the type of fluid to be injected and the anticipated volumes:

water injected at an estimated
rate of 300 BWPD

(8) Explanation of changes in technology:

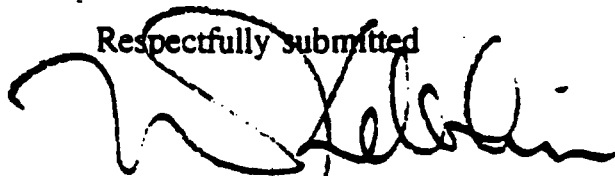
OXY proposes to utilize changes in technology and the process to be used for displacement of oil as approved by Division Order R-9955-A, issued April 29, 1994, for the OXY USA Inc.'s Skelly Penrose "B" Unit Waterflood Project

f. Production data:

See attached graphs marked as Exhibits "D" "E" and "F" to show the production history and production forecast of oil, gas, casinghead gas and water from the project area.

Wherefore, Applicant requests that this application be set for hearing and that after said hearing, the Division enter its order approving this application.

Respectfully submitted



W. Thomas Kellahin
KELLAHIN & KELLAHIN
P.O. Box 2265
Santa Fe, New Mexico 87504
(505) 982-4285

NMOCD Application
of OXY USA INC.
Page

CERTIFICATION

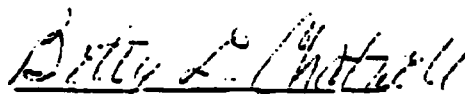
STATE OF TEXAS)
) SS.
COUNTY OF MIDLAND)

I, Scott Gengler, having been first duly sworn, state that I am a petroleum engineer, a duly authorized representative of OXY USA Inc, have knowledge of the facts herein and therefor certify that the facts set forth in this Application are true and accurate to the best of my own knowledge and belief.


Scott Gengler

STATE OF TEXAS)
) SS.
COUNTY OF MIDLAND)

The foregoing certificate was signed and acknowledged before me on this 2nd day of November, 1994, by Scott Gengler.


Notary Public

My Commission Expires:

11-15-97



NOV 22 1991

PROPOSED ADVERTISEMENT

CASE _____ Application of OXY USA Inc. for approval of an expansion to a waterflood project and to qualify said project for the recovered oil tax rate pursuant to the Enhanced Oil Recovery Act, Lea County, New Mexico. Applicant, in the above styled cause, seeks approval of an Expansion of its Myers Langlie-Mattix Unit Waterflood Project by means of a significant changes in process including the approval of the conversion of 16 producers to injection wells and to reactivate Unit Well No. 134 as an injection well. Applicant further seeks an order pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order R-9708, qualifying portions of its Myers Langlie-Mattix Unit Waterflood Project, located in various parts of Section 36, T23S, R36E, and in Sections 31 and 32, T23S, R37E, and in Sections 5 and 6, T24S, R37E, NMPM, Queen formation of the Langlie-Mattix Seven Rivers Queen Grayburg Pool, for the recovered oil tax rate under the "Enhanced Oil Recovery Act" (Law 1992, Chapter 38, Sections 1 through 5). Said project area is located approximately 9 miles north of Jal, New Mexico.

Service List

Government Agencies

Bureau of Land Management
attn: Vince Baldarez
P.O. Box 1157
Hobbs, NM 88240

State of New Mexico Land Office
3830 N. Grimes, Ste C
Hobbs, NM 88240

Offset Operators

Amerada Hess Corp
Drawer D
Monument, NM 88265

Amoco Production Company
P.O. Box 3092
Houston, TX 77253

Arco Oil & Gas Company
P.O. Box 1610
Midland, TX 79701

Lewis B. Burleson Inc.
P.O. Box 2479
Midland, TX 79702

Conoco, Inc.
10 Desta Dr., Ste 100W
Midland, TX 79705

Great Western Drilling
P.O. Box 1659
Midland, TX 79702

Doyle Hartman
500 N. Main
Midland, TX 79701

Lanexco Inc.
P.O. Box 2730
Midland, TX 79702

Meridian Oil, Inc.
21 Desta Dr.
Midland, TX 79705

Neill Properties, Ltd.
O. Box 2840
Midland, TX 79702

Exxon Exploration & Producing Inc.
P.O. Box 730
Lubbock, NM 88241

Interface Owners

Christie Gas Corp.
21 MOPAC Expressway Ste 515
Austin, TX 78746

Jimmy Doom
Far Route
1, NM 88252

Map Wells Ranch
Far Route 1, Box 244
Dalhart, NM 88252

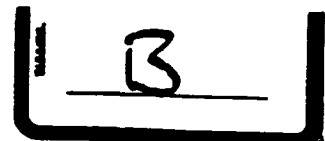
100% DEVELOPMENT PLANS
100% DEVELOPMENT PLANS
100% DEVELOPMENT PLANS

EXHIBIT
A

100% DEVELOPMENT PLANS

100% DEVELOPMENT PLANS

**Myers Langlie Mattix Unit
Current Status**



Well	Location	Status
Myers Langlie Mattix Unit #70	1980' FNL & 660' FEL, Sec 36, T23S, R36E	Inactive Producer
Myers Langlie Mattix Unit #71	1980' FNL & 660' FWL, Sec 31, T23S, R37E	Active Injector
Myers Langlie Mattix Unit #72	1980' FNL & 1980' FWL, Sec 31, T23S, R37E	Inactive Producer
Myers Langlie Mattix Unit #73	1980' FNL & 1980' FEL, Sec 31, T23S, R37E	Active Injector
Myers Langlie Mattix Unit #93	1980' FSL & 1750' FWL, Sec 32, T23S, R37E	Active Injector
Myers Langlie Mattix Unit #94	1980' FSL & 760' FWL, Sec 32, T23S, R37E	Inactive Producer
Myers Langlie Mattix Unit #95	1980' FSL & 660' FEL, Sec 31, T23S, R37E	Active Injector
Myers Langlie Mattix Unit #96	1979' FSL & 1980' FEL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #97	1980' FSL & 1980' FWL, Sec 31, T23S, R37E	Inactive Injector
Myers Langlie Mattix Unit #98	1980' FSL & 660' FWL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #99	1980' FSL & 660' FEL, Sec 36, T23S, R36E	Inactive Injector
Myers Langlie Mattix Unit #105	660' FSL & 660' FWL, Sec 31, T23S, R37E	Active Injector
Myers Langlie Mattix Unit #106	660' FSL & 1936' FWL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #107	660' FSL & 1980' FEL, Sec 31, T23S, R37E	Active Injector
Myers Langlie Mattix Unit #109	660' FSL & 660' FWL, Sec 32, T23S, R37E	Active Injector
Myers Langlie Mattix Unit #132	660' FNL & 1980' FWL, Sec 5, T24S, R37E	Active Injector
Myers Langlie Mattix Unit #133	660' FNL & 660' FWL, Sec 5, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #134	660' FNL & 660' FEL, Sec 6, T24S, R37E	Inactive
Myers Langlie Mattix Unit #135	760' FNL & 2080' FEL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #136	660' FNL & 1980' FWL, Sec 6, T24S, R37E	Active Injector
Myers Langlie Mattix Unit #137	660' FNL & 626' FWL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #141	1962' FNL & 660' FEL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #142	1962' FNL & 660' FWL, Sec 5, T24S, R37E	Active Injector
Myers Langlie Mattix Unit #143	1960' FNL & 1905' FWL, Sec 5, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #169	1980' FSL & 1980' FWL, Sec 5, T24S, R37E	Active Injector
Myers Langlie Mattix Unit #170	1980' FSL & 330' FWL, Sec 5, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #171	1980' FSL & 660' FEL, Sec 6, T24S, R37E	Active Injector
Myers Langlie Mattix Unit #176	660' FSL & 660' FEL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #177	660' FSL & 990' FWL, Sec 5, T24S, R37E	Active Injector
Myers Langlie Mattix Unit #178	660' FSL & 1980' FWL, Sec 5, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #251	660' FSL & 2096' FWL, Sec 32, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #252	685' FSL & 660' FEL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #256	105' FNL & 1310' FWL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #258	2560' FSL & 120' FWL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #259	2620' FNL & 1340' FWL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #260	2535' FSL & 2563' FWL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #261	1340' FSL & 1300' FWL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #262	1350' FSL & 2380' FWL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #263	1398' FSL & 1564' FEL, Sec 31, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #264	1400' FSL & 160' FWL, Sec 32, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #265	1460' FSL & 1340' FWL, Sec 32, T23S, R37E	Active Producer
Myers Langlie Mattix Unit #266	100' FNL & 2556' FWL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #267	190' FNL & 1460' FEL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #268	139' FNL & 372' FEL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #269	238' FNL & 1274' FWL, Sec 5, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #270	1410' FNL & 90' FEL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #271	1340' FNL & 1030' FWL, Sec 5, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #272	2620' FNL & 90' FEL, Sec 6, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #273	2533' FNL & 1350' FWL, Sec 5, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #274	1300' FSL & 120' FWL, Sec 5, T24S, R37E	Active Producer
Myers Langlie Mattix Unit #275	1340' FSL & 1340' FWL, Sec 5, T24S, R37E	Active Producer

Myers Langlie Mattix Unit
Proposed Status

<u>Well</u>	<u>Location</u>	<u>Status</u>
Myers Langlie Mattix Unit #70	1980' FNL & 660' FEL, Sec 36, T23S, R36E	Injector
Myers Langlie Mattix Unit #71	1980' FNL & 660' FWL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #72	1980' FNL & 1980' FWL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #73	1980' FNL & 1980' FEL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #93	1980' FSL & 1750' FWL, Sec 32, T23S, R37E	Injector
Myers Langlie Mattix Unit #94	1980' FSL & 760' FWL, Sec 32, T23S, R37E	Injector
Myers Langlie Mattix Unit #95	1980' FSL & 660' FEL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #96	1979' FSL & 1980' FEL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #97	1980' FSL & 1980' FWL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #98	1980' FSL & 660' FWL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #99	1980' FSL & 660' FEL, Sec 36, T23S, R36E	Injector
Myers Langlie Mattix Unit #105	660' FSL & 880' FWL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #106	660' FSL & 1936' FWL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #107	660' FSL & 1980' FEL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #109	660' FSL & 660' FWL, Sec 32, T23S, R37E	Injector
Myers Langlie Mattix Unit #132	660' FNL & 1980' FWL, Sec 5, T24S, R37E	Injector
Myers Langlie Mattix Unit #133	660' FNL & 660' FWL, Sec 5, T24S, R37E	Injector
Myers Langlie Mattix Unit #134	660' FNL & 660' FEL, Sec 6, T24S, R37E	Injector
Myers Langlie Mattix Unit #135	760' FNL & 2080' FEL, Sec 6, T24S, R37E	Injector
Myers Langlie Mattix Unit #136	660' FNL & 1980' FWL, Sec 6, T24S, R37E	Injector
Myers Langlie Mattix Unit #137	660' FNL & 626' FWL, Sec 6, T24S, R37E	Injector
Myers Langlie Mattix Unit #141	1962' FNL & 660' FEL, Sec 6, T24S, R37E	Injector
Myers Langlie Mattix Unit #142	1962' FNL & 660' FWL, Sec 5, T24S, R37E	Injector
Myers Langlie Mattix Unit #143	1960' FNL & 1905' FWL, Sec 5, T24S, R37E	Injector
Myers Langlie Mattix Unit #169	1980' FSL & 1980' FWL, Sec 5, T24S, R37E	Injector
Myers Langlie Mattix Unit #170	1980' FSL & 330' FWL, Sec 5, T24S, R37E	Injector
Myers Langlie Mattix Unit #171	1980' FSL & 660' FEL, Sec 6, T24S, R37E	Injector
Myers Langlie Mattix Unit #176	660' FSL & 660' FEL, Sec 6, T24S, R37E	Injector
Myers Langlie Mattix Unit #177	660' FSL & 990' FWL, Sec 5, T24S, R37E	Injector
Myers Langlie Mattix Unit #178	660' FSL & 1980' FWL, Sec 5, T24S, R37E	Injector
Myers Langlie Mattix Unit #251	660' FSL & 2096' FWL, Sec 32, T23S, R37E	Injector
Myers Langlie Mattix Unit #252	685' FSL & 660' FEL, Sec 31, T23S, R37E	Injector
Myers Langlie Mattix Unit #256	105' FNL & 1310' FWL, Sec 6, T24S, R37E	Producer
Myers Langlie Mattix Unit #258	2560' FSL & 120' FWL, Sec 31, T23S, R37E	Producer
Myers Langlie Mattix Unit #259	2620' FNL & 1340' FWL, Sec 31, T23S, R37E	Producer
Myers Langlie Mattix Unit #260	2535' FSL & 2563' FWL, Sec 31, T23S, R37E	Producer
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Myers Langlie Mattix Unit #268	139' FNL & 372' FEL, Sec 6, T24S, R37E	Producer
Myers Langlie Mattix Unit #269	238' FNL & 1274' FWL, Sec 5, T24S, R37E	Producer
Myers Langlie Mattix Unit #270	1410' FNL & 90' FEL, Sec 6, T24S, R37E	Producer
Myers Langlie Mattix Unit #271	1340' FNL & 1030' FWL, Sec 5, T24S, R37E	Producer
Myers Langlie Mattix Unit #272	2620' FNL & 90' FEL, Sec 6, T24S, R37E	Producer
Myers Langlie Mattix Unit #273	2533' FNL & 1350' FWL, Sec 5, T24S, R37E	Producer
Myers Langlie Mattix Unit #274	1300' FSL & 120' FWL, Sec 5, T24S, R37E	Producer

OXY USA Inc.

Myers Langlie Matlix Unit # 70
1980' FSL & 660' FEL, Sec 36, T-23-S, R-36-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 72
1980' FNL & 1980' FWL, Sec 31, T-23-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 94
980' FSL & 760' FWL, Sec 31, T-23-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 96
979' FSL & 1980' FEL, Sec 31, T-23-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 98
1980' FSL & 660' FWL, Sec 31, T-23-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 106
60' FSL & 193' FEL, Sec 31, T-23-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 133
660' FNL & 660' FWL, Sec 5, T-24-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 134
660' FNL & 660' FEL, Sec 6, T-24-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 135
760' FNL & 2080' FEL, Sec 6, T-24-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 137
660' FNL & 626' FWL, Sec 6, T-24-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 141
1961.5' FNL & 660' FEL, Sec 6, T-24-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 143
1959.54' FNL & 1905' FEL, Sec 5, T-24-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 170
1980' FSL & 330' FWL, Sec 5, T-24-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 176
660' FSL & 660' FEL, Sec 6, T-24-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

OXY USA Inc.

Myers Langlie Matlix Unit # 178
660' FSL & 1980' FWL, Sec 5, T-24-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

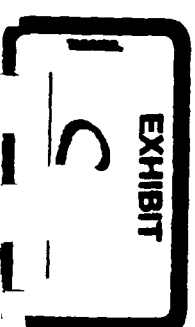
OXY USA Inc.

Myers Langlie Matlix Unit # 251
660' FSL & 2096' FWL, Sec 32, T-23-S, R-37-E
Lea County, New Mexico

INJECTION WELL DATA SHEET

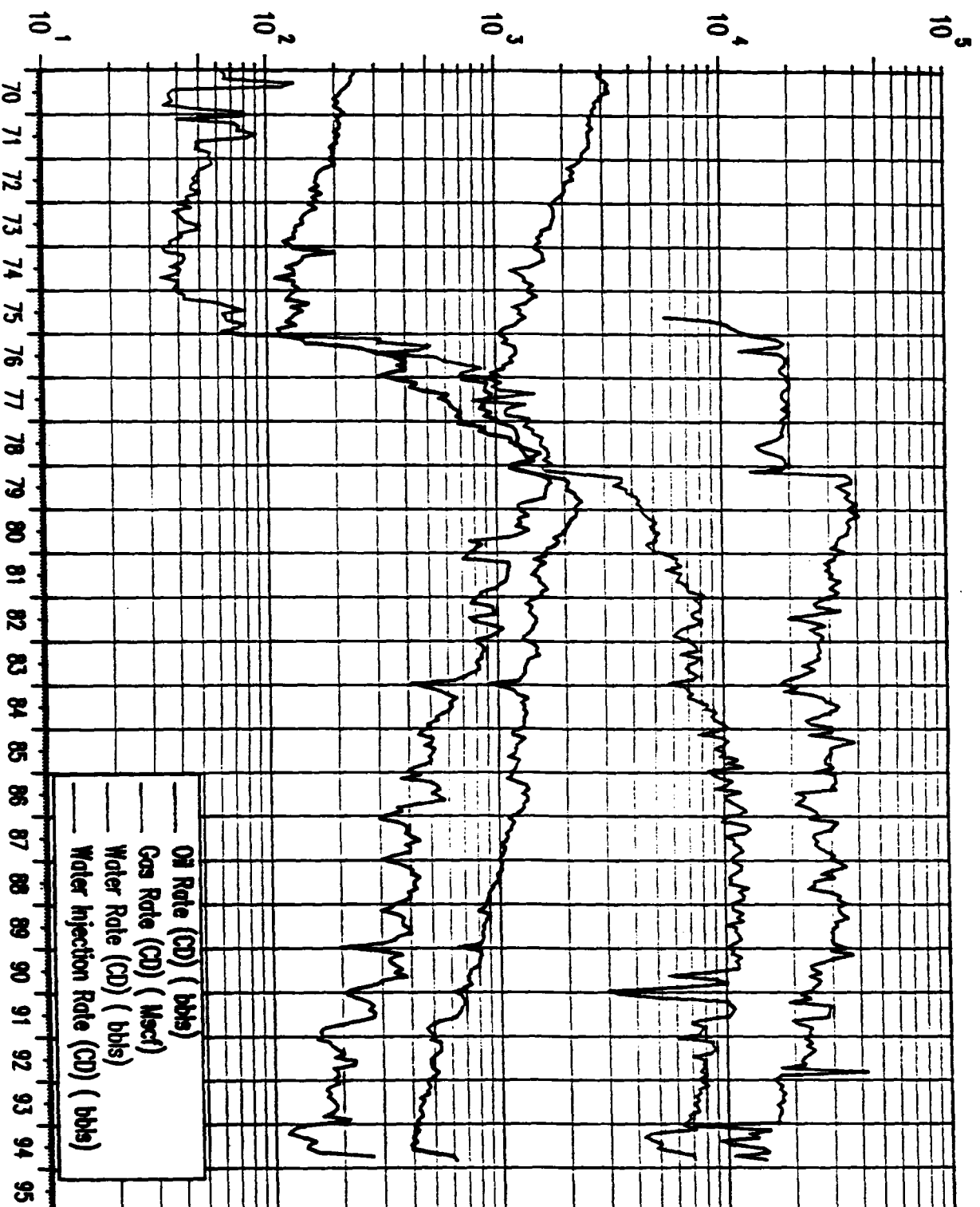
OXY USA Inc.

Myers Langlie Matlix Unit # 252
685' FSL & 660' FEL, Sec 32, T-23-S, R-37-E
Lea County, New Mexico

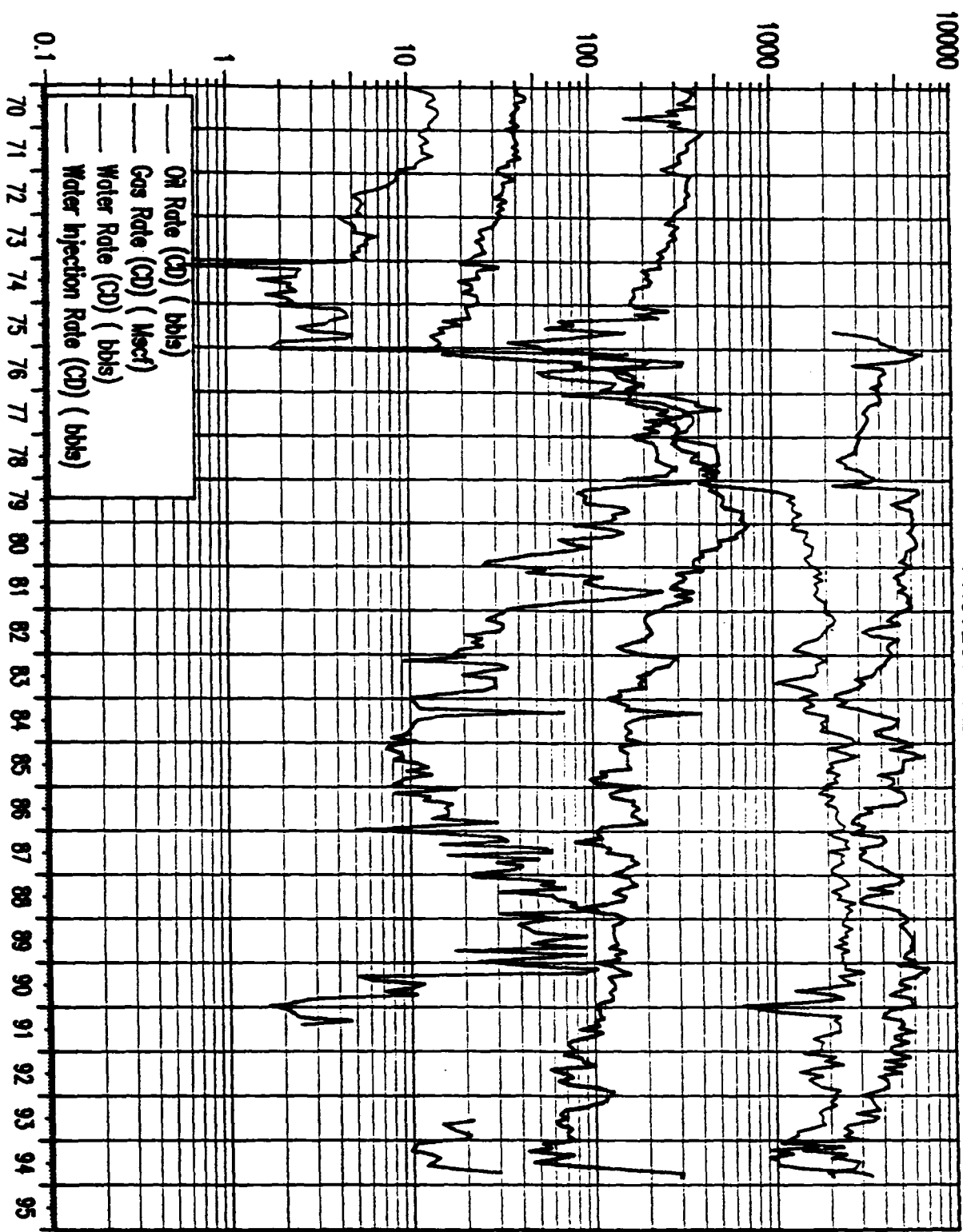


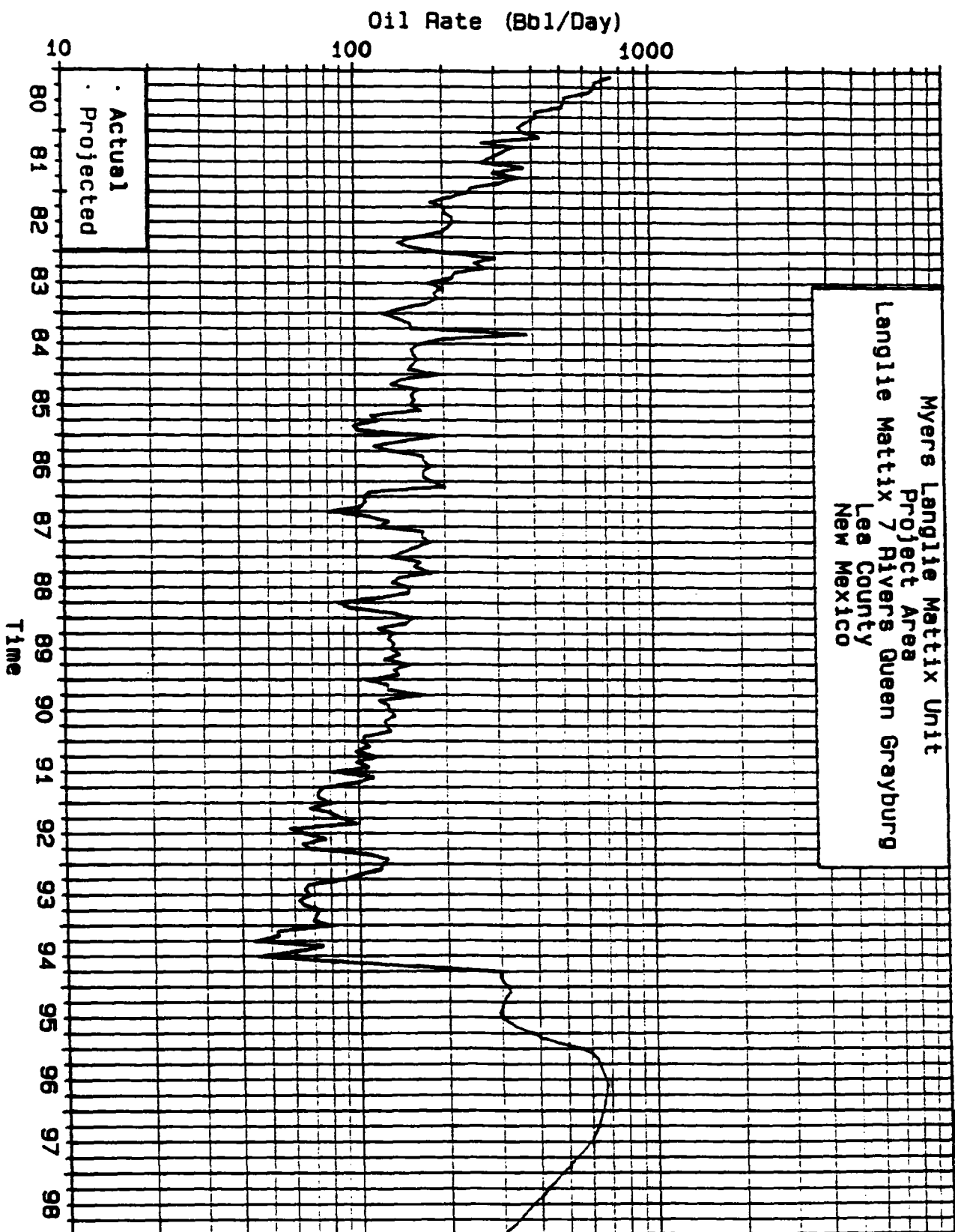
MYERS LANGLEY MATTIX UNIT

EXHIBIT
1
D



MYERS LANGLEIE MATTIX UNIT
PROJECT AREA





DOYLE HARTMAN

Oil Operator

500 NORTH MAIN

P.O. BOX 10428

MIDLAND, TEXAS 79702

(915) 684-4011

(915) 682-7616 FAX

Via Facsimile (713) 646-4305 & (915) 684-0501 and U.S. Mail

April 22, 1997

**Les Harding, Director of Crude Oil Trading
Scurlock Permian Corporation
333 Clay Street, Suite 2900 (77002)
P.O. Box 4648
Houston, Texas 77210-4648**

**Robert Schaffer, Marketing Representative
Scurlock Permian Corporation
3705 E. Hwy. 158 (79701)
P.O. Box 3119
Midland, Texas 79702**

**Re: Positive Production Response Certification
EOR Tax Credit
Myers Langlie Mattix Unit
T-23-S and T-24-S, R-36-E and R-37-E
Lea County, New Mexico**

Gentlemen:

Today, independent of OXY USA, Inc., we have learned that the NMOCD recently issued a "Certificate of Positive Production Response" dated February 6, 1997 (effective August 1, 1995) corresponding to OXY USA, Inc.'s Myers Langlie Mattix Waterflood Project located in T-23-S and T-24-S, R-36-E and R-37-E, Lea County, New Mexico. A copy of the NMOCD's "Certificate of Positive Production Response" is enclosed herewith. Additionally enclosed are copies of the *Enhanced Oil Recovery Act* [Sections 7-29A-1 through 7-29A-5 NMSA 1978] and State of New Mexico Taxation and Revenue Department *Enhanced Oil Recovery Application and Reporting Instructions*.

Since our files were previously devoid of this vital tax credit information, we respectfully request that Scurlock please review our prior MLMU crude oil payments back to September 1, 1995 to determine

Les Harding, Director of Crude Oil Trading
Robert Schaffer, Marketing Representative
Scurlock Permian Corporation
April 22, 1997
Page 2

whether or not we have been benefiting from the subject MLMU Enhanced Oil Recovery (EOR) tax credit, which became effective August 1, 1995, as per the recent NMOCD certification. If we have been benefiting from the approved EOR production tax credit, please let us know precisely when the credit became effective. If we have not been benefiting from the subject EOR tax credit, please make the tax credit effective with the production month of April, 1997.

On Scurlock's monthly disbursement statements, please also report to us that portion of the total MLMU oil production that qualifies for the approved EOR tax credit. By copy of this letter, we are hereby requesting that OXY furnish both Doyle Hartman and Scurlock with the appropriate. ONGARD Production Unit Numbers for those wells that do qualify for the subject EOR tax credit.

Your prompt attention to this matter is greatly appreciated.

Very truly yours,

DOYLE HARTMAN, Oil Operator

Linda Land

Linda Land
Controller

enclosures

rsp
wpdloc\corresp.1\lescurlock_3

cc: State of New Mexico
Taxation and Revenue Department
P.O. Box 2308
Santa Fe, NM 87504-2308

Donald Romine, V.P. Western Region
OXY USA, Inc.
P.O. Box 50250
Midland, Texas 79710

Les Harding, Director of Crude Oil Trading
Robert Schaffer, Marketing Representative
Scurlock Permian Corporation

April 22, 1997

Page 3

T. Kent Wooley, Senior Landman
OXY USA, Inc.
P.O. Box 50250
Midland, Texas 79710

Robert Hunt, Asset Team Leader
OXY USA, Inc.
P.O. Box 50250
Midland, Texas 79710

Scott Gengler, Petroleum Engineer
OXY USA, Inc.
P.O. Box 50250
Midland, Texas 79710

Linda Reams, Land
OXY USA, Inc.
P.O. Box 300
Tulsa, OK 74102

James A. Davidson
214 W. Texas, Suite 710
Midland, TX 79701

Larry A. Nernmyr
HC-57
Box 4106
Sydney, MT 59270

James E. Burr
P.O. Box 8050
Midland, TX 79702

Ruth Sutton
2826 Moss
Midland, TX 79705

Les Harding, Director of Crude Oil Trading
Robert Schaffer, Marketing Representative
Scurlock Permian Corporation

April 22, 1997

Page 4

James C. Brown
P.O. Box 10621
Midland, TX 79702

DOYLE HARTMAN, Oil Operator (Dallas)

DOYLE HARTMAN, Oil Operator (Midland)

Steve Hartman
Cindy Brooks



Vance E. Woolley, JD, CPL/ESA
Landman Advisor

OXY USA INC.

Box 50250, Midland, TX 79710

Phone (915) 685-5908
FAX: (915) 685-5754

December 8, 1994

Doyle Hartman
3811 Turtle Creek Blvd., Suite 730
Dallas, TX 75219

RE: Joint Interest Invoice Arrearages, ~~Myers~~ Langlie Matix Unit, Lea County, New Mexico

Dear Mr. Hartman:

A review of our records indicates that you are seriously in arrears on the payments of your joint interest invoices for the captioned unit. Your present outstanding balance is \$309,086.31 most of which is overdue, in fact \$121,742.03 is more than 60 days overdue.

As you are aware, you are contractually obligated for your share of expenses incurred in operating the captioned Unit. Your failure to meet your obligations leaves us no choice but to exercise our rights under the Unit Operating Agreement. The Operator's lien on your production has been exercised and effective immediately all overdue amounts will bear interest at the highest rate provided in the Unit Operating Agreement.

We are aware that you are dissatisfied with the capital contributions that are presently necessary to prudently develop and operate this property for maximum long term economic benefit. OXY USA Inc. has no desire to trap you into a situation that you are unhappy with. To this end you have previously been advised that you can, as a matter of right, avoid responsibility for future expenses by delivering an assignment of your interest in the Unit pursuant to the terms of the Unit Operating Agreement. However, all amounts due for periods prior to such delivery will remain your responsibility. Therefore, you should make a decision concerning this course of action soon.

In addition, OXY USA Inc. has been and remains willing to discuss reasonable trades and/or a cash acquisition of your interest. To date you have not identified reasonable candidates for trades or asked a reasonable cash price for your Myers Langlie Matix interest. We remain willing to discuss reasonable alternatives that deal fairly with both sides.

OXY USA Inc. hereby requests that you immediately bring your account current. If you do not bring your account current within 20 days from the date of this letter we will be forced to consider other means of obtaining payment.

Very truly yours,

OXY USA Inc.

Vance E. Woolley, JD, CPL/ESA
Landman Advisor

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

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

CASE NO. 10779
Order No.R-6856-B

APPLICATION OF PHILLIPS PETROLEUM COMPANY TO QUALIFY FIVE PORTIONS OF ITS EAST VACUUM GRAYBURG-SAN ANDRES UNIT PRESSURE MAINTENANCE PROJECT FOR THE RECOVERED OIL TAX RATE PURSUANT TO THE "NEW MEXICO ENHANCED OIL RECOVERY ACT," LEA COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 A.M. on July 29, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 12th day of November, 1993, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) The following orders of the Division have been issued for the Phillips Petroleum Company East Vacuum Grayburg-San Andres Pressure Maintenance Project:

- (a) **Order No. R-5871, issued in Case No. 6366 and dated November 27, 1978, approved the application of Phillips Petroleum Company for unitization of the following described 7,025.3 acres, more or less, of State lands in Lea County, New Mexico, also known as the East Vacuum Grayburg-San Andres Unit Area:**

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
Section 24: SE/4

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

- Section 18: Lots 3 and 4 (W/2 SW/4 equivalent) and SE/4 SW/4
Section 19: Lots 1 through 4 (W/2 W/2 equivalent), S/2 NE/4, E/2 W/2, and SE/4
Section 20: SW/4 NE/4, W/2 NW/4, SE/4 NW/4, SW/4, W/2 SE/4, and SE/4 SE/4
Section 21: NE/4 SW/4, S/2 SW/4, and SE/4
Section 22: SW/4, W/2 SE/4, and SE/4 SE/4
Section 23: S/2 SW/4
Section 24: SW/4 SW/4
Section 25: W/2 NW/4
Section 26: N/2, SW/4, N/2 SE/4, and SW/4 SE/4
Sections 27 through 29: All
Section 31: N/2 SE/4 and SE/4 SE/4
Sections 32 and 33: All
Section 34: N/2, SW/4, and NW/4 SE/4
Section 35: N/2 NW/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

- Section 4: Lots 2, 3, and 4 (NW/4 NE/4 and N/2 NW/4 equivalent)
Section 5: Lots 1 through 4 and S/2 S/2 (N/2 equivalent) and NW/4 SW/4

- (b) ~~Order No. R-5897~~ issued in Case No. 6367 and dated January 26, 1979, authorized Phillips Petroleum Company to institute a pressure maintenance project (therein designated the East Vacuum Grayburg-San Andres Unit Pressure Maintenance Project Area) by ~~the injection of water~~ into the Vacuum Grayburg-San Andres Pool on the above-described Unit, Lea County, New Mexico.
- (c) ~~Order No. R-6856~~ issued in Case 7426 and dated December 16, 1981, ~~amended Order No. R-5897~~ by authorizing Phillips Petroleum Company to ~~inject carbon dioxide~~ along with water through 45 certain wells within the following described area therein designated a "Qualified Tertiary Project Area" that lies wholly within the East Vacuum Grayburg-San Andres Unit Pressure Maintenance Project Area:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM

Section 26: N/2, SW/4, N/2 SE/4, and SW/4 SE/4
Sections 27 through 29: All
Section 31: N/2 SE/4 and SE/4 SE/4
Sections 32 and 33: All
Section 34: N/2, SW/4, and NW/4 SE/4
Section 35: N/2 NW/4

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM

Section 4: Lots 2, 3, and 4 (NW/4 NE/4 and N/2 NW/4 equivalent)
Section 5: Lots 1 through 4 and S/2 S/2 (N/2 equivalent) and NW/4 SW/4

- (d) Order No. R-6856-A, issued in Reopened Case 7426, on September 19, 1990, provided for the reinjection of hydrocarbon contaminated carbon dioxide into said Qualified Tertiary Project Area.

(3) At this time the applicant, Phillips Petroleum Company, seeks an order pursuant to the Rules and Procedures for Qualification of Enhanced Oil Recovery Projects and Certification for the Recovered Oil Tax Rate, as promulgated by Division Order No. R-9708, qualifying five portions of its East Vacuum Grayburg-San Andres Unit Pressure Maintenance Project, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico, for the recovered oil tax rate pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(4) The proposed five areas under consideration specifically comprise the following described lands:

Area 1:

That portion of Lot No. 3 being the SW/4 NW/4 NE/4 NW/4 equivalent, the W/2 SW/4 NE/4 NW/4 equivalent, and the SE/4 SW/4 NE/4 NW/4 equivalent, that portion of Lot No. 4 being the S/2 N/2 NW/4 NW/4 equivalent, and the S/2 NW/4 NW/4 equivalent, N/2 SW/4 NW/4, N/2 S/2 SW/4 NW/4, NW/4 SE/4 NW/4, and N/2 SW/4 SE/4 NW/4 all in Section 5, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 85 acres, more or less.

Area 2:

S/2 N/2 NE/4 SW/4, S/2 NE/4 SW/4, SE/4 NE/4 NW/4 SW/4, E/2 SE/4 NW/4 SW/4, E/2 NE/4 SW/4 SW/4, NE/4 SE/4 SW/4 SW/4, N/2 SE/4 SW/4, N/2 S/2 SE/4 SW/4, SW/4 NE/4 NE/4 SE/4, S/2 NW/4 NE/4 SE/4, SW/4 NE/4 SE/4, W/2 SE/4 NE/4 SE/4, S/2 N/2 NW/4 SE/4, S/2 NW/4 SE/4, N/2 SW/4 SE/4, N/2 S/2 SW/4 SE/4, W/2 NE/4 SE/4 SE/4, NW/4 SE/4 SE/4, N/2 SW/4 SE/4 SE/4, and NW/4 SE/4 SE/4 SE/4 all in Section 32, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 180.00 acres, more or less.

Area 3:

S/2 SW/4 NE/4 NE/4, S/2 NE/4 NW/4 NE/4, W/2 NW/4 NE/4, SE/4 NW/4 NE/4, N/2 SW/4 NE/4, SW/4 SW/4 NE/4, N/2 SE/4 SW/4 NE/4, N/2 NW/4 SE/4 NE/4, NE/4 NE/4 NW/4, S/2 NW/4 NE/4 NW/4, S/2 NE/4 NW/4, S/2 SE/4 NW/4 NW/4, NE/4 SW/4 NW/4, S/2 NW/4 SW/4 NW/4, S/2 SW/4 NW/4, SE/4 NW/4, N/2 NE/4 SW/4, SW/4 NE/4 SW/4, N/2 SE/4 NE/4 SW/4, E/2 NW/4 SW/4, N/2 NW/4 NW/4 SW/4, SE/4 NW/4 NW/4 SW/4, NE/4 SW/4 NW/4 SW/4, N/2 NE/4 SW/4 SW/4, N/2 NW/4 SE/4 SW/4, and N/2 NW/4 NW/4 SE/4 all in Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 275.00 acres, more or less.

Area 4:

S/2 SW/4 NE/4 NE/4, S/2 SE/4 NW/4 NE/4, NE/4 SW/4 NE/4, S/2 NW/4 SW/4 NE/4, S/2 SW/4 NE/4, S/2 NE/4 SE/4 NE/4, W/2 SE/4 NE/4, SE/4 SE/4 NE/4, S/2 SE/4 SE/4 NW/4, E/2 NE/4 NE/4 SW/4, NE/4 SE/4, N/2 NW/4 SE/4, E/2 SW/4 NW/4 SE/4, SE/4 NW/4 SE/4, E/2 NE/4 SW/4 SE/4, and N/2 SE/4 SE/4 of Section 33 and S/2 SW/4 SW/4 NW/4, W/2 SW/4 NE/4 SW/4, S/2 NE/4 NW/4 SW/4, W/2 NW/4 SW/4, SE/4 NW/4 SW/4, N/2 NE/4 SW/4 SW/4, and NW/4 SW/4 SW/4 of Section 34, all in Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 250.00 acres, more or less.

Area 5:

S/2 SW/4 NE/4 NE/4, NW/4 NE/4, N/2 SW/4 NE/4, N/2 S/2 SW/4 NE/4, N/2 NW/4 SE/4 NE/4, NE/4 NW/4, S/2 SE/4 NW/4 NW/4, N/2 NE/4 SW/4 NW/4, N/2 SE/4 NW/4, and N/2 S/2 SE/4 NW/4 all in Section 32, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 160 acres, more or less.

(5) All of the above-described areas are located wholly within the "Qualified Tertiary Project Area" approved by said Order No. R-6856, as amended.

(6) Evidence indicates Phillips proceeded with its carbon dioxide/water injection phase within said "Qualified Tertiary Project Area" in 1985. According to Division records there are currently forty-two active and three inactive carbon dioxide/water injection wells within the boundary of said "Qualified Tertiary Project Area". Said flood operations have thus far been conducted on 80-acre inverted nine-spot patterns.

(7) Primary oil recovery from the entire pressure maintenance project has been approximately 78,000,000 barrels of oil. As of January 1993, total oil production from said Unit was approximately 117,099,100 barrels of oil. Under the current 80-acre invert nine-spot patterns, ultimate secondary and tertiary oil recovery is estimated to be 66,548,800 barrels of oil.

(8) Said pressure maintenance project is currently producing at a rate of 7,900 BOPD and 38,000 BWPD from 199 active producers with 100 currently active injection wells (both water and carbon dioxide/water injectors). Approximately 26,000,000 barrels of recoverable oil reserves remain under the current mode of operations.

(9) Phillips seeks to expand portions of this "Qualified Tertiary Project Area" by means of a significant change in the process used for the displacement of crude oil which will be a modification of well configurations in the five above-described selected areas of the Unit. This proposed expansion will require that the applicant drill and equip a total of eight new producing wells, convert four existing producing wells to injection, reactivate one producing well, and upgrade existing tank batteries and injection facilities as follows:

AREA 1: There is presently no injection activity in this particular area, carbon dioxide/water injection will commence by converting the East Vacuum G/SA Unit, Tract 0524, Well No. 129 and the drilling of an infill producing well (East Vacuum G/SA Unit, Tract 0524, Well No. 7) in the

SW/4 SE/4 NW/4 (the SW/4 of Unit F). The entire area including the following five existing wells; East Vacuum G/SA Unit, Tract 0524, Well Nos. 2, 3, 8, 45, and 112; should be affected by this change which will change, somewhat, the process used for displacement of crude oil by the introduction of carbon dioxide into this virgin area;

AREA 2: Three additional infill producing wells are to be drilled (East Vacuum G/SA Unit, Tract 3202, Well Nos. 20 and 21 and the East Vacuum G/SA Unit, Tract 3229, Well No. 13) within the area and the existing East Vacuum G/SA Unit, Tract 3202, Well No. 1, in Unit I, will be converted to a carbon dioxide/water injection well. There is currently one carbon dioxide/water injection well within the area, the East Vacuum G/SA Unit, Tract 3229, Well No. 8. The impact of these changes should affect the areal sweep as to allow carbon dioxide to contact areas that are currently not being contacted with carbon dioxide from the existing injection well located in the area. As a consequence, the following seven producing wells should experience an improvement in oil recovery through this improved sweep efficiency; East Vacuum G/SA Unit, Tract 3202, Well Nos. 4, 6, 12, and 15 and the East Vacuum G/SA Unit, Tract 3229, Well Nos. 3, 4, and 5;

AREA 3: There are currently two carbon dioxide/water injectors in this area, the East Vacuum G/SA Unit, Tract 3333, Well No. 5 and the East Vacuum G/SA Unit, Tract 3374, Well No. 2. This area is being converted from two 80-acre nine-spot patterns to a 160-acre line drive pattern. The existing East Vacuum G/SA Unit, Tract 3333, Well No. 2 will be converted to injection and three additional producing wells (the East Vacuum G/SA Unit, Tract 3308, Well No. 6, East Vacuum G/SA Unit, Tract 3366, Well No. 1, and East Vacuum G/SA Unit, Tract 3373, Well No. 2) will be drilled offset to the line drive injection. The combination of these changes will alter the displacement process significantly by increasing the areal sweep to allow carbon dioxide to contact new areas that are currently not being contacted with carbon dioxide. In addition to the three new infill wells, the following nine existing producers should experience an improvement in oil recovery through improved sweep efficiency; the East Vacuum G/SA Unit, Tract 3308, Well Nos. 2 and 3, the East Vacuum G/SA Unit, Tract 3366, Well No. 29, the East Vacuum G/SA Unit, Tract 3373, Well No. 28, the East Vacuum G/SA Unit, Tract 3333, Well Nos. 3 and 8, the East Vacuum G/SA Unit, Tract 3328, Well No. 2, and the East Vacuum G/SA Unit, Tract 3374, Well Nos. 1 and 3;

AREA 4: There are currently two carbon dioxide/water injectors in this area, the East Vacuum G/SA Unit, Tract 3315, Well Nos. 6 and 8. This area is being converted from one 80-acre nine-spot pattern and one 70-acre seven spot pattern to a 150-acre line drive pattern. The existing East Vacuum G/SA Unit, Tract 3315, Well No. 1 will be converted to injection and an additional well (the East Vacuum G/SA Unit, Tract 3440, Well No. 7) is to be drilled to accomplish these changes in operations. The combination of these changes should alter the oil displacement process significantly by changing the areal sweep to allow carbon dioxide to contact new areas that are currently not being contacted with carbon dioxide. In addition, the following nine wells should experience an improvement in oil recovery through this improved sweep efficiency; the East Vacuum G/SA Unit, Tract 3333, Well Nos. 1, 4, and 7, the East Vacuum G/SA Unit, Tract 3440, Well Nos. 1, 3, and 5, and the East Vacuum G/SA Unit, Tract 3315, Well Nos. 2, 4, and 5; and,

AREA 5: The conversion of the East Vacuum G/SA Unit, Tract 3202, Well No. 33, along with the existing carbon dioxide/water injector East Vacuum G/SA Unit, Tract 3236, Well No. 6, will alter this pattern from an 80-acre inverted nine-spot pattern to an 80-acre line drive pattern. This change will alter the oil displacement process by changing the areal sweep to allow carbon dioxide to contact new areas that are currently not being contacted with carbon dioxide. The following seven wells should experience an improvement in oil recovery through this improved sweep efficiency; the East Vacuum G/SA Unit, Tract 3202, Well Nos. 3, 16, and 19 and the East Vacuum G/SA Unit, Tract 3236, Well Nos. 3, 4, 5, and 7.

(10) Applicant's engineering evidence indicates that with a significant change or modification in the injection patterns with the drilling of said additional producers and the conversion of existing wells to injection, an estimated additional 1.056 million barrels of oil will be recovered in the five "Expanded Use Areas" having a current undiscounted value of \$19,505,308.00.

(11) The costs of the required additional facilities in the five "Expanded Use Areas" are estimated to be approximately \$3,958,825.00 and the total project costs are estimated to be approximately \$5,976,249.00.

(12) The geologic evidence presented by Phillips demonstrated that portions of the reservoir in the "Expanded Use Areas" contains distinct stringers each vertically isolated from the others with none continuous over the entire southern portion of the unit resulting in the existing 80-acre waterflood pattern being too large to overcome the areal discontinuities found in the Pool.

(13) Based on the testimony presented in this case the proposed enhanced oil recovery project is economically and technically feasible and has not been prematurely filed.

(14) Each of the subject five "Expanded Use Areas" that are included in the "Qualified Tertiary Project Area" of Phillips' East Vacuum Grayburg-San Andres Unit Pressure Maintenance Project Area should be qualified an "Enhanced Oil Recovery Project" (EOR) pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5).

(15) In order for the applicant to be eligible for said EOR credit, the operator should advise the Division, after an appropriate application for injection is processed, when the injection into each additional injection well commences and at such time, request the Division certify the project to the New Mexico Taxation and Revenue Department.

(16) The application should be approved and the EOR Project should be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

(17) Each of the five "enhanced oil recovery project areas" should initially comprise those producing wells listed by Phillips that are to be affected by the expanded carbon dioxide/water injection in the five subject areas.

(18) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identify the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Department of Taxation and Revenue those lands and wells which are eligible for the credit.

IT IS THEREFORE ORDERED THAT:

(1) The application of Phillips Petroleum Company to qualify five individual and separate portions of its East Vacuum Grayburg-San Andres Unit Pressure Maintenance Project, Vacuum Grayburg-San Andres Pool, Lea County, New Mexico as an "Enhanced Oil Recovery Project" pursuant to the "Enhanced Oil Recovery Act" (Laws 1992, Chapter 38, Sections 1 through 5), is hereby approved.

(2) The subject "enhanced oil recovery project areas" shall initially comprise the following five described areas in Lea County, New Mexico:

Area 1:

That portion of Lot No. 3 being the SW/4 NW/4 NE/4 NW/4 equivalent, the W/2 SW/4 NE/4 NW/4 equivalent, and the SE/4 SW/4 NE/4 NW/4 equivalent, that portion of Lot No. 4 being the S/2 N/2 NW/4 NW/4 equivalent, and the S/2 NW/4 NW/4 equivalent, N/2 SW/4 NW/4, N/2 S/2 SW/4 NW/4, NW/4 SE/4 NW/4, and N/2 SW/4 SE/4 NW/4 all in Section 5, Township 18 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 85 acres, more or less.

Area 2:

S/2 N/2 NE/4 SW/4, S/2 NE/4 SW/4, SE/4 NE/4 NW/4 SW/4, E/2 SE/4 NW/4 SW/4, E/2 NE/4 SW/4 SW/4, NE/4 SE/4 SW/4 SW/4, N/2 SE/4 SW/4, N/2 S/2 SE/4 SW/4, SW/4 NE/4 NE/4 SE/4, S/2 NW/4 NE/4 SE/4, SW/4 NE/4 SE/4, W/2 SE/4 NE/4 SE/4, S/2 N/2 NW/4 SE/4, S/2 NW/4 SE/4, N/2 SW/4 SE/4, N/2 S/2 SW/4 SE/4, W/2 NE/4 SE/4 SE/4, NW/4 SE/4 SE/4, N/2 SW/4 SE/4 SE/4, and NW/4 SE/4 SE/4 SE/4 all in Section 32, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 180.00 acres, more or less.

Area 3:

S/2 SW/4 NE/4 NE/4, S/2 NE/4 NW/4 NE/4, W/2 NW/4 NE/4, SE/4 NW/4 NE/4, N/2 SW/4 NE/4, SW/4 SW/4 NE/4, N/2 SE/4 SW/4 NE/4, N/2 NW/4 SE/4 NE/4, NE/4 NE/4 NW/4, S/2 NW/4 NE/4 NW/4, S/2 NE/4 NW/4, S/2 SE/4 NW/4 NW/4, NE/4 SW/4 NW/4, S/2 NW/4 SW/4 NW/4, S/2 SW/4 NW/4, SE/4 NW/4, N/2 NE/4 SW/4, SW/4 NE/4 SW/4, N/2 SE/4 NE/4 SW/4, E/2 NW/4 SW/4, N/2 NW/4

NW/4 SW/4, SE/4 NW/4 NW/4 SW/4, NE/4 SW/4 NW/4 SW/4,, N/2 NE/4 SW/4 SW/4, N/2 NW/4 SE/4 SW/4, and N/2 NW/4 NW/4 SE/4 all in Section 33, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 275.00 acres, more or less.

Area 4:

S/2 SW/4 NE/4 NE/4, S/2 SE/4 NW/4 NE/4, NE/4 SW/4 NE/4, S/2 NW/4 SW/4 NE/4, S/2 SW/4 NE/4, S/2 NE/4 SE/4 NE/4, W/2 SE/4 NE/4, SE/4 SE/4 NE/4, S/2 SE/4 SE/4 NW/4, E/2 NE/4 NE/4 SW/4, NE/4 SE/4, N/2 NW/4 SE/4, E/2 SW/4 NW/4 SE/4, SE/4 NW/4 SE/4, E/2 NE/4 SW/4 SE/4, and N/2 SE/4 SE/4 of Section 33 and S/2 SW/4 SW/4 NW/4, W/2 SW/4 NE/4 SW/4, S/2 NE/4 NW/4 SW/4, W/2 NW/4 SW/4, SE/4 NW/4 SW/4, N/2 NE/4 SW/4 SW/4, and NW/4 SW/4 SW/4 of Section 34, all in Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 250.00 acres, more or less.

Area 5:

S/2 SW/4 NE/4 NE/4, NW/4 NE/4, N/2 SW/4 NE/4, N/2 S/2 SW/4 NE/4, N/2 NW/4 SE/4 NE/4, NE/4 NW/4, S/2 SE/4 NW/4 NW/4, N/2 NE/4 SW/4 NW/4, N/2 SE/4 NW/4, and N/2 S/2 SE/4 NW/4 all in Section 32, Township 17 South, Range 35 East, NMPM, Lea County, New Mexico, comprising 160 acres, more or less.

(3) Each of the five Project Areas shall be defined in terms of the unit wells which would actually qualify for the recovered oil tax rate and shall initially comprise the following wells in the above described areas in Lea County, New Mexico:

AREA 1: EAST VACUUM GRAYBURG-SAN ANDRES UNIT		AREA 2: EAST VACUUM GRAYBURG-SAN ANDRES UNIT	
Tract No.	Well No.	Tract No.	Well No.
INJECTION WELLS		INJECTION WELLS	
0524	129	3202	1
PRODUCING WELLS		3229	8
0524	2	PRODUCING WELLS	

AREA 1: EAST VACUUM GRAYBURG-SAN ANDRES UNIT		AREA 2: EAST VACUUM GRAYBURG-SAN ANDRES UNIT	
Tract No.	Well No.	Tract No.	Well No.
0524	3	3202	4
0524	7	3202	6
0524	8	3202	12
0524	45	3202	15
0524	112	3202	20
		3202	21
		3229	3
		3229	4
		3229	5
		3229	13

AREA 3: EAST VACUUM GRAYBURG-SAN ANDRES UNIT		AREA 4: EAST VACUUM GRAYBURG-SAN ANDRES UNIT	
Tract No.	Well No.	Tract No.	Well No.
INJECTION WELLS		INJECTION WELLS	
3333	2	3315	1
3333	5	3315	6
3374	2	3315	8
PRODUCING WELLS		PRODUCING WELLS	
3308	2	3333	1
3308	3	3333	4
3308	6	3333	7
3328	2	3315	2
3333	3	3315	4

AREA 3: EAST VACUUM GRAYBURG-SAN ANDRES UNIT		AREA 4: EAST VACUUM GRAYBURG-SAN ANDRES UNIT	
Tract No.	Well No.	Tract No.	Well No.
3333	8	3315	5
3366	1	3440	1
3366	29	3440	3
3373	2	3440	5
3373	28	3440	7
3374	1		
3374	3		

AREA 5: EAST VACUUM GRAYBURG-SAN ANDRES UNIT	
Tract No.	Well No.
INJECTION WELLS	
3202	3
3236	6
PRODUCING WELLS	
3202	3
3202	16
3202	19
3236	3
3236	4
3236	5
3236	7

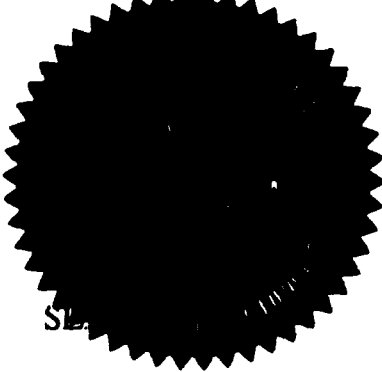
(4) The operator shall advise the Division when the additional injection phase of the project commences into any of the new injection wells.

(5) At such time as a positive production response occurs and within five years from the date of the Certificate of Qualification, the applicant must apply to the Division for certification of positive production response, which application shall identify the area actually benefitting from enhanced recovery operations, and identify the specific wells which the operator believes are eligible for the credit. The Division may review the application administratively or set it for hearing. Based upon evidence presented, the Division will certify to the Department of Taxation and Revenue those lands and wells which are eligible for the credit.


(6) Said EOR project shall be governed by the provisions of the "Rules and Procedures for Qualifications of Enhanced Oil Recovery Projects" and "Certification for Recovered Oil Tax Rate" as promulgated by Division Order No. R-9708.

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

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



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

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

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

CASE NO. 9210
ORDER NO. R-8557

APPLICATION OF PELTO OIL COMPANY
FOR STATUTORY UNITIZATION, CHAVES
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 9, 1987, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 2nd day of December, 1987, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) At the time of the hearing this case was consolidated with Division Case No. 9211 for the purpose of testimony.

(3) The applicant, Pelto Oil Company, seeks the statutory unitization, pursuant to the "Statutory Unitization Act," Sections 70-7-1 through 70-7-21 NMSA 1978, of 4,863.82 acres, more or less, being a portion of the Twin Lakes - San Andres Associated Pool, Chaves County, New Mexico, said portion to be known as the Twin Lake San Andres Unit; applicant further seeks approval of the Unit Agreement and the Unit Operating Agreement which were submitted in evidence as applicant's Exhibits Nos. 3 and 4 presented at the time of the hearing.

(4) The proposed unit area should be designated the Twin Lakes San Andres Unit Area; and the horizontal limits of said unit area should be comprised of the following described State and Fee lands in Chaves County, New Mexico:



TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM

Section 25: SE/4 NW/4, NE/4 SW/4, S/2 SW/4, and SE/4

Section 26: SE/4 SE/4

Section 35: E/2 E/2

Section 36: All

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM

Section 30: Lots 3 and 4, E/2 SW/4, and SW/4 SE/4

Section 31: All

Section 32: W/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM

Section 1: Lots 1 through 4, S/2 N/2, SE/4, and E/2 SW/4

Section 2: Lot 1

Section 12: NE/4, E/2 SE/4 and NW/4 SE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM

Section 5: Lots 3 and 4, S/2 NW/4, and SW/4

Sections 6 and 7: All

Section 8: N/2 NW/4 and SW/4 NW/4

Section 18: Lot 1, E/2 NW/4, and W/2 NE/4

(5) The horizontal limits of said unit are within the governing boundaries of the Twin Lakes - San Andres Associated Pool and have been reasonably defined by development.

(6) The vertical limits of said Unit Area should comprise the San Andres formation from a depth 2708 feet (+ 1259 feet sub-sea) to a depth of 2798 feet (+ 1169 feet sub-sea) as recorded on the Dual Laterolog/Compensated Neutron Log dated December 23, 1984, in the applicant's O'Brien "L" Well No. 16 located 2310 feet from the North line and 1675 feet from the East line (Unit G) of Section 6, Township 9 South, Range 29 East, NMPM, Chaves County, New Mexico.

(7) The unit area contains 35 separate tracts owned by 18 different working interests.

(8) The applicant has made a good faith effort to secure voluntary unitization within the Unit Area and at the time of the hearing over 87 percent of the working interest owners and 83.6 percent of the royalty interest owners were effectively committed to the unit.

(9) All interested parties who have not agreed to unitization were notified of the hearing by the applicant, but no person entered an appearance or opposed the application at the hearing.

(10) The applicant proposes to institute a waterflood project for the secondary recovery of oil and associated gas, condensate, and all associated liquifiable hydrocarbons within and to be produced from the proposed unit area, all as shown in Division Case No. 9211.

(11) The proposed secondary recovery operations should result in the additional recovery of approximately 2.9 million barrels of oil.

(12) The unitized management, operation and further development of the Twin Lakes San Andres Unit Area, as proposed, is reasonably necessary to effectively carry on secondary recovery operations and will substantially increase the ultimate recovery of oil and gas from the unitized portion of the pool.

(13) The proposed unitized method of operation as applied to the Twin Lakes San Andres Unit Area is feasible and will result with reasonable probability in the increased recovery of substantially more oil and gas from the unitized portion of the pool than would otherwise be recovered without unitization.

(14) The estimated additional costs of such operations will not exceed the estimated value of the additional oil so recovered plus reasonable profit.

(15) Such unitization and adoption of applicant's proposed unitized method of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the Twin Lakes San Andres Unit Area.

(16) The granting of the application in this case will have no adverse effect upon the Twin Lakes - San Andres Associated Pool and/or the San Andres formation located outside of the proposed Twin Lakes Unit boundary.

(17) Applicant's Exhibits Nos. 3 and 4 in this case, being the Unit Agreement and the Unit Operating Agreement, respectively, should be incorporated by reference into this order.

(18) The Twin Lakes San Andres Unit Agreement and the Twin Lakes San Andres Unit Operating Agreement provide for unitization and unit operation of the Twin Lakes San Andres Unit Area upon terms and conditions that are fair, reasonable and equitable, and which include:

- (a) an allocation to the separately owned tracts of the unit area of all oil and gas that is produced from the unit area and which is saved, being the production that is not used in the conduct of unit operations or not unavoidably lost;
- (b) a provision for the credits and charges to be made in the adjustment among the owners in the unit area for their respective investments in wells, tanks, pumps, machinery, materials and equipment contributed to the unit operations;
- (c) a provision governing how the costs of unit operations including capital investments shall be determined and charged to the separately-owned tracts and how said costs shall be paid, including a provision providing when, how and by whom the unit production allocated to an owner who does not pay his share of the cost of the unit operations shall be charged to such owner, or the interest of such owner, and how his interest may be sold and the proceeds applied to the payment of his costs;
- (d) a provision for carrying any working interest owner on a limited, carried or net-profits basis, payable out of production, upon terms and conditions which are just and reasonable, and which allow an appropriate charge for interest for such service payable out of production, upon such terms and conditions determined by the Division to be just and reasonable.
- (e) a provision designating the Unit Operator and providing for the supervision and conduct of the unit operations, including the selection, removal and substitution of an operator from

among the working interest owners to conduct the unit operations;

- (f) a provision for a voting procedure for the decision on matters to be decided by the working interest owners in respect to which each working interest owner shall have a voting interest equal to his unit participation; and
- (g) the time when the unit operation shall commence and the manner in which, and the circumstances under which, the operations shall terminate and for the settlement of accounts upon such termination.

(19) Any working interest owner who has not agreed in writing to participate in the unit prior to the date of this order should be deemed to have relinquished to the unit operator all of its operating rights and working interest in and to the unit until his share of the costs have been repaid, plus an additional 200 percent thereof as a non-consent penalty (Section 70-7-7.F. NMSA 1978.)

(20) The statutory unitization of the Twin Lakes San Andres Unit Area is in the conformity with the above findings, and will prevent waste and protect correlative rights of all interest owners within the proposed unit area, and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The Twin Lakes San Andres Unit Agreement, covering 4,863.82 acres, more or less, of State and Fee lands in the Twin Lakes - San Andres Associated Pool, Chaves County, New Mexico, is hereby approved for statutory unitization pursuant to the "Statutory Unitization Act", Sections 70-7-1 through 70-7-21, NMSA (1978).

(2) The lands covered by said Twin Lakes San Andres Unit Agreement shall be designated the Twin Lakes San Andres Unit Area and shall comprise the following described acreage in Chaves County, New Mexico:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM

Section 25: SE/4 NW/4, NE/4 SW/4, S/2 SW/4, and
SE/4

Section 26: SE/4 SE/4

Section 35: E/2 E/2

Section 36: All

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM

Section 30: Lots 3 and 4, E/2 SW/4, and SW/4 SE/4

Section 31: All

Section 32: W/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM

Section 1: Lots 1 through 4, S/2 N/2, SE/4, and
E/2 SW/4

Section 2: Lot 1

Section 12: NE/4, E/2 SE/4, and NW/4 SE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM

Section 5: Lots 3 and 4, S/2 NW/4, and SW/4

Sections 6 and 7: All

Section 8: N/2 NW/4 and SW/4 NW/4

Section 18: Lot 1, E/2 NW/4, and W/2 NE/4

(6) The vertical limits of said Unit Area shall comprise the San Andres formation as found from a depth of 2708 feet (+ 1259 feet sub-sea) to a depth of 2798 feet (+ 1169 feet sub-sea) as recorded on the Dual Laterolog/Compensated Neutron Log dated December 23, 1984, in Pelto Oil Company's O'Brien "L" Well No. 16 located 2310 feet from the North line and 1675 feet from the East line (Unit G) of Section 6, Township 9 South, Range 29 East, NMPM, Chaves County, New Mexico.

(4) The applicant shall institute a waterflood project for the secondary recovery of oil and associated gas, condensate and all associated liquifiable hydrocarbons within

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Case No. 9210
Order No. R-8557

and produced from the unit area, and said waterflood project is the subject of Division Case No. 9211.

(5) The Twin Lakes San Andres Unit Agreement and the Twin Lakes San Andres Unit Operating Agreement, being applicant's Exhibit Nos. 3 and 4 in this case, are hereby incorporated by reference into this Order.

(6) The Twin Lakes San Andres Unit Agreement and the Twin Lakes San Andres Unit Operating Agreement provide for unitization and unit operation of the Twin Lakes - San Andres Associated Pool upon terms and conditions that are fair, reasonable and equitable.

(7) Since the persons owning the required statutory minimum percentage of interest in the unit area have approved or ratified the Unit Agreement and the Unit Operating Agreement, the interests of all persons within the unit area are unitized whether or not such persons have approved the Unit Agreement or the Unit Operating Agreement in writing.

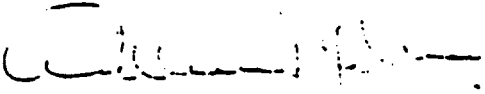
(8) Any working interest owner who has not agreed in writing to participate in the unit prior to the date of this order shall be deemed to have relinquished to the unit operator all of its operating rights and working interest in and to the unit until his share of the costs have been repaid, plus an additional 200 percent thereof as a non-consent penalty (Section 70-7-7.F. NMSA 1978.)

(9) The applicant as Unit Operator shall notify in writing the Division Director of any removal or substitution of said Unit Operator by any other working interest owner within the unit area.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

S E A L

UNIT OPERATING AGREEMENT
TWIN LAKES SAN ANDRES
CHAVES COUNTY, NEW MEXICO

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UNIT OPERATING AGREEMENT - TWIN LAKES SAN ANDRES UNIT
CHAVES COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the 1st day of June, 1987, by the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof;

W I T N E S S E T H :

WHEREAS, the parties hereto as Working Interest Owners have executed, as of the date hereof, an agreement entitled, "Unit Agreement for the Development and Operation of the Twin Lakes San Andres Unit, Chaves 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 pertaining to the development and operation of the Unit Area 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 AND ADOPTION OF DEFINITIONS

1.1 Confirmation of Unit Agreement. The Unit Agreement and all exhibits attached thereto or any revisions thereof are hereby confirmed and by reference made a part of this agreement. If there is any conflict between the Unit Agreement and this agreement, the Unit Agreement shall govern, except as otherwise provided in Article 12 hereof.

1.2 Adoption of Definitions. The definitions in the Unit Agreement and the following additional definitions are adopted for all purposes of this agreement:

(a) "Unit Operations" is defined as all operations conducted by Working Interest Owners or Unit Operator pursuant to this agreement for or on account of the development and operation of the Unitized Formation for the production of Unitized Substances.

(b) "Unit Equipment" is defined as 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.

(c) "Unit Expense" is defined as all cost, expense or

indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this agreement as well as all necessary pre-unitization costs or expenses incurred for or on account of Unit Operations.

(d) "Tract Operator" is defined as the respective operator of each tract within the Unit Area prior to unitization.

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, which is a schedule showing the Working Interest of each Working Interest Owner in each Tract listed in Exhibit "C", the percentage of total Unit Participation attributable to each such interest, and the total 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 Participation of the Working Interest Owners for purposes of this agreement until shown to be in error or is revised as herein authorized.

2.1.3 Exhibit "E", attached hereto, which is the Accounting Procedure applicable to development and operation of the Unit Area. If there is any conflict between this agreement and Exhibit "E", this agreement shall govern.

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

2.2 Revision of Exhibits. Whenever Exhibit "C" is revised, Exhibit "D" shall be revised accordingly and all such changes shall 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.

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 the 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 any type 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 Change of Well Status. The abandonment or the conversion of any producing well to an injection well or to a well to be used for any purpose other than production of Unitized Substances.

3.2.4 Expenditures. The making of any single expenditure in excess of Twenty Thousand Dollars (\$20,000.00), subject, however, to the provisions of Section 7.9 hereof; provided, that 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 same, including necessary flow lines, separators and lease tankage.

3.2.5 Disposition of Unit Equipment. The Unit Operator shall have the right to sell or otherwise dispose of any item of surplus Unit Equipment.

3.2.6 Appearance Before a Court or Regulatory Agency. The designating of Unit Operator to appear before any court or regulatory agency in matters pertaining to Unit Operations; provided, however, that Working Interest Owners shall in the event Unit Operator is unable to appear designate an alternate representative; and provided, further, that such designation shall not prevent any Working Interest Owner from appearing in person or from designating another representative in its own behalf.

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

(a) not be conducted more than once each year except upon the resignation or removal of 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 the Working Interest Owner designated as 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 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 or Unit Operator's technical personnel in excess of \$5000.00 and 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 a successor.

3.2.12 The expansion of the Unit.

3.2.13 The adjustment of investments.

3.2.14 The termination of the Unit Agreement.

1

ARTICLE 4

MANNER OF EXERCISING SUPERVISION

4.1 Designation of Representatives. Not later than thirty (30) days after the effective date hereof, 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 or more Working Interest Owners having a total voting interest 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 shall not be prevented from amending items included in the agenda or from deciding the 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 - Generally. Unless otherwise provided herein or in the Unit Agreement, all matters shall be decided by an affirmative vote of seventy-five percent (75%) or more of the voting interest, said voting interest to include two or more Working Interest

Owners.

4.3.3 Vote at Meeting by Nonattending Working Interest Owner.

Any Working Interest Owner who is not represented at a meeting may vote by letter or telegram addressed to the representative of the Unit Operator if its vote is received prior to the actual vote taken at such meeting.

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 vote 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. 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 who requests the information.

ARTICLE 6

UNIT OPERATOR

6.1 Initial Unit Operator. Pelto Oil Company is hereby designated as Unit Operator.

6.2 Resignation or Removal - 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 the orders, directions and limitations rightfully given or imposed by Working Interest Owners, Unit Operator shall have the exclusive right and shall be obligated to develop and operate the Unit Area for the production of Unitized Substances.

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 free from all liens and encumbrances occasioned by Unit Operations, except the lien of Unit Operator 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 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 to Working Interest Owners periodic reports of Unit Operations.

7.7 Reports of 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 each Working Interest Owner, upon its written request, a copy of the log 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 Twenty Thousand Dollars (\$20,000.00) 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 prevailing rate 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. The Unit Operator, with the approval by formal vote of seventy-five percent (75%) of the Working Interest Owners, may enter into a border protection agreement or agreements with Working Interest Owners of the adjacent lands along the exterior boundary of the Unit Area with respect to any cooperative operations in the border area for the proper protection of the parties and interests.

ARTICLE 8

TAXES

8.1 Ad Valorem Taxes. Unit Operator shall, beginning with the first calendar year after the Unit Agreement becomes effective, make and file all necessary ad valorem tax renditions and returns with the proper taxing authorities covering all real and personal property of each Working Interest Owner used or held by Unit Operator in 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.

8.2 Other Taxes. Unit Operator shall pay or cause to be paid on behalf of each Working Interest Owners all production, severance, gathering, and other taxes imposed upon or in respect of the production or handling of its share of Unitized Substances.

ARTICLE 9

INSURANCE

9.1 Insurance. Unit Operator, with respect to Unit Operations and at Unit Expense, shall do the following:

9.1.1 Comply with the Workmen's Compensation Act of the State of New Mexico.

9.1.2 Carry Employer's Liability and other insurance as required by the laws of the State of New Mexico.

9.1.3 Provide other insurance as set forth in Exhibit "F".

ARTICLE 10
ADJUSTMENT OF INVESTMENTS

10.1 Personal Property Taken Over. Upon the effective date hereof, Working Interest Owners shall deliver to Unit Operator the following:

10.1.1 Wells. All wells completed in the Unitized Formation, together with the casing therein.

10.1.2 Well and Lease Equipment. The casing and tubing in each such well, all subsurface equipment therein including sucker rods and pumps, the wellhead connections thereon, and all other well and lease equipment that is used in the operation of such wells which Unit Operator determines is necessary or desirable for conducting Unit Operations. Unit Operator shall have up to six (6) months after the effective date in which to make such determination, and all such property that is determined to be surplus shall be returned in the same condition less usual depreciation to each Tract Operator who was responsible for delivery same to Unit Operator. There shall be no charge to the Unit for the use of any such surplus property during this six (6) month period. The individual Tract Operators shall have ninety (90) days from the date of notification in which to remove the surplus property returned to them. Surplus property shall then be disposed of by each Tract Operator in accordance with the respective joint operating agreement which governs each Tract. If the surplus property has not been removed from the Unit Area within the ninety (90) day period, then Unit Operator shall have the right to dispose of the property in a good and workmanlike manner as would a prudent operator under the same or similar circumstances. Any proceeds received upon disposition, in excess of removal and clean-up costs, will be disbursed to the Working Interest Owners in the specific Tract. Any costs in excess of proceeds received upon disposition will be charged to the Working Interest Owners in the specific Tract.

10.1.3 Records. A copy of all production and well records that pertain to such wells.

10.2 Inventory and Evaluation of Personal Property. The Working Interest Owners shall appoint an inventory committee which shall, as of the effective date hereof or as soon thereafter as feasible, cause to be taken under the supervision of the Unit Operator at Unit Expenses, joint physical inventories of lease and well equipment within the Unit Area, which inventories shall be used as a basis for determining the controllable items of equipment to be taken over by the Unit Operator hereunder.

In the absence of an inventory committee Unit Operator shall engage at Unit Expense a qualified independent firm to serve in place of an inventory committee. Such inventories shall include and be limited to those items of equipment normally considered controllable by operators of oil and gas properties except that certain items of equipment normally considered noncontrollable, such as sucker rods, subsurface pumps and other items as determined by the Working Interest Owners may be included in the inventories in order to insure a more equitable adjustment of investment. All other noncontrollable items of lease and well equipment installed within the Unit Area, although excluded from the inventories, which the Unit Operator decides are necessary and usable in Unit Operations, shall nevertheless be taken over by the Unit Operator. After the determination by Unit Operator as to surplus property, such inventories covering equipment taken over by the Unit Operator under Subsection 10.1.2 and retained for Unit Operations, shall be priced in accordance with the provisions of Exhibit "E", Accounting Procedure, attached hereto and made a part hereof, or at an appraised value as determined by the inventory committee; such pricing shall be performed under the supervision of, by the personnel of, and in the offices of the Unit Operator, with the inventory committee furnishing such additional pricing help as may be available and necessary. Casing shall be included in the inventory for record purposes but shall be excluded from pricing and investment adjustment.

10.3. Investment Adjustment. Upon approval by Working Interest Owners of the inventory and evaluation, investments shall be adjusted as follows:

10.3.1 Initial Adjustment of Investments. 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 on Exhibit "C". 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 general facilities which service more than one lease and which are necessary for Unit Operations

shall be by negotiation between the owners thereof and Unit Operator, subject to the approval of Working Interest Owners. There shall be no adjustment for lease roads or appurtenances thereto. General facilities which are owned one-hundred percent (100%) by the Unit Operator shall be acquired by negotiation between the Unit Operator and the Working Interest Owners. General facilities owned one-hundred (100%) by the Unit Operator and which are deemed to be necessary for Unit Operations are listed as follows:

(a) General Facilities Located Within the Unit Area

Warehouse Building and Yard
Office Building and furnishings
Warehouse Stock (Including Tools)
Shop Building
Lease Automatic Custody Transfer (L.A.C.T.)
Rolling Stock
Communication Equipment

(b) General Facilities Located Outside the Unit Area

Natural Gas Pipeline - Approximately three and four-tenths (3.4) miles of polymer pipeline with a starting point at the outlet of the compressor station and extending to a tie-in with a pipeline owned by Stevens Operating Corporation.

Source Water System - The source water system has not been constructed. The planned system consists of existing Ogalla water rights acquired by Unit Operator in addition to two wells, pump sites and rights-of-way from the water source to Twin Lakes Field. Such system will pipe water a distance of approximately 27 miles. As soon as practicable following the effective date hereof, Unit Operator will submit an AFE to construct the source water system for approval by the Working Interest Owners.

10.5 Exchange of Interest in and Ownership of Personal Property and Facilities. Each Working Interest Owner hereby exchanges, and agrees to exchange, its interest in all of the personal property and facilities described in Section 10.1.2 above for its proportionate interest, as shown on Exhibit C, from and after the time the same may hereafter become effective, in all such personal property and facilities described in Section 10.1.2. Each Working Interest Owner, individually, shall by virtue hereof own an undivided interest in all personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this agreement.

ARTICLE 11
DEVELOPMENT AND OPERATING COSTS

11.1 Basis of Charge to Working Interest Owners. Unit Operator initially shall pay and discharge all costs and expenses incurred in Unit Operations including all pre-unitization expenses required for organization and/or formation of the unit. Each Working Interest Owner shall reimburse Unit Operator for its share of Unit Expense in proportion to the respective Unit Participation 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 hereof, 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 September thereafter, shall prepare such 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 whenever an adjustment or correction is proper. A copy of each budget and adjusted budget shall promptly be furnished to each Working Interest Owner.

11.3 Advance Billings. Unit Operator shall have the right without prejudice to any other rights or remedies, at its option to require Working Interest Owners to advance their respective proportions of such costs and expenses by submitting to Working Interest Owners, on or before the 15th day of any month, an itemized estimate of such costs and expenses for the succeeding two months with a request for payment in advance. If such advance is requested as to operating costs and expenses, the Working Interest Owners' proportionate shares thereof shall be deemed to be the same as for the preceding month, with an adjustment to be made on the basis of their actual proportionate shares thereof as determined at the end of the period for which such advance was requested. Within fifteen (15) days thereafter, each Working Interest Owner shall pay to Unit Operator its proportionate part of such estimate. Adjustment between estimates and the actual costs shall be made by Unit Operator at the close of each calendar month, and the accounts of the Working Interest Owners shall be adjusted accordingly.

11.4 Commingling of Funds. No funds received by Unit Operator under this agreement need be segregated or maintained by it as a separate fund, but may be commingled with its own funds.

11.5 Lien of Unit Operator. Effective as of the date this Unit Operating Agreement is filed for record in Chaves County, New Mexico, each Working Interest Owner grants to Unit Operator a lien upon its Working Interest in each Tract, its share of Unitized Substances when produced, and its interest in all Unit Equipment, as security for payment of its share of Unit Expense to the full extent allowed by State and Federal Statutes.

together with interest thereon at the prime rate charged by Chase Manhattan Bank of New York plus two percent (2%) per annum. To the extent that Unit Operator has a security interest under the Uniform Commercial Code, Unit Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. Unit Operator shall have the right to bring suit to enforce collection of such indebtedness with or without seeking foreclosure of the lien. In addition, upon default by any Working Interest Owner in the payment of its share of Unit Expense, Unit Operator shall have the right 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 as aforesaid, 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 to pay its share of Unit Expense within sixty (60) days after rendition of a statement therefor by Unit Operator, each Working Interest Owner agrees, upon request by Unit Operator, to pay its proportionate part of the unpaid share of Unit Expense of the defaulting Working Interest Owner. The Working Interest Owners that pay the share of Unit Expense of a defaulting Working Interest Owner shall be reimbursed by the Unit Operator for the amount so paid, plus any interest collected thereon, upon receipt by Unit Operator of any past due amount collected from the defaulting Working Interest Owner. Any Working Interest Owner so paying a defaulting Working Interest Owner's share of Unit Expenses shall be subrogated to the lien and rights herein granted Unit Operator.

11.7 Rentals and Minimum Royalties. The Working Interest Owner in each Tract shall, at its own expense, pay any and all rentals required to continue its lease in force, and any and all minimum royalties payable thereunder. Upon request of Unit Operator, each such Working Interest Owner shall furnish Unit Operator satisfactory evidence as to the payment of each such rental not less than thirty (30) days prior to the rental payment date and as to the payment of such minimum royalty payment when same is due. Unit Operator shall have the right, but shall be under no obligation, to pay any and all such rentals and minimum royalties on behalf of each such Working Interest Owner, and any and all amounts so paid by Unit Operator shall be charged solely to the account of such Working Interest Owner. In the event the Working Interest Owner in any Tract fails to pay any rental required to continue its lease in force as to such Tract or any minimum royalties payable under such lease and as a result said lease terminates or is cancelled as to such Tract, the termination or

cancellation of said lease as to such Tract shall be considered for all purposes of this agreement and the Unit Agreement to be a failure of title to said lease for reasons other than Unit Operations.

ARTICLE 12

OPERATION OF NON-UNITIZED FORMATIONS

12.1 Right to Operate in Non-Unitized Formations. Any Working Interest Owner now having, or hereafter acquiring, the right to drill for and produce oil, gas or other minerals, other than Unitized Substances, within the Unit Area shall have the full right to do so notwithstanding this agreement or the Unit Agreement. In exercising said right, however, such Working Interest Owner shall exercise every reasonable precaution to prevent unreasonable interference with Unit operations hereunder. No Working Interest Owner (other than Unit Operator) shall produce Unitized Substances through any well within the Unit Area 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 during drilling operations by a drilling fluid satisfactory to Unit Operator, and following drilling operations, the Unitized Formation shall be protected by cement or by casing and cement and shall otherwise be protected in such a manner that the Unitized Formation and the production of Unitized Substances will not be adversely affected.

12.2 Multiple Completions. No well now or hereafter completed in Unitized Formation shall ever be completed as a multiple completion with any other formation or formations without the unanimous consent of Working Interest Owners.

ARTICLE 13

TITLES

13.1 Warranty and Indemnity. Each Working Interest Owner represents and warrants that it is the owner of the respective working interests set forth opposite its name in Exhibit "C" of the Unit Agreement and hereby 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; provided that, such indemnity 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 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, obligations and liabilities of Working Interest Owners shall be several and not joint or collective; and nothing herein contained 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 but not involving an expenditure in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) provided the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above specified amount, Unit Operator shall notify Working Interest Owners and shall continue handling the claim or suit unless such authority is expressly denied by Working Interest Owners after notification. 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 and 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
INTERNAL REVENUE PROVISION

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 the 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 hereby 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 said Code and the regulation 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 by 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 property covered by this agreement is located, or any future income tax laws of the United States, contain, or shall hereafter contain, provisions similar to those contained 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 said Subchapter K is permitted, each of the parties hereto hereby makes such election or agrees to make such election as may be permitted by such laws. In making this election, each of the parties hereto hereby states that the income derived by it from the operations under this agreement can be adequately determined without the computation of partnership taxable income.

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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 mail 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, ("transferees"), 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 as condition precedent to its withdrawal, the withdrawing party shall pay in cash to the 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.

ARTICLE 18

INTEREST CARVED OUT BY WORKING INTEREST OWNER

18.1 Carved-out Interest Subject to This Agreement. In the event any Working Interest Owner shall, after this Agreement becomes effective or after executing this agreement, whichever is earlier, create an overriding royalty, production payment, net profits, or carried interest, or any other interest out of its Working Interest then subject to this agreement, such carved-out interest shall be subject to the terms and provisions of this agreement, specifically including, but without limitation, Section 11.5 hereof, entitled "Lien of Unit Operator". In the event the Working Interest Owner creating such carved-out interest (i) fails to pay any costs or expenses chargeable to such Working Interest Owner under this agreement and the production of Unitized Substances accruing to the credit of such Working Interest Owner is insufficient for that purpose, or (ii) withdraws from this agreement under the terms and provisions of Article 17 hereof, the carved-out interest shall be chargeable with a prorata portion of all costs and expenses incurred hereunder and Unit Operator shall have the right to enforce against such carved-out interest the lien and all other rights granted in said Section 11.5 for the purpose of collecting the costs and expenses chargeable to said carved-out interest.

ARTICLE 19

ABANDONMENT OF WELLS

19.1 Rights of Former Owners. If Working Interest Owners decide to abandon permanently 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 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 Unit Operator of their election to take over the well, they shall pay Unit Operator, for credit to the joint account, the amount estimated by Working Interest Owners to be the salvage value of the casing and equipment in and on the well, except the casing therein if casing and equipment in and on the well, except the casing therein if contributed by such Working Interest Owners of the Tract under Section 10.1.1, less salvage costs. The Working Interest Owners of the Tract, by taking over the well, agree to seal off effectively and protect the Unitized Formation, and upon abandonment to plug the well in compliance with applicable laws and regulations.

19.2 Plugging. If the Working Interest Owners of a Tract do not elect to take over a well located thereon which is proposed for abandonment, Unit Operator shall plug and abandon the well at Unit expense in compliance with applicable laws and regulations.

ARTICLE 20 EFFECTIVE DATE AND TERM

20.1 Effective Date. This agreement shall be binding on each party who executes or ratifies the same as of the date of execution or ratification by such party, but shall not become effective for the purpose of conducting Unit Operations hereunder until the effective date of said Unit Agreement, which date shall also be the effective date of this agreement.

20.2 Term. This agreement shall continue in full force and effect so long as the Unit Agreement remains in force and effect, and thereafter until (a) all Unit Wells have been abandoned and plugged or turned over to the the Working Interest Owners in accordance with Article 21, (b) all Unit Equipment and real property acquired for the joint account have been disposed of by the Unit Operator in accordance with instructions of the Working Interest Owners, and (c) there has been a final accounting.

ARTICLE 21 ABANDONMENT OF OPERATIONS

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

21.1.1 Oil and Gas Rights. The 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.

21.1.2 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 value of the casing and equipment in and on the wells taken over, except the casing therein if contributed by such Working Interest Owners under Section 10.1.1 less salvage costs as estimated by Working Interest Owners, and by agreeing to plug properly each well at such time as it is abandoned.

21.1.3 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 properly.

21.1.4 Cost of Salvaging & Distribution of Assets. Working Interest Owners shall share the cost of salvaging and abandonment as well as distribution of assets and properties used in Unit Operation in proportion to their respective Unit Participations.

ARTICLE 22

EXCISE TAX PROVISIONS

22.1 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 stripper 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 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 stripper 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.

ARTICLE 23

EXECUTION

23.1 Execution by Separate Counterparts or Ratifications. This agreement may be executed in any number of counterparts, and each executed counterpart shall have the same force and effect as an original instrument and as if all parties to the aggregate counterparts had signed the same instrument, or may be ratified by a separate instrument in writing referring to this agreement, each such ratification having the force and effect of an executed counterpart hereof and in effect incorporating by reference all of the provisions hereof.

ARTICLE 24

SUCCESSORS AND ASSIGNS

24.1 Successors and Assigns. This agreement shall constitute a covenant running with the lands and leases covered hereby, and shall be binding upon and inure to the benefit of the heirs, devisees, legal representatives, successors, and assigns of the parties hereto, respectively. Each assignment or other transfer of Working Interest by any party hereto shall be made expressly subject to this agreement and shall provide expressly that the transferee shall assume and be bound by all obligations accruing hereunder in respect to the Working Interest transferred from and after the assignment or other transfer.

24.2. Notice of Transfer. An assignment or other transfer of Working Interest that is subject to this agreement shall not be binding upon Unit Operator and shall not relieve the transferor of obligations accruing hereunder, until the first day of the calendar month next succeeding receipt by Unit Operator of written notice of such assignment or transfer accompanied by certified copy of the recorded instrument evidencing the transfer.

24.3 Six or More Owners. In the event that any Tract or Tracts subject to this agreement is owned or hereafter becomes owned by six (6) or more Working Interest Owners, then, in such event, said Working Interest Owners agree, upon request, to furnish Unit Operator with a recordable instrument executed by all such Working Interest Owners designating an agent to receive and be responsible for all costs, expenses, and credits related to Unit Operations and attributable to all such Working Interest Owners.

25.1 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,

EXHIBIT "F"

Attached to and made a part of that certain Unit Operating Agreement, Twin Lakes San Andres Unit, County of Chaves, State of New Mexico, dated June 1, 1987.

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 \$100,000 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 be required by law.

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

- (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.

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 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 \$ 20,000.00 :

- A. 5 % of total costs if such costs are more than \$ 20,000.00 but less than \$ 100,000.00 ; plus
B. 3 % of total costs in excess of \$ 100,000.00 but less than \$1,000,000; plus
C. 2 % 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

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:

- (X) 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 (X) be covered by the Overhead rates. or temporary contr or professional services employed for the benefit of the joint property

A. Overhead - Fixed Rate Basis

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

Drilling Well Rate \$	4000.00
Injection or Producing Well Rate \$	400.00

Water Source, /

(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. This shall include production from water-source as well as oil and gas wells.
- [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.

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 per cent (20%)~~ twenty three percent (23%) or the percent 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.

EXHIBIT " E "

Attached to and made a part of that certain Unit Operating Agreement
Twin Lakes San Andres Unit, County of Chaves, State of New
Mexico, dated June 1, 1987.

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 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 of payment. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum 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.

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EXHIBIT "D"
TRACT & UNIT PARTICIPATION - TRACT BASIS
UNIT OPERATING AGREEMENT

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EXHIBIT "D"
TRACT & UNIT PARTICIPATION - TRACT BASIS
UNIT OPERATING AGREEMENT

TRACT #	LEASE/WELLS	OWNER	TYPE	GROSS MI	INTEREST NET	1 BOPD/WELL CUTOFF	PARTICIPATION (EXPENSE)	PARTICIPATION (REVENUE)
30	D'BRIEN FF #1 - #6	POC TENNECO M G STROECKER MARION WEEKS B & R WINTHER MARSHALL & WINSTON MOON CO. J T WYMAN TRUST I P PARKER TRUST FRANCISCA WINSTON EST TRUST F S WINSTON MARITAL TRUST CHARLES A KELLY MURRAY C MCKINNON TRUST BEATRICE P B STONE GROVER S STONE, JR STEVEN L STONE SANDRA J STONE HARGARET E B DANIELS DIANNE E DANIELS JUNE A D GROTHE CHARLES W DANIELS FRATES SEELIGSON JOHN D BRISCOE NANCY E CARLOCK VICTOR E CARLOCK	WI WI WI WI WI RI 					

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 EXHIBIT "D"
 TRACT & UNIT PARTICIPATION - TRACT BASIS
 UNIT OPERATING AGREEMENT

TRACT #	LEASE/WELLS	OWNER	TYPE	GROSS MI	NET INTEREST	TRACT PARTICIPATION 1 BOPD/WELL CUTOFF	UNIT PARTICIPATION (EXPENSE)	UNIT PARTICIPATION (REVENUE)
28	O'BRIEN DB #1 - #3	POC	MI	0.57921880	0.37517580	0.0260934	0.0151138	0.0097896
		TXO	MI	0.18750000	0.15234370	0.0260934	0.0048725	0.0039752
		W G STROECKER	MI	0.05156250	0.03339840	0.0260934	0.0013454	0.0008715
		MARION WEEKS	MI	0.05156250	0.03339840	0.0260934	0.0013454	0.0008715
		B & R WINTNER	MI	0.00515620	0.00333980	0.0260934	0.0001345	0.0000871
		TENNECO	MI	0.12500000	0.11875000	0.0260934	0.0032617	0.0002039
		MARSHALL & WINSTON	RI	0.00781250	0.00781250	0.0260934	0.0000000	0.0001631
		TENNECO	RI	0.00625000	0.00625000	0.0260934	0.0000000	0.0001019
		MOON CO	RI	0.12504690	0.12504690	0.0260934	0.0000000	0.0001019
		J T WYMAN TRUST	RI	0.00390630	0.00390630	0.0260934	0.0000000	0.0001019
		P W PARKER TRUST	RI	0.00390630	0.00390630	0.0260934	0.0000000	0.0001019
		FRANCISCA WINSTON EST TRUST	RI	0.00390630	0.00390630	0.0260934	0.0000000	0.0001019
		F S WINSTON MARITAL TRUST	RI	0.00195310	0.00195310	0.0260934	0.0000000	0.0000510
		MURRAY C MCKINNON TRUST	RI	0.00195310	0.00195310	0.0260934	0.0000000	0.0000510
29	O'BRIEN L LEASE	J M HUBER CORP	OR	0.07031250	0.07031250	0.0260934	0.0000000	0.0018347
		COLUMBIA BAS	OR	0.03515630	0.03515630	0.0260934	0.0000000	0.0009173
		FRATES SEELIGSON	NPRI	0.01757810	0.01757810	0.0260934	0.0000000	0.0004587
		POC	MI	0.78984375	0.44085190	0.1503259	0.01187340	0.00962858
		TENNECO	MI	0.06250000	0.06250000	0.1503259	0.0093954	0.0039754
		W B STROECKER	MI	0.07031250	0.05701900	0.1503259	0.0105498	0.0085714
		MARION WEEKS	MI	0.07031250	0.05701900	0.1503259	0.0105498	0.0085714
		B & R WINTNER	MI	0.00703125	0.00570190	0.1503259	0.00010570	0.00005872
		MARSHALL & WINSTON	RI	0.00390630	0.00390630	0.1503259	0.0000000	0.00002202
		MOON CO	RI	0.10048820	0.10048820	0.1503259	0.0000000	0.00002202
		J T WYMAN TRUST	RI	0.00146480	0.00146480	0.1503259	0.0000000	0.00001448
		P W PARKER TRUST	RI	0.00097660	0.00097660	0.1503259	0.0000000	0.00001448
		MURRAY C MCKINNON TRUST	RI	0.00297670	0.00297670	0.1503259	0.0000000	0.00001448
		FRANCISCA WINSTON EST TRUST	RI	0.00146480	0.00146480	0.1503259	0.0000000	0.00001448
		F S WINSTON MARITAL TRUST	RI	0.00520830	0.00520830	0.1503259	0.0000000	0.00001448
		BEATRICE P B STONE	NPRI	0.00138890	0.00138890	0.1503259	0.0000000	0.0000088
		IGROVER S STONE, JR	NPRI	0.00138890	0.00138890	0.1503259	0.0000000	0.0000088
		STEVEN L STONE	NPRI	0.00138890	0.00138890	0.1503259	0.0000000	0.0000088
		SANDRA J STONE	NPRI	0.00138890	0.00138890	0.1503259	0.0000000	0.0000088
		MARGARET E B DANIELS	NPRI	0.00520830	0.00520830	0.1503259	0.0000000	0.0000088
		DIANNE E DANIELS	NPRI	0.00138890	0.00138890	0.1503259	0.0000000	0.0000088
		JUNE A D GROTHE	NPRI	0.00138890	0.00138890	0.1503259	0.0000000	0.0000088
		CHARLES M DANIELS	NPRI	0.00138890	0.00138890	0.1503259	0.0000000	0.0000088
		JOHN D BRISCOE	NPRI	0.02812500	0.02812500	0.1503259	0.0000000	0.00042279
		NANCY E CARLOCK	NPRI	0.00117190	0.00117190	0.1503259	0.0000000	0.0001762
		VICTOR E CARLOCK	NPRI	0.00117190	0.00117190	0.1503259	0.0000000	0.0001762
		FRATES SEELIGSON	NPRI	0.01435550	0.01435550	0.1503259	0.0000000	0.00021580
				1.00000000	1.00000000		0.1503259	0.1503259

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EXHIBIT "D"
TRACT & UNIT PARTICIPATION - TRACT BASIS
UNIT OPERATING AGREEMENT

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EXHIBIT "D"
TRACT & UNIT PARTICIPATION - TRACT BASIS
UNIT OPERATING AGREEMENT

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 9-1-87

 EXHIBIT "D"
 TRACT & UNIT PARTICIPATION - TRACT BASIS
 UNIT OPERATING AGREEMENT

UNIT OPERATING AGREEMENT									
TRACT #	LEASE/WELLS	OWNER	TYPE	GROSS MI	NET INTEREST	TRACT 1 BOPD/WELL CUTOFF	UNIT PARTICIPATION (EXPENSE)	UNIT PARTICIPATION (REVENUE)	
20									
	POC STROECKER	MI	0.84250000	0.68453120	0.00000000	0.00000000	0.00000000	0.00000000	
	W G STROECKER	MI	0.07500000	0.06093750	0.00000000	0.00000000	0.00000000	0.00000000	
	MARION WEEKS	MI	0.07500000	0.06093750	0.00000000	0.00000000	0.00000000	0.00000000	
	B & R WINTNER	MI	0.00750000	0.00609375	0.00000000	0.00000000	0.00000000	0.00000000	
	MOON CO	RI		0.12304670	0.00000000	0.00000000	0.00000000	0.00000000	
	TENNECO (UV INDUSTRIES)	RI		0.02343750	0.00000000	0.00000000	0.00000000	0.00000000	
	FRATES SEELIGSON	NPRI		0.01757810	0.00000000	0.00000000	0.00000000	0.00000000	
	FRANCISCA WINSTON EST TRUST	RI		0.00585940	0.00000000	0.00000000	0.00000000	0.00000000	
	F S WINSTON MARITAL TRUST	RI		0.00292970	0.00000000	0.00000000	0.00000000	0.00000000	
	CHARLES A KELLY	RI		0.00146480	0.00000000	0.00000000	0.00000000	0.00000000	
	P W PARKER TRUST	RI		0.00292970	0.00000000	0.00000000	0.00000000	0.00000000	
	J T WYMAN TRUST	RI		0.00292970	0.00000000	0.00000000	0.00000000	0.00000000	
	MARSHALL & WINSTON	RI		0.00585940	0.00000000	0.00000000	0.00000000	0.00000000	
	MURRAY C MCKINNON TRUST	RI		0.00146480	0.00000000	0.00000000	0.00000000	0.00000000	
21									
	POC STROECKER	MI	0.84250000	0.71217570	0.0014065	0.0011850	0.0010017	0.0000872	
	W G STROECKER	MI	0.07500000	0.06339830	0.0014065	0.0001035	0.0000872	0.0000089	
	MARION WEEKS	MI	0.07500000	0.06339830	0.0014065	0.0001035	0.0000872	0.0000089	
	B & R WINTNER	MI	0.00750000	0.00633980	0.0014065	0.0000105	0.0000089	0.0000046	
	MARSHALL & WINSTON	RI		0.00468720	0.0014065	0.0000000	0.0000000	0.0001385	
	MOON CO	RI		0.07843750	0.0014065	0.0000000	0.0000000	0.0000033	
	J T WYMAN TRUST	RI		0.00234380	0.0014065	0.0000000	0.0000000	0.0000033	
	P W PARKER TRUST	RI		0.00234380	0.0014065	0.0000000	0.0000000	0.0000016	
	F S WINSTON MARITAL TRUST	RI		0.00234380	0.0014065	0.0000000	0.0000000	0.0000000	
	CHARLES A KELLY	RI		0.00117190	0.0014065	0.0000000	0.0000000	0.0000000	
	MURRAY C MCKINNON TRUST	RI		0.00117190	0.0014065	0.0000000	0.0000000	0.0000000	
	FRANCISCA WINSTON EST TRUST	RI		0.00468720	0.0014065	0.0000000	0.0000000	0.0000046	
	TENNECO (UV INDUSTRIES)	RI		0.02343750	0.0014065	0.0000000	0.0000000	0.0000350	
	FRATES SEELIGSON	NPRI		0.01406250	0.0014065	0.0000000	0.0000000	0.0000198	
22									
	POC STROECKER	MI	0.84250000	0.71217570	0.0234414	0.0197494	0.0166944	0.0014861	
	W G STROECKER	MI	0.07500000	0.06339830	0.0234414	0.0017581	0.0014861	0.0000275	
	MARION WEEKS	MI	0.07500000	0.06339830	0.0234414	0.0017581	0.0000275	0.0000275	
	B & R WINTNER	MI	0.00750000	0.00633980	0.0234414	0.0001079	0.0001079	0.0000275	
	MARSHALL & WINSTON	RI		0.00468720	0.0234414	0.0000000	0.0000000	0.0000275	
	MOON CO	RI		0.09843750	0.0234414	0.0000000	0.0000000	0.0000549	
	J T WYMAN TRUST	RI		0.00234380	0.0234414	0.0000000	0.0000000	0.0000249	
	P W PARKER TRUST	RI		0.00234380	0.0234414	0.0000000	0.0000000	0.0000249	
	F S WINSTON MARITAL TRUST	RI		0.00234380	0.0234414	0.0000000	0.0000000	0.0000249	
	CHARLES A KELLY	RI		0.00117190	0.0234414	0.0000000	0.0000000	0.0000275	
	MURRAY C MCKINNON TRUST	RI		0.00117190	0.0234414	0.0000000	0.0000000	0.0000275	
	FRANCISCA WINSTON EST TRUST	RI		0.00468720	0.0234414	0.0000000	0.0000000	0.0001099	
	TENNECO (UV INDUSTRIES)	RI		0.02343750	0.0234414	0.0000000	0.0000000	0.0005494	
	FRATES SEELIGSON	NPRI		0.01406250	0.0234414	0.0000000	0.0000000	0.0003296	

UNIT OPERATING AGREEMENT

UNIT OPERATING AGREEMENT									
TRACT #	LEASE/WELLS	OWNER	TYPE	GROSS MI	NET INTEREST	TRACT PARTICIPATION 1 BOPD/WELL CUTOFF	UNIT PARTICIPATION (EXPENSE)	UNIT PARTICIPATION (REVENUE)	
18	O'BRIEN F #6	POC STROECKER M G STROECKER MARION WEEKS B & R WINTHER MARSHALL & WINSTON MOON CO. J T WYMAN TRUST P M PARKER TRUST F S WINSTON MARITAL TRUST CHARLES A KELLY MURRAY C MCKINNON TRUST FRANCISCA WINSTON EST TRUST TENNECO (UV INDUSTRIES)	MI MI MI MI MI RI RI RI RI RI RI NPRI UNLEASED	0.84250000 0.07500000 0.07500000 0.07500000 0.00750000	0.62460930 0.05378110 0.0005888 0.00537810 0.00468760 0.09843750 0.002234380 0.00234380 0.00234380 0.00117190 0.00117190 0.00468760 0.01406250 0.12500000	0.0005888 0.0005888 0.0005888 0.0005888 0.0005888 0.0005888 0.0005888 0.0005888 0.0005888 0.0005888 0.0005888 0.0005888 0.0005888 0.0005888	0.0004961 0.0000442 0.0000442 0.0000044 0.0000044 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0005889 0.0000328 0.0000328 0.0000033 0.0000028 0.0000380 0.0000014 0.0000014 0.0000007 0.0000000 0.0000000 0.0000028 0.0000083 0.0000736	
18A		POC STROECKER M G STROECKER MARION WEEKS B & R WINTHER MOON CO. FRATES SEELIGSON TENNECO (UV INDUSTRIES) FRANCISCA WINSTON EST TRUST F S WINSTON MARITAL TRUST CHARLES A KELLY P M PARKER TRUST J T WYMAN TRUST MARSHALL & WINSTON MURRAY C MCKINNON TRUST	MI MI MI MI MI NPRI UNLEASED RI RI RI RI RI RI RI	0.84250000 0.07500000 0.07500000 0.07500000 0.00750000	0.59896490 0.05332030 0.05332030 0.00533200 0.12504690 0.01757810 0.12500000 0.00585940 0.00252970 0.00146480 0.00252970 0.00252970 0.00585940 0.00146480	0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	
19	O'BRIEN F #7	POC STROECKER M G STROECKER MARION WEEKS B & R WINTHER MARSHALL & WINSTON MOON CO. J T WYMAN TRUST P M PARKER TRUST F S WINSTON MARITAL TRUST CHARLES A KELLY MURRAY C MCKINNON TRUST FRANCISCA WINSTON EST TRUST FRATES SEELIGSON TENNECO (UV INDUSTRIES)	MI MI MI MI MI RI RI RI RI RI RI NPRI UNLEASED	0.84250000 0.07500000 0.07500000 0.07500000 0.00750000	0.59896490 0.05332030 0.05332030 0.00533200 0.12504690 0.00252970 0.00252970 0.00146480 0.00252970 0.00252970 0.00585940 0.00146480 0.12500000	0.0003464 0.0003464 0.0003464 0.0003464 0.0003464 0.0003464 0.0003464 0.0003464 0.0003464 0.0003464 0.0003464 0.0003464 0.0003464 0.0003464	0.0002918 0.0000260 0.0000185 0.0000018 0.0000026 0.0000020 0.0000020 0.0000010 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0002075 0.0000183 0.0000185 0.0000018 0.0000026 0.0000020 0.0000020 0.0000010 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	

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EXHIBIT "D"
TRACT & UNIT PARTICIPATION - TRACT BASIS
UNIT OPERATING AGREEMENT

TRACT #		LEASE/WELLS	OWNER	TYPE	GROSS MI	NET INTEREST	TRACT PARTICIPATION 1 BOPD/WELL CUTOFF	UNIT PARTICIPATION (EXPENSE)	UNIT PARTICIPATION (REVENUE)
17	O'BRIEN FEE ZS #1-#4	HARLOW CORP	MI	0.6250000	0.48156250	0.0420482	0.0267801	0.0202488	
		ADAMS & MCBANEY	MI	0.0750000	0.06187500	0.0420482	0.0031536	0.0026017	
		JW ADAMS & JUNE ADAMS EST	MI	0.0750000	0.06187500	0.0420482	0.0031536	0.0026017	
		JW ADAMS	MI	0.0375000	0.03093750	0.0420482	0.0015768	0.0013009	
		MAROB PROD CO	MI	0.1875000	0.15468750	0.0420482	0.0078840	0.0065043	
		MOND CO	RI		0.08203130	0.0420482	0.0034493	0.0034493	
		EN NORTREE PTSP CO	RI		0.02500000	0.0420482	0.0010512	0.0002464	
		MARSHALL & WINSTON	RI		0.00585940	0.0420482	0.0000000	0.0002464	
		FRANCISCA WINSTON EST TRUST	RI		0.00585940	0.0420482	0.0000000	0.0002464	
		F W WINSTON MARITAL TRUST	RI		0.00292960	0.0420482	0.0000000	0.0001232	
		IP W PARKER TRUST	RI		0.00292960	0.0420482	0.0000000	0.0001232	
		I J WYMAN TRUST	RI		0.00146480	0.0420482	0.0000000	0.0000616	
		CHARLES A KELLY	RI		0.00146480	0.0420482	0.0000000	0.0000616	
		MURRAY C MCKINNON TRUST	RI		0.00073250	0.0420482	0.0000000	0.0000308	
		DOUGLAS A MCKINNON	RI		0.00073250	0.0420482	0.0000000	0.0000308	
		M V HARLOW, JR	RI		0.00073240	0.0420482	0.0000000	0.0015768	
		AVIVA LTD PTSP	DR		0.03750000	0.0420482	0.0000000	0.0015768	
		C H KIMBRO	DR		0.01061750	0.0420482	0.0004464	0.0004464	
		J E ABRAM	DR		0.00750000	0.0420482	0.0003154	0.0003154	
		GALLY FELDMAN	DR		0.00014780	0.0420482	0.0000062	0.0000062	
		JACK W FLECK	DR		0.00295410	0.0420482	0.0001243	0.0001243	
		WM J HARBECK	DR		0.00073900	0.0420482	0.0000000	0.0000311	
		ROBERT T JACKSON	DR		0.00036750	0.0420482	0.0000000	0.0000155	
		JACKIE H JOHNSON	DR		0.00036750	0.0420482	0.0000000	0.0000155	
		JOHN B LEONDUKALIS	DR		0.00014780	0.0420482	0.0000000	0.0000062	
		RALPH E LOWENBERG	DR		0.00059120	0.0420482	0.0000249	0.0000249	
		DAVID L PETERSON	DR		0.00059120	0.0420482	0.0000000	0.0000155	
		CHARLES I PETSCHEK	DR		0.00059120	0.0420482	0.0000000	0.0000249	
		LEE E SCHLESSMAN	DR		0.00118240	0.0420482	0.0000000	0.0000497	
		ROBERT REX SILVERSTONE	DR		0.00036750	0.0420482	0.0000000	0.0000155	
		PH PETER STERN	DR		0.00044510	0.0420482	0.0000000	0.0000311	
		JOHN E WALSH, JR	DR		0.00059120	0.0420482	0.0000249	0.0000249	
		DONALD S WOOD	DR		0.00002460	0.0420482	0.0000000	0.0000010	
		TANIA C WHITMAN TRUST	DR		0.00073900	0.0420482	0.0000000	0.0000311	
		1029 PLUS ONE INVESTORS	DR		0.00036750	0.0420482	0.0000000	0.0000155	
		MILDRED M MILLER	DR		0.00014780	0.0420482	0.0000000	0.0000062	
		DAVID E WYMAN, JR	DR		0.00036750	0.0420482	0.0000000	0.0000155	
		FRATES SEELIGSON	NPRI		0.01171880	0.0420482	0.0000000	0.0004928	
				1.00000000	1.00000000	0.0420482	0.0420482	0.0420482	

EXHIBIT "D"
TRACT & UNIT PARTICIPATION - TRACT BASIS
UNIT OPERATING AGREEMENT

TRACT #	LEASE/WELLS	OWNER	TYPE	GROSS MI	INTEREST NET	BOPD/WELL CUTOFF	PARTICIPATION (EXPENSE)	PARTICIPATION (REVENUE)
14	O'BRIEN E #9	POC W G STROECKER MARION WEEKS B & R WINTHER MARSHALL & WINSTON MOON CO. J T WYMAN TRUST P W PARKER TRUST F S WINSTON MARITAL TRUST CHARLES A KELLY MURRAY C MCKINNON TRUST EM NOMINEE PTSP CD FRANCISCA WINSTON EST TRUST FRATES SEELISSON	WI WI WI WI RI RI RI RI RI RI RI RI RI NPRI	0.84250000 0.07500000 0.07500000 0.00750000 	0.73718750 0.06562500 0.06562500 0.00656250 0.00390630 0.08203120 0.00195310 0.00195310 0.00097650 0.00097650 0.01562500 0.00390630 0.01171880	0.0001182 0.0001182 0.0001182 0.0001182 0.0001182 0.000097 0.0001182 0.0001182 0.0001182 0.0001182 0.0001182 0.0001182 0.0001182	0.0000096 0.0000089 0.0000089 0.0000009 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0000071 0.0000078 0.0000078 0.0000000 0.0000005 0.0000007 0.0000002 0.0000002 0.0000000 0.0000000 0.0000001 0.0000018 0.0000005 0.0000014
15	O'BRIEN D #2 - #6	POC TENNECO W G STROECKER MARION WEEKS B & R WINTHER MARSHALL & WINSTON MOON CO. J T WYMAN TRUST P W PARKER TRUST FRANCISCA WINSTON EST TRUST F S WINSTON MARITAL TRUST CHARLES A KELLY MURRAY C MCKINNON TRUST FRATES SEELISSON	WI WI WI WI WI RI RI RI RI RI RI RI RI NPRI	0.73718750 0.12500000 0.06562500 0.06562500 0.00656250 	0.59238280 0.12500000 0.03273440 0.05273440 0.00527340 0.00781250 0.12504680 0.00390630 0.00390630 0.00781250 0.00390630 0.00195310 0.01757810	0.0423152 0.0423152 0.0423152 0.0423152 0.002777 0.0423152 0.0423152 0.0423152 0.0423152 0.0423152 0.0423152 0.0423152 0.0423152	0.0311942 0.0052894 0.0027769 0.0027769 0.000277 0.0000989 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0250668 0.0022894 0.0022315 0.0022315 0.000277 0.0003096 0.0001653 0.0001653 0.0001653 0.0003096 0.0001653 0.0001653 0.0000826 0.0007438
16	O'BRIEN E #1 - #8	POC W G STROECKER MARION WEEKS B & R WINTHER MARSHALL & WINSTON MOON CO. J T WYMAN TRUST P W PARKER TRUST F S WINSTON MARITAL TRUST CHARLES A KELLY MURRAY C MCKINNON TRUST EM NOMINEE PTSP CD FRANCISCA WINSTON EST TRUST FRATES SEELISSON	WI WI WI WI RI RI RI RI RI RI RI RI RI NPRI	0.84250000 0.07500000 0.07500000 0.00750000 	0.73718750 0.06562500 0.06562500 0.00656250 0.00390630 0.08203120 0.00195310 0.00195310 0.00097650 0.00097650 0.01562500 0.00390630 0.01171880	0.0217479 0.0217479 0.0217479 0.0217479 0.0217479 0.0217479 0.0217479 0.0217479 0.0217479 0.0217479 0.0217479 0.0217479 0.0217479	0.0183226 0.0016311 0.0014272 0.0016311 0.0001831 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0160323 0.0014272 0.0014272 0.0001827 0.0000530 0.0017840 0.0000425 0.0000425 0.0000212 0.0000212 0.0003398 0.0000850 0.0002549 0.0217479

TRACT #	LEASE/WELLS	OWNER	TYPE	GROSS MI	NET INTEREST	TRACT PARTICIPATION 1 BOPD/WELL CUTOFF	UNIT PARTICIPATION (EXPENSE)	UNIT PARTICIPATION (REVENUE)
11	STATE CH 3	POC W G STROECKER MARION WEEKS B & R WINTER COMM. OF PUBLIC LANDS CITIES SERVICE ROBERT L HAYNIE LEN MAYER GEORGE E CONLEY	MI MI MI MI RI DR DR DR	0.84250000 0.07500000 0.07500000 0.07500000 0.00750000 0.12500000 0.05448750 0.00250000 0.00250000 0.01000000	0.67847580 0.06039840 0.06039840 0.06039840 0.00603963 0.12500000 0.05448750 0.00250000 0.00250000 0.01000000	0.0030963 0.0030963 0.0030963 0.0030963 0.0030963 0.0030963 0.0030963 0.0030963 0.0030963 0.0030963	0.0024096 0.0002532 0.0002532 0.0002532 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0021008 0.0001870 0.0001870 0.0001870 0.0000187 0.00001693 0.0000077 0.0000077 0.0000077 0.0000310
12	STATE CH 2	POC MARSHALL & WINSTON MOON CO. J T WYMAN TRUST P W PARKER TRUST FRANCISCA WINSTON EST TRUST F S WINSTON MARITAL TRUST CHARLES A KELLY MURRAY C MCKINNON TRUST LEN NOMINEE PTSP CO FRATES SEELIBSON	MI RI RI RI RI RI RI RI RI RI RI NPRI	1.00000000 0.85937500 0.0058594 0.08203120 0.0005594 0.00292770 0.00292770 0.0005594 0.0058594 0.00292770 0.00146480 0.00146480 0.02343750 0.01171870	1.00000000 0.85937500 0.0058594 0.08203120 0.0005594 0.00292770 0.00292770 0.0005594 0.0058594 0.00292770 0.00146480 0.00146480 0.02343750 0.01171870	0.0005594 0.0005594 0.0005594 0.0005594 0.0005594 0.0005594 0.0005594 0.0005594 0.0005594 0.0005594 0.0005594 0.0005594 0.0005594 0.0005594	0.0005594 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0005594	0.0004807 0.0000033 0.0000459 0.0000016 0.0000016 0.0000016 0.0000033 0.0000016 0.0000016 0.0000008 0.0000008 0.0000131 0.0000666
13	STATE CH 2,3,5,6,7	POC MARSHALL & WINSTON MOON CO. J T WYMAN TRUST P W PARKER TRUST FRANCISCA WINSTON EST TRUST F S WINSTON MARITAL TRUST CHARLES A KELLY MURRAY C MCKINNON TRUST LEN NOMINEE PTSP CO BARBARA SWEENEY FRATES SEELIBSON	MI RI RI RI RI RI RI RI RI RI RI NPRI	1.00000000 0.84765620 0.00390630 0.08203120 0.00195310 0.00195310 0.00390630 0.00195310 0.00097650 0.00097650 0.01562580 0.02734380 0.01171880	1.00000000 0.84765620 0.00390630 0.08203120 0.00195310 0.00195310 0.00390630 0.00195310 0.00097650 0.00097650 0.01562580 0.02734380 0.01171880	0.0267552 0.0267552 0.0267552 0.0267552 0.0267552 0.0267552 0.0267552 0.0267552 0.0267552 0.0267552 0.0267552 0.0267552 0.0267552	0.0267552 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0226792 0.0001045 0.0021948 0.0000523 0.0000523 0.0001045 0.0000523 0.0000261 0.0000261 0.0004181 0.0007316 0.0003135

TRACT D.MR1
9-1-87

EXHIBIT "D"
TRACT & UNIT PARTICIPATION - TRACT BASIS
UNIT OPERATING AGREEMENT

TRACT #	LEASE/WELLS	OWNER	TYPE	GROSS MI	NET INTEREST	TRACT PARTICIPATION 1 BOPD/WELL CUT OFF	UNIT PARTICIPATION (EXPENSE)	UNIT PARTICIPATION (REVENUE)
7	CITBD A STATE 3	POC TRINIDAD PETROLEUM CORP HARBERT ENERGY CORP, AGENT COMH. OF PUBLIC LANDS ROBERT L HAYNIE LEN MAYER GEORGE E COMLEY	MI MI RI OR OR OR	0.51500000 0.2089870 0.27510130	0.43517500 0.1776440 0.23246060 0.12500000 0.00500000 0.00500000 0.02000000	0.0186278 0.0186278 0.0186278 0.0186278 0.0186278 0.0186278 0.0186278	0.0075933 0.0039100 0.0051245 0.0000000 0.0000000 0.0000000 0.0000000	0.0081064 0.0033039 0.0041302 0.0023285 0.0000731 0.0000931 0.0003726
8	CITBD A STATE 5	POC HARBERT ENERGY CORP, AGENT COMH. OF PUBLIC LANDS ROBERT L HAYNIE LEN MAYER GEORGE E COMLEY H LEE HARVARD	MI MI RI OR OR OR OR	0.52500000 0.47500000	0.44362500 0.39137500 0.12500000 0.00500000 0.00500000 0.02000000 0.01000000	0.0144380 0.0144380 0.0144380 0.0144380 0.0144380 0.0144380 0.0144380	0.0075800 0.0065507 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0064051 0.0056507 0.0018048 0.0000722 0.0000722 0.0002888 0.0001444
9	CITBD A STATE 6,7,8	POC STROECKER MARION WEEKS B & R WINTHER COMH. OF PUBLIC LANDS CITIES SERVICE ROBERT L HAYNIE LEN MAYER GEORGE E COMLEY	MI MI MI MI RI OR OR OR OR	0.84250000 0.07500000 0.07500000 0.00750000	0.65293750 0.05812500 0.05812500 0.00581250 0.12500000 0.07000000 0.00500000 0.00500000 0.02000000	0.0476502 0.0476502 0.0476502 0.0476502 0.0476502 0.0476502 0.0476502 0.0476502 0.0476502	0.0401453 0.0035738 0.0035738 0.0003574 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0311126 0.0027697 0.0027697 0.0002770 0.0039563 0.0033583 0.0002583 0.0002583 0.0009530
10	STATE CH 1	POC COMH. OF PUBLIC LANDS CITIES SERVICE ROBERT L HAYNIE LEN MAYER GEORGE E COMLEY	MI RI OR OR OR OR	1.00000000	0.80531250 0.12500000 0.03468750 0.00250000 0.00250000 0.01000000	0.0001050 0.0001050 0.0001050 0.0001050 0.0001050 0.0001050	0.0001050 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0000846 0.0000131 0.0000057 0.0000003 0.0000003 0.0000011
10A	STATE CH 2	POC COMH. OF PUBLIC LANDS CITIES SERVICE ROBERT L HAYNIE LEN MAYER GEORGE E COMLEY	MI RI OR OR OR OR	1.00000000	0.80531250 0.12500000 0.05468750 0.00250000 0.00250000 0.01000000	0.0025428 0.0025428 0.0025428 0.0025428 0.0025428 0.0025428	0.0025428 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0020477 0.0003179 0.0001391 0.0000064 0.0000064 0.0000254

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9-1-87

EXHIBIT "D"
TRACT & UNIT PARTICIPATION - TRACT BASIS
UNIT OPERATING AGREEMENT

TRACT #	LEASE/WELLS	OWNER	TYPE	GROSS MI	NET INTEREST	TRACT 1 BOPD/WELL CUTOFF	UNIT PARTICIPATION (EXPENSE)	UNIT PARTICIPATION (REVENUE)
1	CITGO STATE 1	POC TRINIDAD PETROLEUM CORP HARBERT ENERGY CORP, AGENT COMM. OF PUBLIC LANDS H. LEE HARBERT (BORN BY TRINIDAD & HARBERT ONLY)	MI RI MI RI OR	0.51500000 0.20789870 0.27310130	0.45062500 0.17933350 0.23504150 0.12500000 0.01000000	0.0160189 0.0160189 0.0160189 0.0160189 0.0160189	0.0082497 0.0035623 0.0044068 0.0000000 0.0000000	0.0072185 0.0028727 0.0037631 0.0020024 0.0001602
2	CITGO STATE 2 & 6	POC COMM. OF PUBLIC LANDS CITIES SERVICE	MI RI OR	1.00000000	0.79296880 0.12500000 0.08203120	0.0057700 0.0057700 0.0057700	0.0057700 0.0000000 0.0000000	0.0045754 0.0007213 0.0004733
3	CITGO STATE 3	POC TRINIDAD PETROLEUM CORP HARBERT ENERGY CORP, AGENT COMM. OF PUBLIC LANDS CITIES SERVICE	MI RI MI RI OR	0.75750000 0.10494940 0.13755060	0.58706250 0.08133580 0.10640170 0.12500000 0.10000000	0.0008767 0.0008767 0.0008767 0.0008767 0.0008767	0.0006441 0.0000920 0.0001206 0.0000000 0.0000000	0.0005147 0.0000713 0.0000935 0.0001096 0.0000877
4	CITGO STATE 4,5,7	POC M. G. STROECKER MARION WEEKS B & R MINIER COMM. OF PUBLIC LANDS CITIES SERVICE	MI MI MI MI RI OR	0.84250000 0.07500000 0.07500000 0.00750000	0.65293750 0.05812500 0.05812500 0.00581250 0.12500000 0.10000000	0.0218646 0.0218646 0.0218646 0.0218646 0.0218646 0.0218646	0.0184209 0.0016398 0.0012709 0.0016400 0.0000000 0.0000000	0.0142762 0.0012709 0.0012709 0.0001271 0.0027331 0.0021865
5	CITGO A STATE 1	POC COMM. OF PUBLIC LANDS CITIES SERVICE ROBERT L. HAYNIE LEN MAYER GEORGE E. COMLEY	MI RI OR OR OR OR	1.00000000	0.79296880 0.12500000 0.05203120 0.00500000 0.00500000 0.02000000	0.0040045 0.0040045 0.0040045 0.0040045 0.0040045 0.0040045	0.0040045 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0031754 0.0005006 0.0002084 0.0000200 0.0000200 0.0000801
6	CITGO A STATE 2	POC TRINIDAD PETROLEUM CORP COMM. OF PUBLIC LANDS ROBERT L. HAYNIE LEN MAYER GEORGE E. COMLEY	MI RI OR OR OR OR	0.50000000 0.50000000	0.42250000 0.42250000 0.12500000 0.00500000 0.00500000 0.02000000	0.0122048 0.0122048 0.0122048 0.0122048 0.0122048 0.0122048	0.0061024 0.0000000 0.0000000 0.0000000 0.0000000 0.0000000	0.0051565 0.0001525 0.0000610 0.0000610 0.0002441 0.0122048

ATTEST:

By: _____

Its: _____

Date Executed: _____

Address: _____

J47/5

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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, ruling, regulations or orders.

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

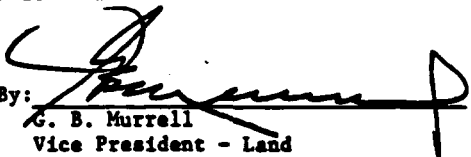
UNIT OPERATOR AND WORKING INTEREST OWNER

ATTEST:


L. G. Fersht, Assistant Secretary

Date Executed: August 4, 1987

PELTO OIL COMPANY

By: 
G. B. Murrell
Vice President - Land

Address: One Allen Center, Suite 1800
500 Dallas Street
Houston, Texas 77002

OTHER WORKING INTEREST OWNERS

ATTEST:

Date Executed: _____

By: _____

Its: _____

Address: _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO

9 September 1987

EXAMINER HEARING

IN THE MATTER OF:

Application of Pelto Oil Company for statutory unitization, Chaves County, New Mexico.	CASE 9210
and Application of Pelto Oil Company for a waterflood project, Chaves County, New Mexico.	CASE 9211

BEFORE: Michael E. Stogner, Examiner

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Division:	Jeff Taylor Attorney at Law Legal Counsel to the Division State Land Office Bldg. Santa Fe, New Mexico 87501
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For the Applicant:	James G. Bruce Attorney at Law HINKLE LAW FIRM P. O. Box 2068 Santa Fe, New Mexico 87504
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EXHIBIT

I N D E X

GERALD B. MURRELL

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ROBERT L. SPOTTSWOOD

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Cross Examination by Mr. Stogner

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Pelto Exhibit Two, Plat 8

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Pelto Exhibit Five, Summary 11

Pelto Exhibit Six, Summary 14

Pelto Exhibit Seven, Summary 15

Pelto Exhibit Eight, Ratifications 15

1 Q Would you please refer to Exhibit Number
2 Four and describe its contents?

3 A Yes. Exhibit Four is a copy of the unit
4 operating agreement for the proposed unit area. This docu-
5 ment sets forth the authorities and duties of the unit oper-
6 ator as well as the apportionment of expenses by and between
7 the working interest owners.

8 Q Okay. Would you please describe tract
9 ownership and how you determined the names of the working
10 interest and royalty interest owners within the unit area?

11 A Yes. Exhibit Five is a tract by tract
12 listing of the interest owners. These names were obtained
13 from Pelto's current Division Order and/or title opinion
14 files, since it operates all but one of the tracts.

15 Tract 17 ownership was initially deter-
16 mined by conducting a check of county records, but that
17 check was found to be incorrect and subsequent ownership was
18 determined from current Division orders which were provided
19 by the Tract 17 working interest owners.

20 Q How many royalty and working interest
21 owners are there in the proposed unit?

22 A There are 61 royalty owners and initially
23 there were 17 working interest owners there; we're down to
24 11 now. There have been some repurchasing, some acquisi-
25 tions of interest within the unit.

1 ments of Sun and Columbia, we now have commitments to appro-
2 ximately 87-1/2 percent of working interest ownership in the
3 unit.

4 Q And referring to Exhibit Numbers Five and
5 Seven, what percentage of the royalty interest ownership has
6 committed to the unit?

7 A Exhibit Seven is a summary of the status
8 of royalty owner commitment as of 9-4-87, and although not
9 reflected in Exhibits Five or Seven, we received
10 ratification yesterday by Mr. Frates Seeligson, F-R-A-T-E-S
11 S-E-E-L-I-G-S-O-N, which means that we now have 83.6 percent
12 of the royalty interest owners voluntarily committed to the
13 unit.

14 Copies of ratifications executed by
15 working and royalty interest owners are submitted as Exhibit
16 Number Eight.

17 In addition, the Commissioner of Public
18 Lands, which has 9.8 percent of the total unit royalty, has
19 preliminarily committed the State's royalty interest as
20 shown in Exhibit Number Nine, contingent upon OCD approval.

21 Q And that would bring you up to over 90 --

22 A That would bring the total up to over 93
23 percent.

24 Q Regarding nonconsenting working interest
25 owners, does Pelto Oil Company request that the order issued

1 in Case 9210 provide for carrying working interest owners?

2 A Yes. Pelto requests that any working
3 interest owner who does not pay his share of initial unit
4 (unclear) cost be carried with his share of costs being
5 payable out of production, together with a 200 percent
6 charge assessed as nonconsent penalty. We think this is
7 reasonable based on the high capital cost for unit and
8 waterflood.

9 Q With respect to the proposed waterflood,
10 would you please describe any unique problems and expenses
11 attributable thereto?

12 A Yes. There's an insufficient -- there's
13 insufficient water in quantity and in quality in the immedi-
14 ate area of the proposed unit within which to institute a
15 waterflood project. Realizing the critical nature of this
16 scarcity, Pelto acquired water rights in Lea County, approx-
17 imately 27 miles southeast of the unit. In addition, Pelto
18 acquired rights-of-way on which to build a pipeline from the
19 water source to the field. A plat showing the location of
20 the water source and the right-of-way to the field is sub-
21 mitted as Exhibit Number Ten.

22 The cost of acquiring the water rights
23 and the rights-of-way was approximately \$239,000.

24 While this will be discussed by our next
25 witness, Pelto Oil Company requests approval of this expen-

1 Examiner, I move the admission of Exhibits One through
2 Eleven.

3 MR. STOGNER: Exhibits One
4 through Eleven will be admitted into evidence at this time.

5 MR. BRUCE: I have no further
6 questions of the witness at this time.

7

8 CROSS EXAMINATION

9 BY MR. STOGNER:

10 Q Mr. Murrell, is it Murrell?

11 A Murrell, uh-huh.

12 Q Mr. Murrell, as far as your certified
13 mailing, when was this done?

14 A Which -- which particular mailing do you
15 mean?

16 Q The one notifying of today's hearing.

17 A That was on August the 20th, I believe,
18 or August 19th, August 19th.

19 Q Now this is Exhibit Number Eleven, right?

20 A Right.

21 Q Okay, it's dated August 20th, right?

22 A Is it dated August 20th? Oh, yours went
23 out the 19th, mine went out the 20th, yes, I'm sorry.

24 Q Okay, now when you say his, which docu-
25 ment are you referring to?

1 A That's one that hasn't been admitted yet.

2 Q Oh, okay, it will be admitted later.

3 Okay.

4 Run this by me again. As far as the un-

5 committed royalty interest owners, when were they first not-

6 ified?

7 A On July the 9th.

8 Q Of this year?

9 A Of this year. Well, now, actually they

10 were first notified by letter on December 22nd of 1986.

11 Q Do you have that particular document or

12 what essentially was it or is that in a packet somewhere?

13 A It was jsut -- no, we did not send a

14 package to them at that time. It was a letter notifying

15 them of the status, that we were preparing to send them doc-

16 umentation on the unit. We had had a number of inquiries

17 about the nature of the royalty and what was happening, and

18 we felt it was best at that time to respond to the working

19 interest owners as a whole, advising them where we were

20 headed with the waterflood.

21 The actual documents, the unit agreement

22 and ratifications, were sent on July 9th of this year.

23 Q And how about your working interest own-

24 ers?

25 A Working interest owners, as I say, we had

1 some -- some preliminary early meetings with them during
2 1986; however, the official letter with all the documenta-
3 tion went to them on June the 9th, 1987.

4 Q Have you received any objections from any
5 of these parties?

6 A No, we've had no comments with respect to
7 objections to the operating agreement or the unit agreement.
8 We've had, as I said, a number of people
9 who have just expressed an interest in selling their inter-
10 est and, of course, we had the expression from Sun that they
11 weren't going to join the unit.

12 Q And as far as your royalty interest list
13 of the uncommitted royalty interest owners, have any of
14 those expressed an opposition to your unit agreement?

15 A Definitely not. We've had an overwhel-
16 ming response from the royalty owners.

17 Q Okay. Those that have not responded,
18 have you found that most of them can't be found or what is
19 --

20 A We can't find some of them. We've got
21 addresses; however, some of the certified receipts we've
22 gotten back or have not gotten back are for royalty owners
23 which we've tried to run down and in some cases haven't been
24 able to do that.

25 Q Okay. In your testimony you mentioned a

1 200 percent penalty to carry some of the uncommitted. Are
2 you talking about the uncommitted working interest owners?

3 A Just the working interest owners, cor-
4 rect.

5 Q Mr. Murrell, are you aware of any amend-
6 ment to the Statutory Unitization Act allowing for such a
7 penalty in New Mexico statutes?

8 MR. BRUCE: It's a --

9 MR. STOGNER: You ought to be
10 able to just point me to it.

11 MR. BRUCE: 70-7-7(s).

12 Q Are there any Federal acreage involved in
13 this unit?

14 A No, sir.

15 Q What percentage of it is state lands?

16 A State land is here somewhere.

17 Q Exhibit Number Seven?

18 A Exhibit Number Seven, I believe, yes, uh-
19 huh.

20 Q This is a preliminary approval?

21 A Yeah, that's percentage of the royalty
22 interest. I had the -- here it is. It's on Exhibit Number
23 Five, I believe, at the end. Nope, sorry.
24 believe, at the end. Nope, sorry.

25 Yeah, 640 acres is State; 4,223.82 acres

1 is fee; or approximately 13.16 percent State; and 86.84 per-
2 cent fee.

3 Q Another difficult question. Where is
4 that State acreage at?

5 A Section 36 of Township 8 South, Range 28
6 East. It will be Tracts 1 through 11.

7 MR. STOGNER: I have no further
8 questions of this witness.

9 Mr. Bruce, do you have any fur-
10 ther questions?

11 MR. BRUCE: Nothing further,
12 Mr. Examiner.

13 MR. STOGNER: At this time
14 we'll take a 10 minute break.

15
16 (Thereupon a recess was taken.)

17
18 MR. STOGNER: This hearing will
19 come to order.

20 Mr. Bruce.

21 MR. BRUCE: Just to be safe,
22 Mr. Examiner, I move the admission of Exhibits One through
23 Eleven.

24 MR. STOGNER: Exhibits One
25 through Eleven will be admitted into evidence.

1
2 ROBERT L. SPOTTSWOOD,
3 being called as witness and being duly sworn upon his oath,
4 testified as follows, to-wit:

5
6 DIRECT EXAMINATION

7 BY MR. BRUCE:

8 Q Mr. Spottswood, would you please state
9 your full name and your city of residence?

10 A My name is Robert L. Spottswood and I
11 live in Houston, Texas.

12 Q And what is your occupation who is your
13 employer?

14 A I'm the Manager of Petroleum Engineering
15 for Pelto Oil Company.

16 Q And would you please state your
17 educational and work experience?

18 A I received a BS in petroleum engineering
19 from the University of Oklahoma in January, 1953; couple of
20 years in the United States Army Engineers; and I have 27
21 years with Shell Oil Company in various petroleum reservoir
22 engineering assignments in the United States and Holland,
23 including numerous waterfloods as Project Engineer and
24 Project Manager; then two years with Enstar Petroleum as
25 Corporate Manager of Petroleum Engineering; and 3 years with

1 MR. BRUCE: That's all I have
2 of the witness at this time.

3

4

CROSS EXAMINATION

5 BY MR. STOGNER:

6 Q The surface owner has been contacted of
7 the initial injection, is that correct?

8 A Yes.

9 Q I have one figure I need. You probably
10 went over it but let me go over it one more time.

11 A All right.

12 Q What is the present average daily produc-
13 tion of the oil wells in this particular pool at this time?

14 A All right, let me look that up for you.
15 The last information I have, Mr. Examiner, for the total
16 field, in May of 1987, produced 9,705 barrels of oil, 22,215
17 MCF of gas, and 21,716 barrels of water.

18 Q Well, is that the cumulative for that
19 year?

20 A No, that's the last month.

21 Q Oh, the last month.

22 A Yes, sir.

23 Q And what was that oil figure again?

24 A The oil for the month of May was 9,705.
25 The gas was 22,215 MCF for that month, and the water produc-

1 tion was 21,716.

2 Did you ask for the cumulative?

3 Q Well, I wanted a daily oil production and
4 that's how many wells, 100 and --

5 A Let's see, that one would be for -- let
6 me look at my well count here -- for wells that are current-
7 ly producing, just a minute, I have that here some place.
8 Let me find the well count, or maybe it's back here in the
9 back. Yeah, well count, okay, producing wells for May,
10 1987, 97 wells for the total field.

11 Q Does that come in under 10 barrels of oil
12 per day average?

13 A I haven't calculated that but it would be
14 97 over -- 97 over what did I say, 9705?

15 Q 9705.

16 A 9705 divided by 31 times 97, right?
17 Yeah, so 9705 divided by 31 divided by 97, yes, it comes un-
18 der 5 -- comes to about 3.23 barrels of oil per day per
19 well.

20 Q Okay. Your participation formula.

21 A Yes, sir.

22 Q That was covered in which exhibit? Let's
23 go to that.

24 A All right, participation formula would be
25 -- it's a long table, Exhibit Thirty-four.

1 Q Thirty-four.

2 A Now that's not the formula but that --
3 the formula is in the unit agreement.

4 Q Okay.

5 A So we could dig that out for me, Jim, but
6 the basis for participation is on Exhibit Thirty-four, for
7 each tract 1 through 35, there's 37 tracts, would be that
8 far column called Heavy Ultimate Primary Fraction.

9 Say, for example, Tract Number 1 has
10 tract's working interest ownership and each participant,
11 then, would get their fraction of the tract's working inter-
12 est times that fraction and it's -- that's in the agreements
13 spelled out.

14 Q In the agreement --

15 A Spelled out in the agreement.

16 MR. BRUCE: Exhibit Three.

17 A Is it unit agreement, Exhibit Three?

18 Q And is that the same as the voting --

19 A That is the same as the voting for the
20 working interest owners.

21 Certainly there -- and the revenue side
22 is whatever net revenue that you have against that.

23 Q And how is that 200 percent to be charged
24 to those nonparticipating working interest owners at this
25 time? The calculated interest formula, how does that come

1 about and how is that being -- how is that going to be --

2 A Well, the 200 percent will apply to the
3 initial capital expenditure.

4 Q Okay.

5 A So -- and that will be the \$7.3-million.

6 Q Okay, now how is that be accounted for on
7 a monthly basis until such 200 percent is reached, and then
8 what happens?

9 A The -- if a person, if a unit operator
10 does not agree to participate, then a separate accounting
11 will be held for his interest until the amount of money that
12 he normally would have paid of that, say, \$7.3-million, has
13 been paid back out the unit proceeds plus 200 percent of
14 what he would have been liable to pay.

15 Q Will this be kept track of in your office
16 or will it be paid to an escrow account somewhere?

17 A I'm not sure.

18 MR. MURRELL: It probably would
19 be set up just in our office as a payout account, as we nor-
20 mally do (unclear) and keep track of this all the time in
21 the Accounting Department.

22 Q Now I believe some of the interests have
23 not been found, is that correct?

24 A That's right.

25 Q Some of the interests, working interests?

1 A No, the working interests --

2 Q They have all been found?

3 A Yes.

4 Q Okay.

5 A Some of the royalty interest have not
6 been found.

7 Q Should there be a time limitation where
8 these noncommitted working interest owners at this time
9 should -- if they elect later on after this hearing, should
10 there be something or some sort of a time limit?

11 MR. MURRELL: I'm sorry. You
12 say in order to sign these people --

13 Q Yes, if you give them some sort of a time
14 -- I think of it like compulsory pooling. We usually give
15 them ninety days to join and if they haven't joined, then
16 the 200 percent penalty --

17 MR. MURRELL: Yeah, I think
18 some reasonable period of time, whatever that may be.

19 MR. STOGNER: Okay, you're
20 familiar with our 200 or our 200 percent risk penalty in the
21 compulsory pooling, are you not?

22 MR. MURRELL: Fairly.

23 MR. STOGNER: I was thinking of
24 -- this is the first compulsory pooling unitization that
25 we've had since these new rules are -- have been enacted. I

1 was thinking of the same sort of procedure in which our com-
2 pulsory pooling's have in assessing those particular provi-
3 sions into the unitization.

4 MR. MURRELL: That would --

5 MR. BRUCE: That would be ac-
6 ceptable.

7 MR. TAYLOR: When do you plan
8 to initiate operations?

9 A As soon as -- well, operations, of
10 course, are many things, but right now we've pre-ordered a
11 lot of material. We're waiting for the order of the unit --
12 of the State for unitization and waterflood and when that is
13 issued, we're ~~going to~~ be off and running and putting the
14 waterflood in and spending considerable sums of money.

15 MR. TAYLOR: So it would be ef-
16 fective as soon as its entered, right?

17 A Will we spend money as soon as the unit's
18 effective?

19 MR. MURRELL: Yeah, usually
20 within the ninety days, I would assume, we'd either got
21 these people to join or we'd made some other arrangement
22 with these people, or they've just said, no, we're not going
23 to do anything, in which case the penalty would be invoked
24 and they'd be a carried party.

25 MR. STOGNER: As far as your

1 MR. STOGNER: I have no further
2 questions. Mr. Bruce?

3 MR. BRUCE: Nothing further.

4 MR. STOGNER: Does anyone else
5 have any further questions of this witness?

6 You may be excused.

7 A Thank you.

8 MR. STOGNER: Is there anything
9 further in this case?

10 MR. BRUCE: No, sir.

11 MR. STOGNER: Or either, either
12 of these two cases.

13 If not, Cases Numbers 9210 and
14 9211 will be taken under advisement.

15

16 (Hearing concluded.)

17

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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO
HEREBY CERTIFY the foregoing Transcript of Hearing before
the Oil Conservation Division (Commission) was reported by
me; that the said transcript is a full, true, and correct
record of the hearing, prepared by me to the best of my
ability.

Sally W. Boyd CSR

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 9212 ~~9211~~
heard by me on 19 September 1987.

Michael E. [Signature] Examiner
Oil Conservation Division

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

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

CASE NO. 10062
Order No. R-9336

APPLICATION OF OXY USA, INC.
FOR STATUTORY UNITIZATION, LEA
COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on September 5, 1990, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 29th day of October, 1990, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) Division Case Nos. 10062, 10063 and 10064 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, OXY USA, Inc., seeks the statutory unitization, pursuant to the "Statutory Unitization Act", Sections 70-7-1 through 70-7-21, NMSA (1978), of 1561.19 acres, more or less, being a portion of the Central Corbin-Queen Pool, Lea County, New Mexico, said portion to be known as the Central Corbin Queen Unit; the applicant further seeks approval of the Unit Agreement and the Unit Operating Agreement which were submitted in evidence as applicant's Exhibit Nos. 14 and 15 in this case.

EXHIBIT

(4) The horizontal limits of said unit area should be comprised of the following described Federal and Fee lands in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 3: Lot 4, SW/4 NW/4, and W/2 SW/4
Section 4: Lots 1, 2 and 3, S/2 N/2, and S/2
Section 8: E/2 NE/4
Section 9: N/2, N/2 SW/4, SE/4 SW/4, and SE/4
Section 10: W/2 NW/4 and NW/4 SW/4

(5) The horizontal limits of said unit are within the governing boundaries of the Central Corbin Queen Pool and have been reasonably defined by development.

(6) The vertical limits of said Unit Area should comprise that interval which extends from an upper limit described as 215 feet below mean sea level or at the top of the Queen formation, whichever is higher, to a lower limit at the base of the Queen formation; the geologic markers having been previously found to occur at 4200 feet and 4246 feet, respectively, in OXY USA, Inc.'s Federal AA Well No. 1, located 990 feet from the North line and 1980 feet from the East line (Unit B) of Section 9, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, as recorded on the Schlumberger CNL-LDT log taken on November 10, 1984, said log being measured from a kelly drive bushing elevation of 3985 feet above sea level.

(7) The unit area contains nine separate tracts of land owned by twenty-eight different working interest owners.

(8) The applicant has made a good faith effort to secure voluntary unitization within the Unit Area and at the time of the hearing 93.03 percent of the working interest owners and approximately 91.792 percent of the royalty interest owners were effectively committed to the unit.

(9) The applicant proposes to institute a waterflood project for the secondary recovery of oil and associated gas, condensate, and all associated liquefiable hydrocarbons within and to be produced from the proposed unit area (being the subject of Division Case No. 10063).

(10) Santa Fe Exploration Company, a 2.00833 percent working interest owner in said unit appeared at the hearing in opposition to this case but presented no new technical evidence for its opposition.

(11) The proposed secondary recovery operations should result in the additional recovery of approximately 550,000 barrels of oil.

(12) The unitized management, operation and further development of the Central Corbin Queen Unit Area, as proposed, is reasonably necessary to effectively carry on secondary recovery operations and will substantially increase the ultimate recovery of oil and gas from the unitized portion of the pool.

(13) The proposed unitized method of operation as applied to the Central Corbin Queen Unit Area is feasible and will result with reasonable probability in the increased recovery of substantially more oil and gas from the unitized portion of the pool than would otherwise be recovered without unitization.

(14) The estimated additional costs of such operations will not exceed the estimated value of the additional oil so recovered plus a reasonable profit.

(15) Such unitization and adoption of applicant's proposed unitized method of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the Central Corbin Queen Unit Area.

(16) The granting of the application in this case will have no adverse effect upon the Central Corbin-Queen Pool.

(17) The applicant's Exhibit Nos. 14 and 15 in this case, being the Statutory Unit Agreement and the Unit Statutory Operating Agreement, respectively, should be incorporated by reference into this order.

(18) The Central Corbin Queen Unit Agreement and the Central Corbin Queen Unit Operating Agreement provide for unitization and unit operation of the Central Corbin Queen Unit Area upon terms and conditions that are fair, reasonable and equitable, and include:

- (a) an allocation to the separately owned tracts of the unit area of all oil and gas that is produced from the unit area and which is saved, being the production that is not used in the conduct of unit operations or not unavoidably lost;

- (b) a provision for the credits and charges to be made in the adjustment among the owners in the unit area for their respective investments in wells, tanks, pumps, machinery, materials and equipment contributed to the unit operators;
- (c) a provision governing how the costs of unit operations including capital investments shall be determined and charged to the separately-owned tracts and how said costs shall be paid, including a provision providing when, how and by whom such costs shall be charged to such owner, or the interest of such owner, and how his interest may be sold and the proceeds applied to the payment of his costs;
- (d) a provision for carrying any working interest owner on a limited, carried or net-profits basis, payable out of production, upon terms and conditions which are just and reasonable, and which allow an appropriate charge for interest for such service payable out of production, upon such terms and conditions determined by the Division to be just and reasonable;
- (e) a provision designating the Unit Operator and providing for supervision and conduct of the unit operations, including the selection, removal and substitution of an operator from among the working interest owners to conduct the unit operations;
- (f) a provision for a voting procedure for decisions on matters to be decided by the working interest owners in respect to which each working interest owner shall have a voting interest equal to his unit participation; and
- (g) the time when the unit operation shall commence and the manner in which, and the circumstances under which, the operations shall terminate and for the settlement of accounts upon such termination.

(19) Section 70-7-7.F. NMSA of said "Statutory Unitization Act" provides that any working interest owner who has not agreed in writing to participate in a unit could have relinquished to the unit operator all of its operating rights and working interest in and to the unit until his share of the costs has been repaid plus an additional 200 percent thereof as a non-consent penalty.

(20) At the time of the hearing, the applicant requested that no additional penalty be assessed these working interest owners in said unit who have not committed their interests.

(21) The statutory unitization of the Central Corbin Queen Unit Area is in conformity with the above findings, and will prevent waste and protect correlative rights of all interest owners within the proposed unit area, and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of OXY USA, Inc. for the Central Corbin Queen Unit Agreement, covering 1561.19 acres, more or less, of Federal and Fee lands in the Central Corbin-Queen Pool, Lea County, New Mexico, is hereby approved for statutory unitization pursuant to the "Statutory Unitization Act", Sections 70-7-1 through 70-7-21, NMSA (1978).

(2) The lands covered by said Central Corbin Queen Unit Agreement shall be designated the Central Corbin Queen Unit Area and shall comprise the following described acreage in Lea County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM

Section 3:	Lot 4, SW/4 NW/4, and W/2 SW/4
Section 4:	Lots 1, 2 and 3, S/2 N/2, and S/2
Section 8:	E/2 NE/4
Section 9:	N/2, N/2 SW/4, SE/4 SW/4, and SE/4
Section 10:	W/2 NW/4 and NW/4 SW/4

(3) The vertical limits of said Unit Area shall comprise that interval which extends from an upper limit described as 215 feet below mean sea level or at the top of the Queen formation, whichever is higher, to a lower limit at the base of the Queen formation; the geologic markers having been previously found to occur at 4200 feet and 4246 feet, respectively, in OXY USA, Inc.'s Federal AA Well No. 1, located 990 feet from the North line and 1980 feet from the East line (Unit B) of Section 9, Township 18 South, Range 33 East, NMPM, Lea County, New Mexico, as recorded on the Schlumberger CNL-LDT log taken on November 10, 1984, said log being measured from a kelly drive bushing elevation of 3985 feet above sea level.

(4) The applicant shall institute a waterflood project for the secondary recovery of oil and associated gas, condensate and all associated liquefiable hydrocarbons within and produced from the unit area, and said waterflood project is the subject of Division Case No. 10063.

(5) The Central Corbin Queen Unit Agreement and the Central Corbin Queen Unit Operating Agreement, which were submitted to the Division at the time of the hearing as Exhibits 14 and 15, respectively, are hereby incorporated by reference into this order.

(6) The Central Corbin Queen Unit Agreement and the Central Corbin Queen Unit Operating Agreement provide for unitization and unit operation of the Central Corbin-Queen Pool upon terms and conditions that are fair, reasonable and equitable.

(7) Since persons owning the required statutory minimum percentage of interest in the unit area have approved or ratified the Unit Agreement and the Unit Operating Agreement, the interests of all persons within the unit area are hereby unitized whether or not such persons have approved the Unit Agreement or the Unit Operating Agreement in writing.

(8) Any working interest owner who has not agreed in writing to participate in the unit prior to the date of this order shall be deemed to have relinquished to the unit operator all of his operating rights and working interest in and to the unit until his share of the costs has been repaid. Such repayment shall include no non-consent penalty (Section 70-7-7.F NMSA 1978).

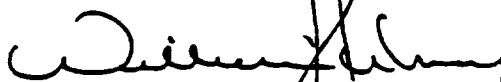
(9) The applicant as Unit Operator shall notify in writing the Division Director of any removal or substitution of said Unit Operator by any other working interest owner within the area.

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

Case No. 10062
Order No. R-9336
Page 7

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

A handwritten signature in dark ink, appearing to read 'William J. Lemay', is written over the printed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

WILLIAM J. LEMAY
Director

S E A L

UNIT OPERATING AGREEMENT
CENTRAL CORBIN QUEEN UNIT
LEA COUNTY, NEW MEXICO

BEFORE EXAMINER STOGNER

Oil Conservation Division

OXY Exhibit No. ~~15~~ 15

Case No. 10062, 63, 64

EXHIBIT E

**UNIT OPERATING AGREEMENT
CENTRAL CORBIN QUEEN UNIT
LEA COUNTY, NEW MEXICO**

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

ARTICLE 11

UNIT EXPENSE

11.1 Basis of Charge to Working Interest Owners. Unit Operator initially shall pay all Unit Expense. Each Working Interest Owner shall reimburse Unit Operator for its share of Unit Expense. Each Working Interest Owner's share shall be the same as its Unit Participation. All charges, credits, and accounting for Unit Expense shall be in accordance with Exhibit C.

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 thereafter shall prepare budgets as determined by Working Interest Owners.

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 Billings. Unit Operator shall have the right to require Working Interest Owners to advance their respective shares of estimated Unit Expense as provided by Exhibit C.

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 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 such Working Interest Owner bears to the Unit Participation of all such Working Interest Owners. Each Working Interest so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in Section 11.6 of this Agreement.

11.6 Security Rights. In addition to any other security rights and remedies provided for by the laws of this State with respect to services rendered or materials and equipment furnished under this Agreement, Unit Operator shall have a first and prior lien upon each Working Interest, including the Unitized Substances

and Unit Equipment credited thereto, in order to secure payment of the Unit Expense charged against such Working Interest, together with interest thereon at the rate set forth in Exhibit C or the maximum rate allowed by law, whichever is less. If any Working Interest Owner does not pay its share of Unit Expense when due, Unit Operator shall have the right to collect from the purchaser the proceeds from the sale of such Working Interest Owner's share of Unitized Substances until the amount owed, plus interest at the rate herein provided, has been paid. Each purchaser shall be entitled to rely on Unit Operator's statement concerning the amount owed and the interest payable thereon.

11.7 **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 Section 11.6 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 Section 11.6.

ARTICLE 12

NONUNITIZED 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 Are

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

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

CASE NO. 10341
ORDER NO. R-9548

APPLICATION OF MARATHON OIL COMPANY FOR
STATUTORY UNITIZATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on June 27, 1991, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 22nd day of July, 1991 the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) Division Case Nos. 10341 and 10342 were consolidated at the time of the hearing for the purpose of testimony.
- (3) The applicant, Marathon Oil Company, seeks the statutory unitization, pursuant to the "Statutory Unitization Act", Sections 70-7-1 through 70-7-21, NMSA (1978), of 880.00 acres, more or less, being a portion of the Tamano-Bone Spring Pool, Eddy County, New Mexico, said portion to be known as the Tamano (BSSC) Unit; the applicant further seeks approval of the Unit Agreement and the Unit Operating Agreement which were submitted in evidence as applicant's Exhibit Nos. 44 and 45, respectively, in this case.



(4) The proposed unit area should be designated the Tamano (BSSC) Unit Area; and the horizontal limits of said unit area should be comprised of the following described Federal lands in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 10: S/2 NE/4 and SE/4

Section 11: All

(5) The horizontal limits of said unit area are contained within the governing boundary of the Tamano-Bone Spring Pool, and have reasonably been defined by development.

(6) The vertical limits of the Tamano (BSSC) Unit Area should comprise that interval known as the Bone Spring Second Carbonate which correlates to that section between the depths of 7908 feet below KB (-4156 feet subsea) and 8190 feet below KB (-4438 feet subsea) as recorded on the Dual Induction Focused Log taken on December 17, 1987 in Marathon's Johnson "B" Federal Well No. 4 located 1980 feet from the South and West lines (Unit K) of Section 11, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

(7) The unit area contains nine separate tracts owned by twenty-five different working interests. Marathon operates five of the tracts representing 640 acres with the remaining tracts operated by Harvey E. Yates Company. There is one royalty interest owner, the United States government, and a significant number of overriding royalty interest owners.

(8) At the time of the hearing, owners of 75.01 percent of the working interest and owners of 85.7 percent of the royalty (including the federal royalty based upon the preliminary approval by the U.S. Bureau of Land Management) and overriding royalty interest owners were effectively committed to the unit.

(9) All interested parties who have not agreed to unitization were notified of the hearing by the applicant, but no person entered an appearance or opposed the application at the hearing.

(10) The applicant proposes to institute a pressure maintenance project for the secondary recovery of oil and associated gas, condensate, and all associated liquefiable hydrocarbons within and to be produced from the proposed unit area (being the subject of Division Case No. 10342).

(11) The proposed secondary recovery operations should result in the additional recovery of approximately 2.261 million barrels of oil.

(12) The unitized management, operation and further development of the Tamano (BSSC) Unit Area, as proposed, is reasonably necessary to effectively carry on secondary recovery operations and will substantially increase the ultimate recovery of oil and gas from the unitized portion of the pool.

(13) The proposed unitized method of operation as applied to the Tamano (BSSC) Unit Area is feasible and will result with reasonable probability in the increased recovery of substantially more oil and gas from the unitized portion of the pool than would otherwise be recovered without unitization.

(14) The estimated additional costs of such operations will not exceed the estimated value of the additional oil so recovered plus a reasonable profit.

(15) Such unitization and adoption of applicant's proposed unitized method of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the Tamano (BSSC) Unit Area.

(16) The granting of the application in this case will have no adverse effect upon the Tamano-Bone Spring Pool.

(17) The applicant's Exhibit Nos. 44 and 45 in this case, being the Unit Agreement and the Unit Operating Agreement, respectively, should be incorporated by reference into this order.

(18) The Tamano (BSSC) Unit Agreement and the Tamano (BSSC) Unit Operating Agreement provide for unitization and unit operation of the Tamano (BSSC) Unit Area upon terms and conditions that are fair, reasonable and equitable, and include:

- (a) an allocation to the separately owned tracts of the unit area of all oil and gas that is produced from the unit area and which is saved, being the production that is not used in the conduct of unit operations or not unavoidably lost;

- (b) a provision for the credits and charges to be made in the adjustment among the owners in the unit area for their respective investments in wells, tanks, pumps, machinery, materials and equipment contributed to the unit operators;
- (c) a provision governing how the costs of unit operations including capital investments shall be determined and charged to the separately-owned tracts and how said costs shall be paid, including a provision providing when, how and by whom such costs shall be charged to such owner, or the interest of such owner, and how his interest may be sold and the proceeds applied to the payment of his costs;
- (d) a provision for carrying any working interest owner on a limited, carried or net-profits basis, payable out of production, upon terms and conditions which are just and reasonable, and which allow an appropriate charge for interest for such service payable out of production, upon such terms and conditions determined by the Division to be just and reasonable;
- (e) a provision designating the Unit Operator and providing for supervision and conduct of the unit operations, including the selection, removal and substitution of an operator from among the working interest owners to conduct the unit operations;
- (f) a provision for a voting procedure for decisions on matters to be decided by the working interest owners in respect to which each working interest owner shall have a voting interest equal to his unit participation; and
- (g) the time when the unit operation shall commence and the manner in which, and the circumstances under which, the operations shall terminate and for the settlement of accounts upon such termination.

(19) Section 70-7-7.F. NMSA (1978) of said "Statutory Unitization Act" provides that the unit plan of operation shall include a provision for carrying any working interest owner subject to limitations set forth in the statute, and any non-consenting working interest owner so carried shall be deemed to have relinquished to the unit operator all of his operating rights and working interest in and to the unit until his share of the costs has been repaid plus an amount not to exceed 200 percent thereof as a non-consent penalty.

(20) At the time of the hearing, the applicant requested that no additional penalty be assessed these working interest owners in said unit who have not committed their interest.

(21) The statutory unitization of the Tamano (BSSC) Unit Area is in conformity with the above findings, and will prevent waste and protect correlative rights of all interest owners within the proposed unit area, and should therefore be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Marathon Oil Company for the Tamano (BSSC) Unit Agreement, covering 880 acres, more or less, of federal lands in the Tamano-Bone Spring Pool, Eddy County, New Mexico, is hereby approved for statutory unitization pursuant to the "Statutory Unitization Act", Sections 70-7-1 through 70-7-21, NMSA (1978).

(2) The lands covered by said Tamano (BSSC) Unit Agreement shall be designated the Tamano (BSSC) Unit Area and shall comprise the following described acreage in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 10: S/2 NE/4 and SE/4

Section 11: All

(3) The vertical limits of the Tamano (BSSC) Unit Area shall comprise that interval known as the Bone Spring Second Carbonate which correlates to that section between the depths of 7908 feet below KB (-4156 feet subsea) and 8190 feet below KB (-4438 feet subsea) as recorded on the Dual Induction Focused Log taken on December 17, 1987 in Marathon's Johnson "B" Federal Well No. 4 located 1980 feet from the South and West lines (Unit K) of Section 11, Township 18 South, Range 31 East, NMPM, Eddy County, New Mexico.

UNIT OPERATING AGREEMENT
TAMANO (BSSC) UNIT
EDDY COUNTY, NEW MEXICO

THIS AGREEMENT, entered into as of the ____ day of _____, 1991, by the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to be bound by the provisions hereof;

W I T N E S S E T H ;

WHEREAS, the parties hereto as Working Interest Owners have executed, an agreement entitled, "Unit Agreement, Tamano (BSSC) Unit, Eddy County, New Mexico," herein referred to as "Unit Agreement", which, among other things, provides for a separate agreement to be entered into by and between 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 I

CONFIRMATION OF UNIT AGREEMENT AND ADOPTION OF DEFINITIONS

1.1 Confirmation of Unit Agreement. The Unit Agreement and all exhibits attached thereto or any revisions thereof are hereby confirmed and by reference made a part of this Agreement. If there is any conflict between the Unit Agreement and this Agreement, the Unit Agreement shall govern.

1.2 Adoption of Definitions. The definitions in the Unit Agreement are adopted for all purposes of this Agreement.

ARTICLE 2

EXHIBITS

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

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 general facilities which service more than one lease and which are necessary for Unit Operations shall be by negotiation between the owners thereof and Unit Operator, subject to the approval of Working Interest Owners. There shall be no adjustment for lease roads or appurtenances thereto. General facilities which are owned one-hundred percent (100%) by the Unit Operator shall be acquired by negotiation between the Unit Operator and the Working Interest Owners.

10.5 Exchange of Interest in and Ownership of Personal Property and Facilities. Each Working Interest Owner hereby exchanges, and agrees to exchange, its interest in all of the personal property and facilities described in Article 10.1.2 above for its proportionate interest, as shown on Exhibit C, from and after the time the same may hereafter become effective, in all such personal property and facilities described in Article 10.1.2. Each Working Interest Owner, individually, shall by virtue hereof own an undivided interest in all personal property and facilities taken over or otherwise acquired by Unit Operator pursuant to this agreement equal to its Unit Participation.

ARTICLE 11

DEVELOPMENT AND OPERATING COSTS

11.1 Basis of Charge to Working Interest Owners. Unit Operator initially shall pay and discharge all Unit Expense including all preunitization expenses required for organization and/or formation of the unit. Each Working Interest Owner shall reimburse Unit Operator for its share of Unit Expense in proportion to the respective Unit Participation of the parties hereto. All charges,

credits, and accounting for Unit Expense shall be in accordance with Exhibit "D", Accounting Procedure.

11.2 Budgets. Before or as soon as practical after the Effective Date hereof, 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 September thereafter, shall prepare such 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 whenever an adjustment or correction is proper. A copy of each budget and adjusted budget shall promptly be furnished to each Working Interest Owner.

11.3 Advance Billings. Unit Operator shall have the right without prejudice to any other rights or remedies, at its option, to require Working Interest Owners to advance their respective proportions of Unit Expense by submitting to Working Interest Owners, on or before the 15th day of any month, an itemized estimate of Unit Expense for the succeeding month with a request for payment in advance. If such advance is requested as to operating costs and expenses, the Working Interest Owner's proportionate shares thereof shall be deemed to be the same as for the preceding month, with an adjustment to be made on the basis of their actual proportionate shares thereof as determined at the end of the period for which such advance was requested. Within fifteen (15) days of receipt of said itemized estimate, each Working Interest Owner shall pay to Unit Operator its proportionate part of such estimate. Adjustment between estimates and the actual costs shall be made by Unit Operator at the close of each calendar month, and the accounts of the Working Interest Owners shall be adjusted accordingly.

11.4 Commingling of Funds. No funds received by Unit Operator under this agreement need be segregated or maintained by it as separate funds, but may be commingled with its own funds.

11.5 Lien of Unit Operator. 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 produced, and its interest in all Unit Equipment, as security for payment of its share of Unit Expense to the full extent allowed by State and Federal Statutes, together with interest thereon at the prime rate charged by Chase Manhattan Bank during the period that such payment remains due, plus one percent (1%) per annum, or the maximum contract rate permitted by the applicable usury laws of the State of New Mexico, whichever is the lesser, plus attorney's fees, court costs and other costs in connection with the collection of unpaid amounts. To the extent that Unit Operator has a security interest under the Uniform Commercial Code, 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 and 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 as aforesaid, 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 to pay its share of Unit Expense within sixty (60) days after rendition of a statement therefor by Unit Operator, the non-defaulting Interest Owners, shall, upon request by Unit Operator, pay their proportionate part of the unpaid share of Unit Expense of the defaulting Working Interest Owner. The non-defaulting Working Interest Owners that pay their share of Unit Expense of a defaulting Working Interest Owner shall be reimbursed by the Unit Operator for the amount so paid, plus any interest collected thereon, upon receipt by Unit Operator of any past due amount collected from the defaulting Working Interest Owner. Any non-defaulting Working Interest Owner so paying a defaulting Working Interest Owner's share of Unit Expense shall be subrogated to the lien and rights herein granted Unit Operator. A defaulting Working Interest Owner shall lose its voting interest (as defined in Section 4.3.1) during its period of default. Its voting rights shall be shared proportionately and exercised by each of the non-defaulting Working Interest Owner paying their share of the defaulting Working Interest Owner's share of Unit Expense.

11.7 Carved-out Interest. If any working Interest Owner shall, after executing this Agreement, create an overriding royalty, production payment, net profits, or carried interest, or any other interest out of its Working Interest then subject to this Agreement, such carved-out interest shall be subject to the terms and provisions of this Agreement, specifically including, but without limitation, Article 11.5 hereof. If the Working Interest Owner creating such carved-out interest (i) fails to pay any Unit Expense chargeable to such Working Interest Owner under this Agreement and the production of Unitized Substances accruing to the credit of such Working Interest Owner is insufficient for that purpose, or (ii) withdraws from this Agreement under the terms and provisions of

Article 17 hereof, the carved-out interest shall be chargeable with a pro-rata portion of all Unit Expense incurred hereunder and Unit Operator shall have the right to enforce against such carved-out interest the lien and all other rights granted in said Article 11.5 for the purpose of collecting the Unit Expense chargeable to said carved-out interest.

11.8 Rentals and Minimum Royalties. The Working Interest Owner in each Tract shall, at its own expense, pay any and all rentals required to continue its lease in force, and any and all minimum royalties payable thereunder. Upon request of Unit Operator, each such Working Interest Owner shall furnish Unit Operator satisfactory evidence as to the payment of such rentals not less than thirty (30) days prior to the rental payment date and as to the payment of such minimum royalty payments when same are due. Unit Operator shall have the right, but shall be under no obligation, to pay any and all such rentals and minimum royalties on behalf of each Working Interest Owner, and any and all amounts so paid by Unit Operator shall be charged solely to the account of such Working Interest Owner. In the event the Working Interest Owner in any Tract fails to pay any rental required to continue its lease in force as to such Tract or any minimum royalties payable under such lease and as a result said lease terminates or is cancelled as to such Tract, the termination or cancellation of said lease as to such Tract shall be considered for all purposes of this agreement and the Unit Agreement to be a failure of title to said lease for reasons other than Unit Operations.

ARTICLE 12

OPERATION OF NON-UNITIZED FORMATIONS

12.1 Right to Operate in Non-Unitized Formations. Any Working Interest Owner that now has, or hereafter acquires the right to drill for and produce oil,

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION
CASES 10341 and 10342 (Consolidated)

EXAMINER HEARING

IN THE MATTER OF:

Application of Marathon Oil Company
for Statutory Unitization, Eddy
County, New Mexico.

Application of Marathon Oil Company
for Pressure Maintenance Project,
Eddy County, New Mexico

TRANSCRIPT OF PROCEEDINGS

BEFORE: MICHAEL E. STOGNER, EXAMINER

STATE LAND OFFICE BUILDING

SANTA FE, NEW MEXICO

June 27, 1991

ORIGINAL

HUNNICUTT REPORTING
(505) 982-9770

EXHIBIT

A P P E A R A N C E S

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1 characterized or considered to be a fair allocation of
2 cost between the parties that have to bear those
3 expenses?

4 A. Yes, sir. The parties will receive revenue
5 based on the same percentage as they will be billed,
6 so I believe that's a fair and equitable situation.

7 Q. Is there a procedure in the Unit Agreement
8 for taking care of credits and charges for equipment,
9 machinery or anything contributed to the unit?

10 A. Yes, sir, it's Article 10 of the Unit
11 Operating Agreement.

12 Q. Okay. How is that to be accomplished?

13 A. Article 10 provides that we will have an
14 inventory committee, and if we can't decide on a
15 committee, there will be an independent authority that
16 will propose the inventory to the working interest
17 owners.

18 Charges and credits will be given to each
19 working interest owner. If charges exceed credits,
20 they will receive a bill. If credits exceed charges,
21 then they will receive a check in payment from the
22 operator.

23 Q. Are there provisions made in the agreements
24 in the event a working interest owner does not pay his
25 share of unit expenses?

1 A. Yes, sir. That's also in Article 11 of the
2 Unit Operating Agreement. The COPAS provides that you
3 can charge interest after 30 days if you've not
4 received payment. Article 11 provides that after 60
5 days, the nondefaulting working interest owners can't
6 pay their proportionate share of the defaulted
7 payment, at that time the operator can pay them back
8 with the interest attributable to the defaulting
9 party.

10 Q. Do the agreements provide for a risk factor
11 penalty to be assessed against any nonconsenting
12 working interest owner?

13 A. No, sir.

14 Q. Is there a procedure provided for in the
15 Agreements for the designation of successor operator
16 or procedure for removing of a current operator?

17 A. Yes, sir. Section 6 and 7 of the Unit
18 Agreement and Article 6 of the Operating Agreement
19 provide for the resignation and designation of
20 operator; Marathon Oil Company being designated as the
21 initial unit operator.

22 Q. Does the agreement provide for a method of
23 voting on unit matters?

24 A. Yes, sir. That's Article 4 of the Unit
25 Operating Agreement, and that provides for voting

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

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

CASE NO. 10685
ORDER NO. R-9894

APPLICATION OF HANSON OPERATING COMPANY, INC. FOR STATUTORY
UNITIZATION, EDDY COUNTY, NEW MEXICO

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on March 18, 1993, at Santa Fe, New Mexico, before Examiner Michael E. Stogner.

NOW, on this 10th day of May, 1993 the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

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

(2) At the time of the hearing, this case was consolidated with Division Case No. 10686 for the purpose of testimony.

(3) The applicant, Hanson Operating Company, Inc., seeks the statutory unitization, pursuant to the "Statutory Unitization Act", Sections 70-7-1 through 70-7-21, NMSA (1978), for the purpose of establishing a secondary recovery project of all mineral interests in the Yates, Seven Rivers, Queen and Grayburg formations underlying 911.00 acres, more or less, being a portion of the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, Eddy County, New Mexico, said portion to henceforth be known as the Benson Shugart Waterflood Unit Area; the applicant further seeks approval of the "Unit Agreement" and "Unit Operating Agreement", which were submitted at the time of the hearing in evidence as applicant's Exhibit Nos. 2 and 3, respectively.

EXHIBIT

(4) The horizontal limits of said unit area should be comprised of the following described federal (871.00 acres or 95.6%) and fee (40 acres or 4.4%) lands in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 25: W/2 NE/4 and S/2

Section 26: E/2

Section 35: NE/4 NE/4

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 30: Lots 3 and 4 (W/2 SW/4 equivalent) and E/2 SW/4

(5) The horizontal limits of said unit are within the governing boundaries of the Shugart Yates-Seven Rivers-Queen-Grayburg Pool and have been reasonably defined by development.

(6) The proposed Unit Area essentially contains nine separate tracts of land owned by thirteen different working interest owners.

(7) The applicant has made a good faith effort to secure voluntary unitization within the above-described Unit Area and at the time of the hearing approximately 92 percent of the working interest owners have committed in writing.

(8) By a "preliminary approval letter" from the Roswell District Office United States Bureau of Land Management and confirmation by half of the remaining "private" royalty interest owners, approximately 97.8 percent of the royalty interest owners have effectively committed to the proposed Unit. There are "overriding royalty interests" who at the time of the hearing have not committed to the Unit. Regardless, any order issued by the Division approving this Unit should not become effective, under the terms of said "Statutory Unitization Act", Section 70-7-8.A. and C., until such time as the owners of at least seventy-five percent of the interests in the Unit that are free of costs have approved the Unit Agreement in writing.

(9) The applicant proposes to institute a waterflood project for the secondary recovery of oil and associated gas, condensate, and all associated liquefiable hydrocarbons within and to be produced from the proposed unit area (being the subject of Division Case No. 10686).

(10) Subsequent to the time both Case Nos. 10685 and 10686 were taken under advisement, Yates Petroleum Corporation in Case No. 10711 (heard on April 8, 1993) requested approval for its Creek "AL" Federal (Lease) Shugart Waterflood Project, which is proposed to comprise the E/2 SE/4 of Section 23, the NW/4 SW/4 and S/2

S/2 of Section 24, and the NW/4 and E/2 NE/4 of Section 25, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico. Both Shugart-Yates-Seven Rivers-Queen-Grayburg Pool waterflood projects are to be operated in conjunction with each other.

(11) All interested parties who have not agreed to unitization were notified of the hearing by the applicant, but no person entered an appearance or opposed the application at the hearing.

(12) The unitized management, operation and further development of the Benson Shugart Waterflood Unit Area, as proposed, is reasonably necessary to effectively carry on secondary recovery operations and will substantially increase the ultimate recovery of oil and gas from the unitized portion of the pool.

(13) The proposed unitized method of operation as applied to the Benson Shugart Waterflood Unit Area is feasible and will result with reasonable probability in the increased recovery of substantially more oil and gas from the unitized portion of the pool than would otherwise be recovered without unitization.

(14) The estimated additional costs of such operations will not exceed the estimated value of the additional oil so recovered plus a reasonable profit.

(15) Such unitization and adoption of applicant's proposed unitized method of operation will benefit the working interest owners and royalty owners of the oil and gas rights within the Benson Shugart Waterflood Unit Area.

(16) The granting of the application in this case will have no adverse effect upon the Shugart Yates-Seven Rivers-Queen-Grayburg Pool.

(17) The applicant's Exhibit Nos. 3 and 4 in this case, being the Unit Agreement and the Unit Operating Agreement, respectively, should be incorporated by reference into this order.

(18) The Benson Shugart Waterflood Unit Agreement and the Benson Shugart Waterflood Unit Operating Agreement provide for unitization and unit operation of the Benson Shugart Waterflood Unit Area upon terms and conditions that are fair, reasonable and equitable, and include:

- (a) an allocation to the separately owned tracts of the unit area of all oil and gas that is produced from the unit area and which is saved, being the production that is not used in the conduct of unit operations or not unavoidably lost;

- (b) a provision for the credits and charges to be made in the adjustment among the owners in the unit area for their respective investments in wells, tanks, pumps, machinery, materials and equipment contributed to the unit operators;
- (c) a provision governing how the costs of unit operations including capital investments shall be determined and charged to the separately-owned tracts and how said costs shall be paid, including a provision providing when, how and by whom such costs shall be charged to such owner, or the interest of such owner, and how his interest may be sold and the proceeds applied to the payment of his costs;
- (d) a provision for carrying any working interest owner on a limited, carried or net-profits basis, payable out of production, upon terms and conditions which are just and reasonable, and which allow an appropriate charge for interest for such service payable out of production, upon such terms and conditions determined by the Division to be just and reasonable;
- (e) a provision designating the Unit Operator and providing for supervision and conduct of the unit operations, including the selection, removal and substitution of an operator from among the working interest owners to conduct the unit operations;
- (f) a provision for a voting procedure for decisions on matters to be decided by the working interest owners in respect to which each working interest owner shall have a voting interest equal to his unit participation; and
- (g) the time when the unit operation shall commence and the manner in which, and the circumstances under which, the operations shall terminate and for the settlement of accounts upon such termination.

(19) ~~Section 70-7-7.F. NMSA of said "Statutory Unitization Act" provides that any working interest owner who has not agreed in writing to participate in a unit could have relinquished to the unit operator all of its operating rights and working interest in and to the unit until his share of the costs has been repaid plus an additional 200 percent thereof as a non-consent penalty.~~

(20) The statutory unitization of the Benson Shugart Waterflood Unit Area is in conformity with the above findings, and will prevent waste and protect correlative rights of all interest owners within the proposed unit area, and should be approved.

IT IS THEREFORE ORDERED THAT:

(1) The application of Hanson Operating Company, Inc. for the Benson Shugart Waterflood Unit, covering 911.00 acres, more or less, of federal and fee lands in the Shugart Yates-Seven Rivers-Queen-Grayburg Pool, Eddy County, New Mexico is hereby approved for statutory unitization pursuant to the "Statutory Unitization Act", Sections 70-7-1 through 70-7-21, NMSA (1978).

(2) The Benson Shugart Waterflood Unit Agreement and Benson Shugart Waterflood Unit Operating Agreement, which were submitted to the Division at the time of the hearing as Exhibits 3 and 4, respectively, are hereby incorporated by reference into this order.

(3) The lands covered by said Benson Shugart Waterflood Unit Agreement shall be designated the Benson Shugart Waterflood Unit Area and shall comprise the following described acreage in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 30 EAST, NMPM

Section 25: W/2 NE/4 and S/2

Section 26: E/2

Section 35: NE/4 NE/4

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM

Section 30: Lots 3 and 4 (W/2 SW/4 equivalent) and E/2 SW/4

(4) The vertical limits of the Unit Area should comprise the correlative interval between 1800 feet and 3500 feet beneath the surface of the ground or found on the Compensated Density Log in the Hanson Operating Company, Inc. Ginsberg Federal Well No. 13 located 1650 feet from the North line and 1800 feet from the East line (Unit G) of Section 26, Township 18 South, Range 30 East, NMPM, Eddy County, New Mexico.

(5) The applicant shall institute a waterflood project for the secondary recovery of oil and associated gas, condensate and all associated liquefiable hydrocarbons within and produced from the unit area, and said waterflood project which is the subject of Division Case No. 10686.

(6) Under the terms of the "Statutory Unitization Act," Section 70-7-8.A. and C., this order shall not become effective until such time as the owners of at least seventy-five percent of the interests in the unit which are free of cost have approved in writing the Unit Agreement.

IT IS FURTHER ORDERED THAT:

(7) If the required percentage of said interest owners in the area do not approve the Unit Agreement within a period of six months from the date of this order, this order shall cease to be of further force and effect and shall be revoked by the Division.

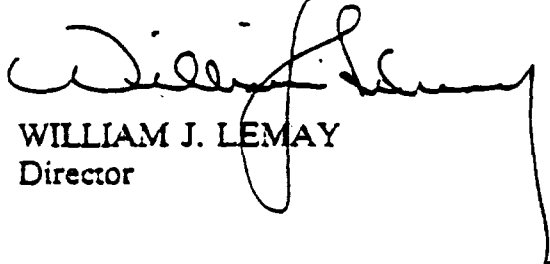
(8) Any working interest owner who has not agreed in writing to participate in the unit prior to the date of this order shall be deemed to have relinquished to the unit operator all of his operating rights and working interest in and to the unit until his share of the costs has been repaid. Such repayment shall include no non-consent penalty (Section 70-7-7.F NMSA 1978).

(9) The applicant as Unit Operator shall notify in writing the Division Director of any removal or substitution of said Unit Operator by any other working interest owner within the area.

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

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

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director

SEAL

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

CASE NO. 10685
ORDER NO. R-9894-A

APPLICATION OF HANSON OPERATING COMPANY, INC. FOR STATUTORY
UNITIZATION, EDDY COUNTY NEW MEXICO

NUNC PRO TUNC ORDER

BY THE DIVISION:

It appearing to the Division that Order No. R-9894 dated May, 19, 1993, does not correctly state the intended order of the Division,

IT IS THEREFORE ORDERED THAT:

(1) Decretory Paragraph No. (7) on page 6 of said Order No. R-9894, be and the same is hereby amended to read in its entirety as follows:

"(7) If the persons owning the required percentage of interests in the Benson Shugart Waterflood Unit Area as set out in Section 70-7-8 NMSA, (1978) Comp. do not approve the plan for unit operations within a period of six (6) months from the date of entry of this order, this order shall cease to be of further force and effect and shall be revoked by the Division, unless the Division shall extend the time for ratification for good cause shown."

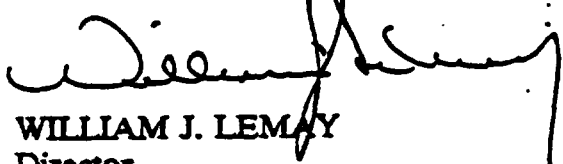
(2) Decretory Paragraph No. (8) on page 6 of said Order No. R-9894, be and the same is hereby amended to read in its entirety as follows:

"(8) When the persons owning the required percentage of interest in the Benson Shugart Waterflood Unit Area have approved the plan for unit operations, the interests of all persons in the unit area are unitized whether or not such persons have approved the plan of unitization in writing. Further, a non-consent penalty of 200 percent and the unit agreement provision providing for recovery of such penalty is approved."

(3) The corrections set forth in this order be entered nunc pro tunc as of May 19, 1993.

DONE at Santa Fe, New Mexico, on this 4th day of June, 1993.

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION



WILLIAM J. LEMAY
Director

SEAL

UNIT OPERATING AGREEMENT

SHUGART WATERFLOOD UNIT
EDDY COUNTY, NEW MEXICO

BEFORE EXAMINER STOOGER	
OIL CONSERVATION DIVISION	
<i>Hansen</i>	EXHIBIT NO. <i>3</i>
DATE NO.	<i>10685 and 10686</i>

EXHIBIT

10.3 Investment Adjustment. Upon approval by Working Interest Owners of the inventory and evaluation, each Working Interest Owner shall be credited with the value of its interest in all personal property taken over under Section 10.1.2, and shall be charged with an amount equal to that obtained by multiplying the total value of all personal property taken over under Section 10.1.2 by such Working Interest Owner's Unit Participation. 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 an 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 or reflected as a credit on such Working Interest Owner's account.

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 Charge to Working Interest Owners. Unit Operator initially shall pay all Unit Expense. All charges, credits and accounting for Unit Expense shall be in accordance with Exhibit C. Each Working Interest Owner shall reimburse the Unit Operator for its share of Unit Expense as follows:

11.1.1 Beginning at 7:00 o'clock a.m. on the Effective Date hereof, all operating expenses shall be shared by Working Interest Owners in accordance with their applicable Unit Participation which is in effect at the time such expense is incurred.

11.2 Budgets. Before or as soon as practical after the Effective Date hereof, Unit Operator shall prepare a budget of estimated Unit Expenses for the remainder of the calendar year, and, on or before the first day of each February thereafter, shall prepare such 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 promptly be furnished to each Working Interest Owner.

11.3 Advance Billings. Unit Operator shall have the right 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 month, with a request for payment in advance. Within fifteen (15) days thereafter, 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. No funds received by Unit Operator under this Agreement need to be segregated or maintained by it as a separate fund, but may be commingled with its own funds.

11.5 Lien of Unit Operator Penalty. Each Non-Operator grants to Operator a lien upon its oil and gas rights in the Contract Area, and a security interest in its share of oil and/or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with interest thereon at the rate provided in Exhibit C. To the extent that Operator has a security interest under the Uniform Commercial Code of the state, 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 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 Non-Operator in the payment of its share of expense, Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Non-Operator's share of oil and/or gas until the amount owed by such Non-

Operator, together with a penalty of 200% of such Non-Operator's proportionate share of expenses plus interest has been paid. Each purchaser shall be entitled to rely upon Operator's written statement concerning the amount of any default. Operator grants a like lien and security interest to the Non-Operators to secure payment of Operator's proportionate share of expense.

By execution or ratification of this Agreement, Working Interest Owners authorize the recording and filing of Exhibit F giving notice of the lien rights and security interest set forth above.

~~11.6~~ Unpaid Unit Expense. If any Working Interest Owner fails to pay its share of Unit Expense within sixty (60) days after rendition of a statement therefor by Unit Operator, each Working Interest Owner agrees, upon request by Unit Operator, to pay its proportionate part of the unpaid share of Unit Expense of the defaulting Working Interest Owner. The Working Interest Owners that pay the share of Unit Expense of a defaulting Working Interest Owner shall be reimbursed by the Unit Operator for the amount so paid, plus any interest and/or penalty collected thereon, upon receipt by Unit Operator of any past due amount collected from the defaulting Working Interest Owner. Any Working Interest Owner so paying a defaulting Working Interest Owner's share of Unit Expense shall be subrogated to the lien and rights herein granted Unit Operator.

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 Participation; provided, however, that in the event a Tract is qualified as a result of the execution of the indemnity provided by Section 9.1.2 of the Unit Agreement, the Working Interest Owner executing such indemnity shall bear the burden or take the benefits of such differences in royalty payments in the same proportion and to the same extent that such Working Interest is obligated by such indemnity with respect to the claims and demands referred to in said Section 9.1.2.

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 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 reasonable precaution to prevent unreasonable interference with Unit Operations. No Working Interest Owners 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 adversely be affected.

ARTICLE 13 TITLES

13.1 Warranty and Indemnity. Each Working Interest Owner represents and warrants that it is the owner of the respective working interests set forth opposite its name in Exhibit A, and hereby agrees to indemnify and hold harmless the other Working Interest Owners for 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; provided that such indemnity 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 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.

13.2 Failure Because of Unit Operations. The failure of title to any working interest in any Tract by reason of Unit Operations, including non-production from such Tract, shall not change the Unit Participation of the Working Interest Owner whose title failed in relation to the Unit Participation of the other Working Interest Owners at the time of the title failure.