



UNIT AGREEMENT  
PLUM BUSH CREEK FIELD  
WASHINGTON COUNTY, COLORADO

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UNIT AGREEMENT  
PLUM BUSH CREEK FIELD  
WASHINGTON COUNTY, COLORADO

THIS AGREEMENT, Made as of the \_\_\_\_\_ day of \_\_\_\_\_, 195\_\_, by and among the parties who execute or ratify this agreement or a counterpart hereof.

W I T N E S S E T H:

WHEREAS, In the interest of the public welfare, to prevent waste of and to promote the conservation and increase the ultimate recovery of oil, gas and associated minerals from the Plum Bush Creek Field, in Washington County, State of Colorado, and to protect the rights of the owners of interests therein, it is deemed necessary and desirable to enter into this agreement unitizing the Oil and Gas Rights in and to the Unitized Formation covered hereby in order to effect a secondary recovery, pressure maintenance, or other recovery program as hereinafter provided;

NOW, THEREFORE, In consideration of the premises and of the mutual covenants and agreements herein contained, it is agreed as follows:

ARTICLE I

DEFINITIONS

As used in this agreement, the terms hereinafter set out shall have the following meaning:

1.1 Unit Area shall mean the lands situated within the Plum Bush Creek Field, Washington County, Colorado as shown on Exhibit A and described by tracts in Exhibit B, as to which this agreement becomes effective or as to which it may be extended as provided herein.

1.2 Unitized Formation shall mean that subsurface portion or portions of the Unit Area commonly known or described as follows: That heretofore established underground accumulation or accumulations of oil and gas occurring in the Muddy Sandstone of lower Cretaceous age, commonly designated as the Muddy "J" Sand, in the Plum Bush



Creek Field, the top of which "J" Sand is found at a depth of minus 298 feet subsea in Pan American Petroleum Corporation's State of Colorado "C" Lease Well No. 2, located in the Northwest Quarter of the Northeast Quarter of Section 36, Township 2 South, Range 56 West, Washington County, Colorado. The Muddy "J" Sand shall be construed to include all the intervals within the Muddy "J" Sand which have previously been commonly designated as the first bench, second bench, third bench or as the J-1, J-2, and J-3 Sands, located below the Huntsman shale formation and above the Skull Creek shale formation.

1.3 Unitized Substances shall mean all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate and all associated and constituent liquid or liquefiable hydrocarbons within or produced from the Unitized Formation.

1.4 Working Interest Owner shall mean any party hereto, including a carried working interest owner, holding an interest in Unitized Substances by virtue of a lease, operating agreement, fee title or otherwise, which interest, referred to herein as a Working Interest, is chargeable with and obligated to pay or bear, either in cash or out of production or otherwise, all or a portion of the cost of drilling, developing, producing and operating the Unitized Formation. The owner of land free of lease or other instrument conveying the Working Interest to others shall be regarded as a Working Interest Owner to the extent of seven-eighths ( $7/8$ ths) of his interest in Unitized Substances and as the owner of a royalty interest with respect to his remaining one-eighth ( $1/8$ th) interest therein.

1.5 Royalty Owner shall mean any party hereto who owns a right to or interest in any portion of the Unitized Substances or proceeds thereof other than that of a Working Interest Owner.

1.6 Tract shall mean each parcel of land described as such and given a Tract number in Exhibit A.

1.7 Unit Operating Agreement shall mean the agreement entitled "Unit Operating Agreement, Plum Bush Creek Unit, Washington County, Colorado", of the same effective date as the effective date

of this agreement, and executed or ratified by the Working Interest Owners who are parties to this agreement, and any amendment thereof.

1.8 Unit Operator shall mean the Working Interest Owner designated by the Working Interest Owners pursuant to the Unit Operating Agreement to develop and operate the Unitized Formation.

1.9 Tract Participation shall mean that percentage of Unitized Substances produced from the Unitized Formation which is allocated to a Tract under this agreement as shown in Exhibit B.

1.10 Unit Participation of each Working Interest Owner shall mean the sum of the percentages obtained by multiplying such Working Interest Owner's percentage of working interest in each Tract by the Tract Participation of such Tract.

1.11 Outside Substances shall mean all substances obtained from any source other than the Unitized Formation, and which are injected into the Unitized Formation.

1.12 Oil and Gas Rights shall mean the right to explore, develop and operate lands within the Unit Area for the production of Unitized Substances or to share in the production so obtained or the proceeds thereof.

## ARTICLE 2

### EXHIBITS

2.1 Exhibits. Attached hereto are the following exhibits incorporated herein by reference:

2.1.1 Exhibit A, is a map of the Plum Bush Creek Field, showing the boundary lines of the Unit Area and Tracts thereon.

2.1.2 Exhibit B, is a schedule describing each Tract in the Unit Area and showing its Tract Participation.

2.2 Reference to Exhibits. Whenever in this agreement reference is made to any of said exhibits, such reference shall mean said exhibits as originally attached hereto; or if the same have been revised, it shall mean the latest revision thereof.

2.3 Exhibits Considered Correct. Said exhibits for all purposes of this agreement shall be considered as true and correct

unless and until they are revised or corrected as herein provided.

2.4 Correcting Errors. The shapes and descriptions of the respective Tracts have been established using the best information available. In the event it subsequently appears that any Tract should, because of diverse royalty or working interest ownership on the effective date hereof, be divided into more than one Tract, or that any mechanical miscalculation has been made, Unit Operator, with the approval of Working Interest Owners, may correct such mistake by revising the exhibits to conform to the facts. Such corrections shall not include any re-evaluation of previously established engineering or geological interpretations used in establishing Tract Participation. Each such revision of exhibits, if made after this agreement becomes effective, shall be effective at 7:00 o'clock a.m. on the first day of the calendar month next following the filing of the exhibit relating thereto or on such subsequent date as is determined by Working Interest Owners. Any such revision made prior to the effective date hereof shall be effective on the effective date.

2.5 Filing Revised Exhibits. If and when the exhibits, or any revision thereof, are revised pursuant to this agreement, Unit Operator shall certify and file the revised exhibits for record in the County or Counties in which this agreement is filed.

### ARTICLE 3

#### CREATION AND EFFECT OF UNIT

3.1 Oil and Gas Rights Unitized. Subject to the terms and conditions of this agreement, all the Oil and Gas Rights of the Royalty Owners in and to the lands shown in Exhibit A, and all of the Oil and Gas Rights of the Working Interest Owners in and to said lands are hereby unitized insofar as said respective Oil and Gas Rights pertain to the Unitized Formation, all to the same extent as if the Unitized Formation had been included in a single lease executed by all the Royalty Owners, as lessors, in favor of all the Working Interest Owners, as lessees, and as if said lease had been subject to all of the terms and conditions of this agreement.

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

3.3 Amendment of Leases. The terms and provisions of the various leases, agreements or other instruments covering the respective Tracts are hereby amended to the extent necessary to make them conform to the terms and provisions of this agreement, but otherwise are to remain in full force and effect.

3.4 Continuation of Leases and Term Royalties. Operations, including drilling operations, conducted with respect to the Unitized Formation on any part of the Unit Area, or production from any part of the Unitized Formation, shall, except for the purpose of determining payments to Royalty Owners, be considered as operations upon or production from each Tract and such operations or production shall continue in force and effect each lease or term royalty interest, as to all lands covered thereby, just as if such operations had been conducted and a well had been drilled on and was producing from such lands. Each such lease and term royalty interest shall remain in force and effect so long as this agree-

ment remains in force and effect. /

3.5 Titles Unaffected by Unitization. Nothing herein shall be construed to result in the transfer of title to the Oil and Gas Rights covered hereby between the parties hereto or to Unit Operator, other than the right to exercise such Oil and Gas Rights and to share in the Unitized Substances or the proceeds therefrom to the extent and manner herein provided.

3.6 Injection Rights. Royalty Owners hereby grant unto Working Interest Owners the right to inject into the Unitized Formation any substances in whatever amounts the Working Interest Owners deem expedient, including the right to place and maintain injection wells on the Unit Area and to use producing or abandoned oil and gas wells for said purposes.

#### ARTICLE 4

##### PLAN OF OPERATIONS

4.1 Unit Operator. Working Interest Owners are, as of the effective date of this agreement, entering into a Unit Operating Agreement, designating Continental Oil Company Unit Operator. Unit Operator shall have, subject to the terms, provisions and limitations expressed in the Unit Operating Agreement, the exclusive right to develop and operate the Unit Area for the production of Unitized Substances. Such operations shall be conducted in conformity with the provisions of this agreement and the Unit Operating Agreement. In the event of any conflict between such agreements, this agreement shall govern.

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

4.3 Operating Methods. To the end that the quantity of Unitized Substances ultimately recoverable may be increased and waste prevented, the further development and operation for production of Unitized Substances, from and after the date this agreement



becomes effective, shall be conducted in such a manner as may be determined by the Working Interest Owners to be feasible, necessary or desirable. Nothing herein contained shall prevent Working Interest Owners from discontinuing or changing in whole or in part any particular method of operation.

#### ARTICLE 5

##### REVISED TRACT PARTICIPATION

5.1 Relative Tract Participations. Whenever the Unit Area is enlarged or reduced, the revised Tract Participations of the respective Tracts included within the Unit Area prior to such enlargement or reduction shall remain in the same ratio one to another. The Unit Area shall not be reduced, however, except for title failure.

#### ARTICLE 6

##### ALLOCATION OF UNITIZED SUBSTANCES

6.1 Allocation to Tracts. All Unitized Substances produced and saved shall be apportioned among and allocated to the several Tracts within the Unit Area in accordance with the respective Tract Participations effective hereunder during the respective periods such Unitized Substances were produced, as set forth in Exhibit B. The amount of Unitized Substances so allocated to each Tract, and only that amount, regardless of whether it be more or less than the amount of the actual production of Unitized Substances from the well or wells, if any, on such Tract shall, for all intents, uses and purposes, be deemed to have been produced from such Tract.

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

and effect.

6.3 Taking Unitized Substances in Kind. The Unitized Substances allocated to each Tract shall be delivered in kind to the respective parties entitled thereto by virtue of the ownership of Oil and Gas Rights therein or by purchase from such owners. Such parties shall have the right to construct, maintain and operate within the Unit Area all necessary facilities for that purpose, provided the same are so constructed, maintained and operated as not to interfere with operations carried on pursuant hereto. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of the Unitized Substances shall be borne by the party receiving the same in kind.

6.4 Failure to Take in Kind. To the extent that any party entitled to take and receive in kind any portion of the Unitized Substances shall fail to take or otherwise adequately dispose of the same currently as and when produced, then so long as such conditions continue, Unit Operator, as agent and for the account and at the expense of such party shall, in order to avoid curtailing the operation of the Unit Area, dispose of such production on a day-to-day basis in any reasonable manner Unit Operator sees fit, and the account of such party shall be charged therewith as having received the same. The proceeds, if any, of the Unitized Substances so disposed of by Unit Operator shall be paid to the party for whose account the Unitized Substances were marketed.

6.5 Responsibility for Royalty Settlements. Any party receiving in kind or separately disposing of all or part of the Unitized Substances allocated to any Tract, or receiving the proceeds therefrom if the same is sold or purchased by Unit Operator, shall be responsible for the payment of, and shall indemnify all other parties, including Unit Operator, against any liability for any and all royalties, overriding royalties, production payments and any and all other payments chargeable against or payable out of such Unitized Substances or the proceeds therefrom.



6.6 Royalty on Outside Substances. If any Outside Substance is injected into the Unitized Formation, fifty percent (50%) of any like substance contained in Unitized Substances subsequently produced and sold, or used for other than operations hereunder, shall be deemed to be an Outside Substance until the aggregate of fifty percent (50%) equals the accumulated volume of such Outside Substance injected into the Unitized Formation. No payments shall be due or payable to Royalty Owners on any substance which is classified hereby as an Outside Substance.

6.7 Injection of Liquid Gases. In the event that secondary recovery operations are conducted by means of miscible flooding, no royalties shall be payable on the production of propane or butane gas which has been injected into the Unitized Formation and until such time as the total volume of such liquid gas injected has been recovered, all such gas produced shall be deemed to be injected and shall be free of royalty payment. If, due to such miscible flooding, the gravity of the oil produced increases, royalty payments shall still be based on the price received for oil produced from the Unitized Formation prior to the time of such increase in gravity.

## ARTICLE 7

### USE OR LOSS OF UNITIZED SUBSTANCES

7.1 Use of Unitized Substances. Working Interest Owners may use as much of the Unitized Substances as they deem necessary for the operation and development of the Unit Area, including but not limited to the injection thereof into the Unitized Formation.

7.2 Royalty Payments. No royalty, overriding royalty, production or other payments shall be payable upon or with respect to Unitized Substances used or consumed in the operation or development of the Unit Area or which may be otherwise lost or consumed in the production, handling, treating, transportation or storing of Unitized Substances.

## ARTICLE 8

### TRACTS TO BE INCLUDED IN UNIT

8.1 Percentages of Commitment Required. On and after the effective date hereof and until the enlargement or reduction thereof, the Unit Area shall be composed of the following Tracts listed in Exhibit B which corner, adjoin or are contiguous to each other:

8.1.1 Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the working interest have signed or ratified this agreement and Royalty Owners owning seventy-five percent (75%) or more of the Royalty Interest have signed or ratified this agreement; and

8.1.2 Each Tract as to which Working Interest Owners owning one hundred percent (100%) of the working interest have signed or ratified this agreement and Royalty Owners owning less than seventy-five percent (75%) of the royalty interest have signed or ratified this agreement, and as to which (a) all Working Interest Owners in such Tract join in a request for the inclusion of such Tract in the Unit Area, and further as to which (b) sixty-five percent (65%) of the combined voting interests of Working Interest Owners in all Tracts which meet the requirements of Section 8.1.1 vote in favor of the inclusion of such Tract. For the purpose of this Section 8.1.2 the voting interest of each Working Interest Owner shall be equal to the ratio (expressed in percentage) which the total of such Working Interest Owner's Unit Participation attributable to Tracts which qualify under Section 8.1.1 bears to the total of the Unit Participation of all Working Interest Owners attributable to all Tracts which qualify under said Section 8.1.1; and

8.1.3 Each Tract as to which Working Interest Owners owning less than one hundred percent (100%) of the working interest have signed or ratified this agreement regardless of the percentage of royalty interest therein that is committed hereto, and as to which (a) the Working Interest Owner who operates the Tract and all of the other subscribing Working Interest Owners in such Tract have joined in a request for inclusion of such Tract in the Unit Area and have agreed to execute and deliver an indemnity agreement acceptable to the other Working Interest Owners in the Unit Area indemnifying and agreeing to hold such parties harmless from and against all claims and demands that may be made by the nonsubscribing owners in such Tract on account of the inclusion of the same in the Unit Area, and further as to which (b) sixty-five percent (65%) of the combined voting interest of the Working Interest Owners in all Tracts which meet the requirements of Sections 8.1.1 and 8.1.2 above, vote in favor of the inclusion of such Tract. For the purposes of this Section 8.1.3 the voting interest of each Working Interest Owner shall be equal to the ratio (expressed in percentage) which the total of such Working Interest Owner's Unit Participation attributable to Tracts which qualify under Sections 8.1.1 and 8.1.2 bears to the total Unit Participation of all Working Interest Owners attributable to all Tracts which qualify under said Sections 8.1.1 and 8.1.2.

8.2 Subsequent Commitment in Tract in Unit Area. After the effective date of this agreement, the commitment hereto of any interest in any Tract within the boundary of the Unit Area as determined by paragraph 8.1 of this Article 8 shall be upon such conditions as may be determined by the Working Interest Owners. Execution or ratification of this agreement after its effective

date shall be effective on the first day of the calendar month following the date of execution or ratification.

8.3 Revision of Exhibits. In the event any of the Tracts shown on Exhibit B fail to qualify for inclusion in the Unit Area, Unit Operator shall recompute, using the original basis of computation, the Tract Participation of each of the qualifying Tracts and shall revise Exhibits A and B accordingly. Said revised exhibits shall be effective as of the effective date hereof.

## ARTICLE 9

### TITLES

9.1 Removal of Tract from Unit Area. In the event a Tract ceases to have sufficient Working Interest Owners or Royalty Owners committed to this agreement to meet the conditions of Article 8 because of failure of title of any party hereto, such Tract shall be eliminated from the Unit Area as of the first day of the calendar month in which such failure of title is finally determined; provided, however, that a Tract shall not be removed from the Unit Area if, within ninety (90) days of the date of final determination of the failure of title, Working Interest Owners and Royalty Owners become parties to this agreement in sufficient numbers to meet the qualifying provisions of Section 8.1.1 or the Tract otherwise qualifies under the provisions of Section 8.1.2 or 8.1.3.

9.2 Revision of Exhibits. In the event any Tract is eliminated from the Unit Area because of the failure of title pursuant to the provisions of this Article, Unit Operator shall recompute the Tract Participation of each of the Tracts remaining in the Unit Area and shall revise Exhibits A and B accordingly. Said revised exhibits shall be effective as of the first day of the calendar month in which such failure of title is finally determined.

9.3 Working Interest Titles. If title to a working interest fails, the rights and obligations as between the Working Interest Owners in respect thereto shall be governed by the Unit Operating Agreement.

9.4 Royalty Owner Titles. If title to a royalty interest fails, but the Tract to which it relates is not eliminated from the Unit Area, the party whose title failed shall not be entitled to share hereunder in respect to such interest.

9.5 Production Where Title in Dispute. If the title or right of any person claiming the right to receive in kind all or any portion of the Unitized Substances allocated to a Tract is in dispute, Unit Operator at the discretion of Working Interest Owners shall either:

9.5.1 Require that the person or persons to whom such Unitized Substances are delivered or to whom the proceeds thereof are paid, furnish security for the proper accounting therefor to the rightful owner or owners in the event the title or right of such person or persons shall fail in whole or in part, or

9.5.2 Withhold and market the portion of Unitized Substances with respect to which title is in dispute, and impound the proceeds thereof until such time as the title or right thereto is established by a final judgment of a court of competent jurisdiction or otherwise to the satisfaction of Working Interest Owners, whereupon the proceeds so impounded shall be paid to the person or persons rightfully entitled thereto.

9.6 Payment of Ad Valorem Taxes to Avoid Title Failure.

In order to avoid title failures which might incidentally cause the title to a working interest or royalty interest to fail, the owners of (i) the surface rights to lands lying within the Unit Area, (ii) severed mineral or royalty interests in said lands, and (iii) improvements located on said lands not utilized for unit operations, shall individually be responsible for the rendition and assessment, for ad valorem tax purposes, of all such property, and for the payment of

such taxes, except as otherwise provided in any contract or agreement between such owners and a Working Interest Owner or Owners in the Unit Operating Agreement. If any ad valorem taxes are not paid by such owners responsible therefor when due, the Unit Operator may, at any time prior to tax sale, pay the same, redeem such property, and discharge such tax liens as may arise through non-payment. In the event the Unit Operator makes any such payment or redeems any such property from tax sale, the Unit Operator shall be reimbursed therefor by the Working Interest Owners in proportion to their respective percentages of participation in the unit; and Unit Operator or Working Interest Owner as applicable shall withhold from any proceeds derived from the sale of Unitized Substances otherwise due to said delinquent tax payer or tax payers an amount sufficient to defray the costs of such payment or redemption, such withholding to be distributed among the Working Interest Owners in proportion to their respective contributions toward such payment or redemption.

Nothing herein shall be construed to impose any obligation upon the Unit Operator or any Working Interest Owner with respect to assessment or payment of any ad valorem tax on any property owned by any Royalty Owner.

## ARTICLE 10

### EASEMENTS OR USE OF SURFACE

10.1 Grant of Easements. The parties hereto, to the extent of their rights and interests, hereby grant to Working Interest Owners the right to use as much of the surface of the Unit Area as may be reasonably necessary for the operation and development of the Unit Area hereunder; provided, that nothing herein shall be construed as leasing or otherwise conveying to Working Interest Owners a future site for a water, gas injection, processing or other plant, or camp site.

10.2 Use of Water. Working Interest Owners shall have free use of water from the Unit Area and/or Unitized Formation for operations hereunder except water from Royalty Owners' wells, private lakes, ponds,



or irrigation ditches.

10.3 Surface Damages. Working Interest Owners shall pay the rightful owners for damages to growing cultivated crops, timber, fences, improvements and structures on the Unit Area resulting from operations hereunder.

## ARTICLE 11

### ENLARGEMENTS AND REVISIONS OF UNIT AREA

11.1 Unit Area Revisions. The Unit Area may be enlarged at any time and from time to time under such terms and conditions as may be determined by the Working Interest Owners, and each enlargement must be approved by the percentages of Working Interest Owners required as set forth in Article 8. Any enlargement and revision of the Unit Area shall be subject to the following terms and conditions:

11.1.1 The participation to be allocated to the acreage added to the Unit Area shall be based on all available information to the end that a reasonable and fair participation shall be so allocated.

11.1.2 There shall never be any retroactive allocation or adjustment of operating expenses or of interests in the Unitized Substances produced, or proceeds thereof, by reason of an enlargement of the Unit Area; provided, however, this limitation shall not prevent an adjustment of investment by reason of such enlargement.

11.1.3 In the event of an enlargement of the Unit Area, Unit Operator shall, subject to Section 5.1, recompute the Tract Participation of each Tract within the Unit Area as enlarged and shall revise Exhibits A and B accordingly.

11.1.4 The effective date of any enlargement of the Unit Area shall be 7:00 o'clock a.m. on the first day of the calendar month following compliance with conditions for enlargement as specified by Working Interest Owners, and



the recording of revised Exhibits A and B in the records of Washington County, Colorado.

## ARTICLE 12

### TRANSFER OF INTEREST

12.1 Agreement is a Covenant. All of the terms and provisions of this agreement shall extend to, be binding upon and inure to the benefit of the respective heirs, devisees, legal representatives, successors and assigns of the parties hereto, and shall constitute a covenant running with the lands, leases and interest covered hereby.

12.2 Effect of Transfers. Any transfer, assignment or conveyance of all or any part of any interest owned by any party hereto with respect to any Tract shall be made expressly subject to this agreement. No such transfer, assignment or conveyance shall be binding for any purpose upon any party hereto other than the party so conveying the same, until the first day of the calendar month next succeeding the date of receipt by Unit Operator of a certified copy of the recorded instrument evidencing such change in ownership.

12.3 Waiver of Rights to Partition. Each party hereto covenants that, during the existence of this agreement, such party shall not resort to any action at law or in equity to partition the Unit Area or the facilities used in the development or operation thereof and to that extent waives the benefits of all laws authorizing such partition.

## ARTICLE 13

### RELATIONSHIP OF PARTIES

13.1 No Partnership. The duties, obligations and liabilities of the parties hereto are intended to be several and not joint or collective, and nothing herein contained shall ever be construed to create an association, trust or impose a partnership duty, obligation or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

13.2 No Sharing of Market. Nothing in this agreement shall be construed as providing, directly or indirectly, for any cooperative refining or joint sale or cooperative marketing of Unitized Substances.

13.3 Royalty Owners Free of Costs. It is understood and agreed that this agreement shall never be construed as imposing upon any Royalty Owner any obligation to pay for any development or operating expense unless such Royalty Owner is obligated to pay for same by the terms of agreements existing before the execution of this agreement.

#### ARTICLE 14

##### LAWS AND REGULATIONS

14.1 Laws and Regulations. This agreement shall be subject to the conservation laws of the State of Colorado, to the valid rules, regulations and orders of the Oil and Gas Conservation Commission of Colorado, to approval by such Commission and to all other applicable federal, state and municipal laws, rules, regulations and orders. It is not the intention of this agreement to limit, restrict or prorate unit production, it being recognized that such powers are exclusively exercised by governmental authority.

#### ARTICLE 15

##### STATE LANDS

15.1 State Lands. Certain of the tracts described in Exhibit A hereto are lands owned by the State of Colorado and, in connection with the approval of this Unit Agreement by the State Board of Land Commissioners of said State, pursuant to applicable State laws, it is agreed that there shall be filed with said Board:

(a) two copies of any revised Exhibits A and B concurrently with the filing thereof for record in Washington County, Colorado, pursuant to Articles 2 and 11 hereof.

(b) two copies of any proposed application for the enlargement of the Unit Area concurrently with the distribution thereof to the Operating Parties pursuant to Article 11 hereof.

(c) two copies of notice of termination, if this agreement is terminated, pursuant to Article 18 hereof.

(d) copies of the certificate of effectiveness provided for in Article 17.2 hereof.

(e) two copies of any amendments to this agreement made pursuant to Article 20 hereof.

#### ARTICLE 16

##### FORCE MAJEURE

16.1 Force Majeure. All obligations of each party hereto, except for the payment of money, shall be suspended while said party is prevented from complying therewith, in whole or in part, by strikes, fire, war, civil disturbances, acts of God, federal, state or minicipal laws, orders or regulations, inability to secure materials or other causes beyond the reasonable control of said party; provided, however, that performance shall be resumed within a reasonable time after such cause has been removed; and provided further that no party shall be required against its will to adjust or settle any labor dispute. This agreement or the leases or other interests subject hereto shall not be terminated by reason of suspension of unit operations due to the afore-said causes.

#### ARTICLE 17

##### EFFECTIVE DATE

17.1 Effective Date. This agreement shall become binding upon each party who executes or ratifies it as of the date of execution or ratification by such party and shall become effective as of 7:00 o'clock a.m. of the first day of the second calendar month next following

(a) the execution or ratification of this agreement and the Unit Operating Agreement by Working Interest Owners owning a combined Unit Participation of at least ninety percent (90%), and the execution or ratification of this Agreement by Royalty Owners owning a combined interest of at least seventy-five percent (75%) of the royalty interest,

in said Unit Area;

(b) the filing of at least one counterpart of this agreement for record in the records of Washington County, Colorado, by Unit Operator;

and provided, further, that if (a) and (b) above are not accomplished on or before July 1, 1958, this agreement shall ipso facto terminate on said date (hereinafter called "termination date") and thereafter be of no further force or effect, unless prior thereto this agreement has been executed or ratified by Working Interest Owners owning a combined Unit Participation of at least sixty-five percent (65%) and Working Interest Owners owning a combined Unit Participation of at least sixty-five percent (65%) committed to this agreement have decided to extend said termination date for a period not to exceed six (6) months. If said termination date is so extended and (a) and (b) above are not accomplished on or before said extended termination date, this agreement shall ipso facto terminate on said extended termination date and thereafter be of no further force or effect. For the purposes of this Article, ownership shall be computed on the basis of Unit Participation as determined from Exhibit C attached to the Unit Operating Agreement.

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

## ARTICLE 18

### TERM

18.1 Term. The term of this agreement shall be for and during the time that Unitized Substances are produced and as long thereafter as drilling, reworking or other operations are prosecuted without cessation of more than ninety (90) consecutive days, unless sooner terminated by Working Interest Owners in the manner hereinafter provided.

18.2 Termination by Working Interest Owners. This agreement may be terminated by Working Interest Owners owning ninety percent (90%) Unit Participation whenever such Working Interest Owners determine that unit operations are no longer profitable, feasible or in the interest of conservation.

18.3 Effect of Termination. Upon termination of this agreement, the further development and operation of the Unit Area as a unit shall be abandoned, unit operations shall cease, and thereafter the parties hereto shall be governed by the terms and provisions of the leases and contracts affecting the separate Tracts just as if this agreement had never been entered into.

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

## ARTICLE 19

### COUNTERPART

19.1 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 of the 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 shall have the force and effect of an executed counterpart hereof and of adopting by reference all of the provisions hereof.

19.2 Joinder in Dual Capacity. It shall not be necessary for parties owning both working interests and royalty interests to execute this agreement in both capacities in order to commit both classes of interests. Execution hereof by any such party in one capacity shall also constitute execution in the other capacity.

ARTICLE 20

GENERAL

20.1 Amendments Affecting Working Interest Owners. Amendments hereto relating wholly to Working Interest Owners may be made if signed by all Working Interest Owners.

IN WITNESS WHEREOF, The parties hereto have executed this agreement upon the respective dates indicated opposite their respective signatures.

WORKING INTEREST OWNERS

● Date of Execution:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

CONTINENTAL OIL COMPANY

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

WITNESS:

\_\_\_\_\_

● Date of Execution:

\_\_\_\_\_

Address:

\_\_\_\_\_

\_\_\_\_\_

THE KIMBARK CO.

By \_\_\_\_\_

\_\_\_\_\_

Date of Execution:

T. KENNETH BOYD

Address:

Date of Execution:

THE STERLING DRILLING CO.

By \_\_\_\_\_

Address:

Date of Execution:

WALTER K. ARBUCKLE

Address:

Date of Execution:

CHAMPLIN OIL & REFINING CO.

By \_\_\_\_\_

Address:



Date of Execution:

REPUBLIC NATURAL GAS CO.

\_\_\_\_\_  
Address:  
\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
  
\_\_\_\_\_

Date of Execution:

PAN AMERICAN PETROLEUM CORPORATION

\_\_\_\_\_  
Address:  
\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
  
\_\_\_\_\_

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_, before me, the undersigned Notary Public, personally appeared SAM A. BROWN, personally known to me to be and who, being by me duly sworn, did say that he is the person who is described in the within and foregoing instrument as Attorney-in-Fact of CONTINENTAL OIL COMPANY, a Delaware corporation, and who, as such Attorney-in-Fact, subscribed, signed and executed said instrument and he duly acknowledged to me that as such Attorney-in-Fact he subscribed, signed and executed said instrument as his free and voluntary act and deed on behalf of and as the free and voluntary act and deed of said CONTINENTAL OIL COMPANY, as principal, and for the purposes therein contained and by authority of a resolution of its Board of Directors.

My notarial commission expires \_\_\_\_\_.

Witness my hand and official seal.

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

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_, by \_\_\_\_\_ as \_\_\_\_\_ President and \_\_\_\_\_ as \_\_\_\_\_ Secretary of \_\_\_\_\_, a corporation.

My notarial commission expires \_\_\_\_\_.

Witness my hand and official seal.

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

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_, by \_\_\_\_\_  
\_\_\_\_\_ as \_\_\_\_\_ President and \_\_\_\_\_  
\_\_\_\_\_ as \_\_\_\_\_ Secretary of \_\_\_\_\_  
\_\_\_\_\_, a corporation.

My notarial commission expires \_\_\_\_\_.

Witness my hand and official seal.

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

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_, by \_\_\_\_\_  
\_\_\_\_\_ as \_\_\_\_\_ President and \_\_\_\_\_  
\_\_\_\_\_ as \_\_\_\_\_ Secretary of \_\_\_\_\_  
\_\_\_\_\_, a corporation.

My notarial commission expires \_\_\_\_\_.

Witness my hand and official seal.

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

STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_, by \_\_\_\_\_  
\_\_\_\_\_ as \_\_\_\_\_ President and \_\_\_\_\_  
\_\_\_\_\_ as \_\_\_\_\_ Secretary of \_\_\_\_\_  
\_\_\_\_\_, a corporation.

My notarial commission expires \_\_\_\_\_.

Witness my hand and official seal.

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

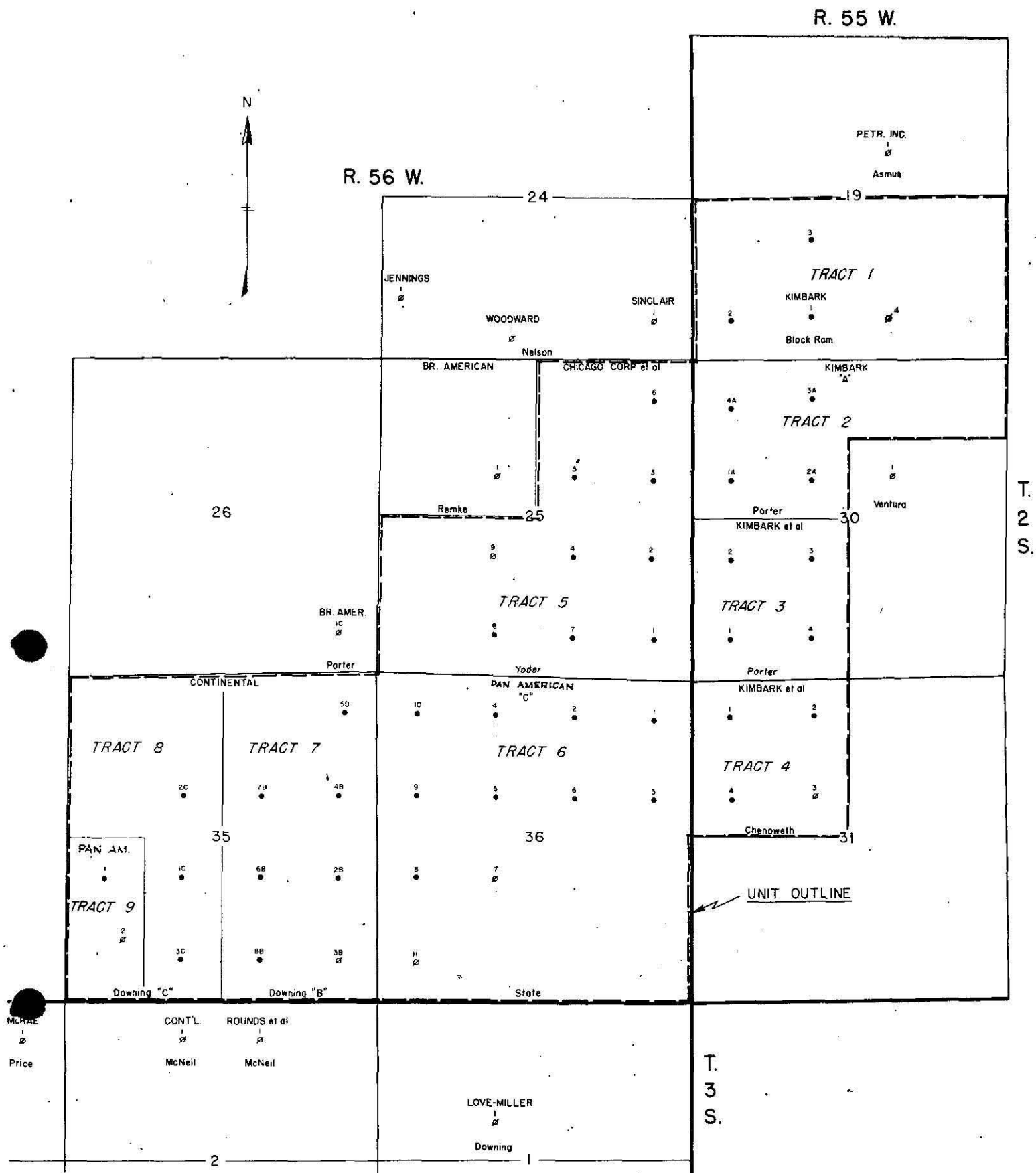
STATE OF \_\_\_\_\_ }  
COUNTY OF \_\_\_\_\_ } ss.

The foregoing instrument was acknowledged before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_\_\_, by \_\_\_\_\_  
\_\_\_\_\_ as \_\_\_\_\_ President and \_\_\_\_\_  
\_\_\_\_\_ as \_\_\_\_\_ Secretary of \_\_\_\_\_  
\_\_\_\_\_, a corporation.

My notarial commission expires \_\_\_\_\_.

Witness my hand and official seal.

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



PLUM BUSH FIELD  
WASHINGTON CO., COLORADO

0 500 1000 1500 2000 2500 3000 FEET

EXHIBIT "A"

## EXHIBIT B

## TRACTS AND TRACT PARTICIPATION

Tract No.	Tract Name	Legal Description	Acres	Tract Participation
1	Black Ram	Township 2 South, Range 55 West Section 19: $S\frac{1}{2}$	320.00	3.929
2	Porter "A"	Township 2 South, Range 55 West Section 30: $NW\frac{1}{4}, N\frac{1}{2}NE\frac{1}{4}$	240.00	7.397
3	Porter	Township 2 South, Range 55 West Section 30: $SW\frac{1}{4}$	160.00	6.415
4	Chenoweth	Township 2 South, Range 55 West Section 31: $NW\frac{1}{4}$	160.00	3.259
5	Yoder	Township 2 South, Range 56 West Section 25: $S\frac{1}{2}, NE\frac{1}{4}$	480.00	20.750 <i>Champlin 10.375%</i>
6	State "C"	Township 2 South, Range 56 West Section 36: All	640.00	26.288 <i>Indiana</i>
7	Downing "B"	Township 2 South, Range 56 West Section 35: $E\frac{1}{2}$	320.00	19.790 <i>Conoco</i>
8	Downing "C"	Township 2 South, Range 56 West Section 35: $NW\frac{1}{4}, E\frac{1}{2}SW\frac{1}{4}$	240.00	10.210 <i>Conoco</i>
9	Downing "C"	Township 2 South, Range 56 West Section 35: $W\frac{1}{2}SW\frac{1}{4}$	80.00	1.962 <i>Indiana</i>
Total				100.00000