

UNIT AGREEMENT

Docket 138-72-143

10,500' MOORINGSPORT SAND

PUCKETT FIELD

RANKIN COUNTY, MISSISSIPPI

THIS AGREEMENT, entered into as of the 1st day of May, 1972, by the parties who have signed the original of this instrument, a counterpart thereof, or other instrument agreeing to become a party hereto,

W I T N E S S E T H:

WHEREAS, in the interest of the public welfare and to promote conservation and increase the ultimate recovery of Unitized Substances from the Puckett Field in Rankin County, Mississippi, and to protect the rights of the owners of interests therein, it is deemed necessary and desirable to enter into this agreement to unitize the Oil and Gas Rights in and to the Unitized Formation in order to conduct Unit Operations as herein provided.

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

ARTICLE 1

DEFINITIONS

As used in this agreement:

1.1 UNIT AREA is the land described by Tracts in Exhibit A and shown on Exhibit B as to which this agreement becomes effective or to which it may be extended as herein provided.

1.2 UNITIZED FORMATION is the subsurface portion of the Unit Area described as:

The 10,500 Foot Mooringsport Sand at Puckett Field which is defined as that hydrocarbon bearing sand occurring in the measured depth interval between 10,503 feet and 10,549 feet on the Schlumberger dual induction electric log of the Chevron #1 Freida J. Laughlin, et al Unit #1 Well located in Section 13, T-3-N, R-5-E, Rankin County, Mississippi.

1.3 UNITIZED SUBSTANCES are all oil, gas, gaseous substances, sulphur contained in gas, condensate, distillate, and all associated and constituent liquid or liquefiable hydrocarbons other than Outside Substances within or produced from the Unitized Formation.

1.4 WORKING INTEREST is an interest in Unitized Substances by virtue of a lease, operating agreement, fee title, or otherwise, including a carried interest, the owner of which interest is obligated to pay, either in cash or out of production or otherwise, a portion of the Unit Expense; however, Oil and Gas Rights that are free of lease or other instrument creating a Working Interest shall be regarded as a Working Interest to the extent of seven-eighths (7/8) thereof and a Royalty Interest to the extent of the remaining one-eighth (1/8) thereof. A Royalty Interest created out of a Working Interest subsequent to the execution of this agreement by the owner of such Working Interest shall continue to be subject to such Working Interest burdens and obligations that are stated in this agreement and the Unit Operating Agreement. The owner of oil and gas rights that are free of lease or other instrument conveying the working Interest to another shall, for the purposes of calculating percentages of commitment to this agreement, be regarded as a Working Interest Owner to the extent of seven-eighths (7/8) of his interest in Unitized Substances, and as a Royalty Owner with respect to his remaining one-eighth (1/8) interest therein.

1.5 ROYALTY INTEREST is a right to or interest in any portion of the Unitized Substances or proceeds thereof other than a Working Interest.

1.6 ROYALTY OWNER is a party hereto who owns a Royalty Interest.

1.7 WORKING INTEREST OWNER is a party hereto who owns a Working Interest.

1.8 TRACT is the land described as such and given a Tract number in Exhibit A.

1.9 UNIT OPERATING AGREEMENT is the agreement entered into by Working Interest Owners, having the same Effective Date as this agreement, entitled "Unit Operating Agreement, 10,500' Mooringsport Sand, Puckett Field, Rankin County, Mississippi."

1.10 UNIT OPERATOR is the Working Interest Owner designated by Working Interest Owners under the Unit Operating Agreement to conduct Unit Operations, acting as operator and not as a Working Interest Owner.

1.11 TRACT PARTICIPATION is the percentage shown on Exhibit A for allocating Unitized Substances to a Tract.

1.12 UNIT PARTICIPATION of a Working Interest Owner is the sum of the percentages obtained by multiplying the Working Interest of such Working Interest Owner in each Tract that qualifies for inclusion within the Unit Area by the Tract Participation of such Tract.

1.13 OUTSIDE SUBSTANCES are substances purchased or otherwise obtained for a consideration by Working Interest Owners and injected into the Unitized Formation.

1.14 OIL AND GAS RIGHTS are the rights 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.

1.15 UNIT OPERATIONS are all operations conducted pursuant to this agreement and the Unit Operating Agreement.

1.16 UNIT EQUIPMENT is all personal property, lease and well equipment, plants, and other facilities and equipment taken over or otherwise acquired for the joint account for use in Unit Operations.

1.17 UNIT EXPENSE is all cost, expense, or indebtedness incurred by Working Interest Owners or Unit Operator pursuant to this agreement and the Unit Operating Agreement for or on account of Unit Operations.

1.18 EFFECTIVE DATE is the time and date this agreement becomes effective as provided in Article 6.

ARTICLE 2

EXHIBITS

2.1 EXHIBITS. The following exhibits, which are attached hereto, are incorporated herein by reference:

2.1.1 EXHIBIT A is a schedule that describes each Tract in the Unit Area and shows its Tract Participation.

2.1.2 EXHIBIT B is a map that shows the boundary lines of the Unit Area and the Tracts therein.

2.2 REFERENCE TO EXHIBITS. When reference is made to an exhibit, it is to the exhibit as originally attached or, if revised, to the last revision.

2.3 EXHIBITS CONSIDERED CORRECT. Exhibits A and B shall be considered to be correct until revised as herein provided.

2.4 The shapes and descriptions of the respective Tracts have been established by using the best information available. If it subsequently appears

that any Tract, because of diverse royalty or working interest ownership on the Effective Date, should have been divided into more than one Tract, or that any mechanical miscalculation or clerical error has been made, Unit Operator, with the approval of Working Interest Owners, shall correct the mistake by revising the exhibits to conform to the facts. The revision shall not include any re-evaluation of engineering or geological interpretations used in determining Tract Participation. Each such revision of an exhibit made prior to thirty (30) days after the Effective Date shall be effective as of the Effective Date. Each such revision thereafter made shall be effective at 7:00 a. m. on the first day of the calendar month next following the filing for record of the revised exhibit or on such other date as may be determined by Working Interest Owners and set forth in the revised exhibit.

2.5 FILING REVISED EXHIBITS. If an exhibit is revised, Unit Operator shall execute an appropriate instrument with the revised exhibit attached and file the same for record in the county in which this agreement is filed.

ARTICLE 3

CREATION AND EFFECT OF UNIT

3.1 OIL AND GAS RIGHTS UNITIZED. All Oil and Gas Rights of Royalty Owners in and to the lands described in Exhibit A, and all Oil and Gas Rights of Working Interest Owners in and to said lands, are hereby unitized insofar as the respective Oil and Gas Rights pertain to the Unitized Formation, so that Unit Operations may be conducted with respect to the Unitized Formation as if the Unit Area had been included in a single lease executed by all Royalty Owners, as lessors, in favor of all Working Interest Owners, as lessees, and as if the lease contained all of the provisions of this agreement.

3.2 PERSONAL PROPERTY EXCEPTED. All lease and well equipment, materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the lands covered hereby shall be deemed to be and shall remain personal property belonging to and may be removed by Working Interest Owners. The rights and interests therein as among Working Interest Owners are set forth in the Unit Operating Agreement.

3.3 AMENDMENT OF LEASES AND OTHER AGREEMENTS. The provisions of the various leases, agreements, division and transfer orders, or other instruments pertaining to the respective Tracts or the production therefrom are amended to the extent necessary to make them conform to the provisions of this agreement, but otherwise shall remain in effect.

3.4 CONTINUATION OF LEASES AND TERM INTERESTS. Production from any part of the Unitized Formation, except for the purpose of determining payments to Royalty Owners, or other Unit Operations shall be considered as production from or operations upon each Tract, and such production or operations shall continue in effect each lease or term mineral or royalty interest as to all lands and formations covered thereby just as if such operations were conducted on and as if a well were producing from each Tract.

3.5 TITLES UNAFFECTED BY UNITIZATION. Nothing herein shall be construed to result in the transfer of title to Oil and Gas Rights by any party hereto to any other party or to Unit Operator.

3.6 INJECTION RIGHTS. Royalty Owners hereby grant Working Interest Owners the right to inject into the Unitized Formation any substances in whatever amounts Working Interest Owners deem expedient for Unit Operations, together with the right to drill, use, and maintain injection wells on the Unit Area, and to use for injection purposes any non producing or abandoned wells or dry holes, and any producing wells completed in the Unitized Formation.

3.7 DEVELOPMENT OBLIGATION. Nothing herein shall relieve Working Interest Owners from any obligation to develop reasonably as a whole the lands and leases committed hereto.

ARTICLE 4

PLAN OF OPERATIONS

4.1 UNIT OPERATOR. Working Interest Owners are concurrently herewith entering into the Unit Operating Agreement, designating Transcontinental Oil Corporation as the initial Unit Operator. Unit Operator shall have the exclusive right to conduct Unit Operations, which shall conform to the provisions of this agreement and the Unit Operating Agreement. If there is any conflict between such agreements, this agreement shall govern.

4.2 METHOD OF OPERATION. To the end that the quantity of Unitized Substances ultimately recoverable may be increased and waste prevented, Working Interest Owners shall, with diligence and in accordance with good engineering and production practices, engage in assisted recovery operation by means of water injection, gas injection, or both.

4.3 CHANGE OF METHOD OF OPERATION. Nothing herein shall prevent Working Interest Owners from discontinuing or changing in whole or in part any method of operation which, in their opinion, is no longer in accord with good engineering or production practices. Other methods of operation may be conducted or changes may be made by Working Interest Owners from time to time if determined by them to be feasible, necessary, or desirable to increase the ultimate recovery of Unitized Substances.

ARTICLE 5

TRACT PARTICIPATIONS

5.1 TRACT PARTICIPATIONS. The Tract Participations of each Tract is shown in Exhibit A.

5.2 RELATIVE TRACT PARTICIPATIONS. If the Unit Area is enlarged or reduced, the revised Tract Participations of the Tracts remaining in the Unit Area and which were within the Unit Area prior to the enlargement or reduction shall remain in the same ratio one to another.

ARTICLE 6

ALLOCATION OF UNITIZED SUBSTANCES

6.1 ALLOCATION OF TRACTS. All Unitized Substances produced and saved shall be allocated to the several Tracts in accordance with the respective Tract Participations effective during the period that the Unitized Substances were produced. The amount of Unitized Substances allocated to each Tract, regardless of whether the amount is more or less than the actual production of Unitized Substances from the well or wells, if any, on such Tract, shall be deemed for all purposes 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 effect, and as to any Tract where the division of interests was established by a Unit or consolidation prior to this agreement, the interests shall continue unchanged hereunder. If any Oil and Gas Rights in a Tract hereafter become divided and owned in severalty as to different parts of the Tract, the owners of the divided interests, in the absence of an agreement providing for a different division, shall share in the Unitized Substances allocated to the Tract, or

in the proceeds thereof, in proportion to the surface acreage of their respective parts of the Tract.

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 they are so constructed, maintained, and operated as not to interfere with Unit Operations. Any extra expenditures incurred by Unit Operator by reason of the delivery in kind of any portion of Unitized Substances shall be borne by the owner of such portion. If a Royalty Owner has the right to take in kind a share of Unitized Substances and fails to do so, the Working Interest Owner whose Working Interest is subject to such Royalty Interest shall be entitled to take in kind such share of Unitized Substances.

6.4 FAILURE TO TAKE IN KIND. If any party fails to take in kind or separately dispose of such party's share of Unitized Substances, Unit Operator shall have the right, but not the obligation, for the time being and subject to revocation at will by the party owning the share, to purchase or sell to others such share; however, all contracts of sale by Unit Operator of any other party's share of Unitized Substances shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the circumstances, but in no event shall any such contract be for a period in excess of one year. The proceeds of the Unitized Substances so disposed of by Unit Operator shall be paid to the Working Interest Owners of each affected Tract or a party designated by such Working Interest Owners who shall distribute such proceeds to the parties entitled thereto. Notwithstanding the foregoing, Unit Operator shall not make a sale into interstate commerce of any other party's share of gas production without first giving such other party sixty (60) days' notice of such intended sale.

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 shall be responsible for the payment of all royalties, overriding royalties, production payments, and all other payments chargeable against or payable out of such Unitized Substances, and shall indemnify all parties hereto, including Unit Operator, against any liability for such payment.

6.6 ROYALTY ON OUTSIDE SUBSTANCES. If any Outside Substance consisting of natural gases is injected into the Unitized Formation, 50 percent (50%) of any like substance contained in Unitized Substances subsequently produced and sold, or used for other than Unit Operations, shall be deemed to be a part of the Outside Substance so injected until the total volume deemed to be such Outside Substance equals the total volume of such Outside Substance so injected. If any Outside Substance which prior to injection is liquefied petroleum gas or other liquid hydrocarbons is injected into the Unitized Formation, ten percent (10%) of all Unitized Substances produced and sold after one year from the time the injection of such Outside Substance was commenced shall be deemed to be a part of the Outside Substance so injected until the total value of the production deemed to be such Outside Substance equals the total cost of the Outside Substance so injected. Such ten percent (10%) of the Unitized Substances deemed to be Outside Substances will be in addition to that which is being recovered for natural gases as hereinabove provided, if both liquefied petroleum gas or other liquid hydrocarbons and natural gases are injected. No payment shall be due or payable to Royalty Owners on substances produced from the Unitized Formation that are deemed to be Outside Substances.

ARTICLE 7

PRODUCTION AS OF THE EFFECTIVE DATE

7.1 OIL OR LIQUID HYDROCARBONS IN LEASE TANKS. Unit Operator shall gauge or otherwise determine the amount of merchantable oil or other liquid

hydrocarbons produced from the Unitized Formation that are in lease and power-oil tanks as of 7:00 a. m. on the Effective Date. Oil or other liquid hydrocarbons in treating vessels, separation equipment, and tanks below pipeline connections shall not be considered to be merchantable. Any merchantable oil or other liquid hydrocarbons that are a part of or attributable to the prior allowable of the wells from which they were produced shall remain the property of the parties entitled thereto as if this agreement had not been entered into. Any such merchantable oil or other liquid hydrocarbons not promptly removed may be sold by Unit Operator for the account of the Working Interest Owners entitled thereto who shall pay all royalty due thereon under the provisions of applicable leases or other contracts. Any oil or liquid hydrocarbons in excess of that attributable to the prior allowable of the wells from which they were produced shall be regarded as Unitized Substances after the effective Date.

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

ARTICLE 8

USE OR LOSS OF UNITIZED SUBSTANCES

8.1 USE OF UNITIZED SUBSTANCES. Working Interest Owners may use or consume Unitized Substances for Unit Operations, including but not limited to the injection thereof into the Unitized Formation.

8.2 ROYALTY PAYMENTS. No royalty, overriding royalty, production, or other payments shall be payable on account of Unitized Substances used, lost, or consumed in Unit Operations.

ARTICLE 9

TITLES

9.1 REVISION OF EXHIBITS. If a Tract is removed from the Unit Area because of failure of title, Unit Operator, subject to Section 5.2, shall recompute the Tract Participation of each of the Tracts remaining in the Unit Area and shall revise Exhibits A and B accordingly. The revised exhibits shall be effective as of 7:00 a. m. on the first day of the calendar month in which such failure of title is finally determined.

9.2 WORKING INTEREST TITLES. If title to a Working Interest fails, the rights and obligations of Working Interest Owners by reason of the failure of title shall be governed by the Unit Operating Agreement.

9.3 ROYALTY INTEREST TITLES. If title to a Royalty Interest fails, (but the Tract to which it relates is not removed from the Unit Area), the party whose title failed shall not be entitled to share hereunder with respect to such interest.

9.4 PRODUCTION WHERE TITLE IS IN DISPUTE. If the title or right of any party 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 direction of Working Interest Owners shall either:

(a) require that the party 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 if the title or right of such party fails in whole or in part, or

(b) withhold and market the portion of Unitized Substances with respect to which title or right 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 party rightfully entitled thereto.

9.5 PAYMENT OF TAXES TO PROTECT TITLE. The owner of surface rights to lands within the Unit Area, or severed mineral interests or Royalty Interests in such lands, or lands outside the Unit Area on which Unit Equipment is located, is responsible for the payment of any ad valorem taxes on all such rights, interests, or property, unless such owner and Working Interest Owners otherwise agree. If any ad valorem taxes are not paid by or for such owner when due, Unit Operator may, with approval of Working Interest Owners, at any time prior to tax sale, or expiration of period of redemption after tax sale, pay the tax, redeem such rights, interests, or property, and discharge the tax lien. Any such payment shall be an item of Unit Expense. Unit Operator shall, if possible, withhold from any proceeds derived from the sale of Untized Substances otherwise due any delinquent taxpayer an amount sufficient to defray the costs of such payment or redemption, such withholding to be credited to Working Interest Owners. Such withholding shall be without prejudice to any other remedy available to Unit Operator or Working Interest Owners.

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 Owner the right to use as much of the surface of the land within the Unit Area as may be reasonably necessary for Unit Operations and the removal of Unitized Substances from the Unit Area; however, nothing herein shall be construed as leasing or otherwise conveying to Working Interest Owners a camp site or a plant site for water injection, gas injection, or gas processing.

10.2 USE OF WATER. Working Interest Owners shall have and are hereby granted free use of water from the Unit Area for Unit Operations, except water from any well, lake, pond, or irrigation ditch of a Royalty Owner.

10.3 SURFACE DAMAGES. Working Interest Owners shall pay the owner for damages to growing crops, timber, fences, improvements, and structures on the Unit Area that result from Unit Operations.

ARTICLE 11

11.1 ENLARGEMENTS OF UNIT AREA. The Unit Area may be enlarged from time to time to include acreage reasonably proved to be productive upon such terms as may be determined by Working Interest Owners including, but not limited to, the following:

11.1.1 The participation to be allocated to the acreage shall be fair and reasonable, considering all available information.

11.1.2 There shall be no retroactive allocation or adjustment of Unit Expense or of interests in the Unitized Substances produced, or proceeds thereof; however, this limitation shall not prevent an adjustment of investment by reason of the enlargement.

11.2 DETERMINATION OF TRACT PARTICIPATION. Unit Operator, subject to Section 5.2, shall determine the Tract Participation of each Tract within the Unit Area as enlarged, and shall revise Exhibits A and B accordingly.

11.3 EFFECTIVE DATE. The effective date of any enlargement of the Unit Area shall be 7:00 a. m. on the first day of the calendar month following compliance with conditions for enlargement as specified by Working Interest

Owners, and the filing for record of revised Exhibits A and B in the county or counties in which this agreement is recorded.

ARTICLE 12

TRANSFER OF TITLE - PARTITION

12.1 TRANSFER OF TITLE. Any 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 change of title shall be binding upon Unit Operator, or upon any party hereto other than the party so transferring, until 7:00 a. m. on the first day of the calendar month next succeeding the date of receipt by Unit Operator of a photocopy, or a certified copy, of the recorded instrument evidencing such change in ownership.

12.2 WAIVER OF RIGHTS TO PARTITION. Each party hereto agrees that, during the existence of this agreement, it will not resort to any action to partition the Unitized Formation or the Unit Equipment, 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. This agreement is not intended to create, and shall not be construed to create, an association or trust, or to impose a partnership duty, obligation, or liability with regard to any one or more of the parties hereto. Each party hereto shall be individually responsible for its own obligations as herein provided.

13.2 NO JOINT REFINING OR MARKETING. This agreement is not intended to provide, and shall not be construed to provide, directly or indirectly, for any joint refining or marketing of Unitized Substances.

13.3 ROYALTY OWNERS FREE OF COSTS. This agreement is not intended to impose, and shall not be construed to impose, upon any Royalty Owner any obligation to pay Unit Expense unless such Royalty Owner is otherwise so obligated.

13.4 INFORMATION TO ROYALTY OWNERS. Each Royalty Owner shall be entitled to all information in possession of Unit Operator to which such Royalty Owner is entitled by an existing agreement with any Working Interest Owner.

ARTICLE 14

LAWS AND REGULATIONS

14.1 LAWS AND REGULATIONS. This agreement shall be subject to all applicable federal, state, and municipal laws, rules, regulations, and orders.

ARTICLE 15

FORCE MAJEURE

15.1 FORCE MAJEURE. All obligations imposed by this agreement on each party, except for the payment of money, shall be suspended while compliance is prevented, in whole or in part, by a labor dispute, fire, war, civil disturbance, act of God; by federal, state, or municipal laws; by any rule, regulation, or order of a governmental agency; by inability to secure materials; or by any other cause or causes, whether similar or dissimilar, beyond reasonable control of the party. No party shall be required against its will to adjust or settle any labor dispute. Neither this agreement nor any lease or other instrument subject hereto shall be terminated by reason of suspension of Unit Operations due to any one or more of the causes set forth in this Article.

ARTICLE 16

EFFECTIVE DATE

16.1 EFFECTIVE DATE: This agreement shall become binding upon each party as of the date such party signs the instrument by which it becomes a party hereto, and unless sooner terminated as provided in Section 16.2, shall become effective at the time and date as determined by Working Interest Owners owning seventy-five percent (75%) or more of the combined Unit Participation, which time and date shall be at least one counterpart of this agreement has been filed for record by Unit Operator in the county in which the Unit Area is located; and this agreement has been approved by the appropriate regulatory agency if the laws of the State either require or authorize such approval.

16.2 IPSO FACTO TERMINATION. If the requirements of Section 16.1 are not accomplished on or before December 1, 1972, this agreement shall ipso facto terminate on that date (hereinafter called "termination date") and thereafter be of no further effect, unless prior thereto Working Interest Owners owning a combined Unit Participation of at least seventy-five percent (75%) have become parties to this agreement and Working Interest Owners owning seventy-five percent (75%) or more of that percent have decided to extend the termination date for a period not to exceed Six additional months. If the termination date is so extended and the requirements of Section 16.1 are not accomplished on or before the extended termination date, this agreement shall ipso facto terminate on the extended termination date and thereafter be of no further effect. For the purpose of this section, Unit Participation shall be as calculated on the basis of Tract Participations shown on the original Exhibit A.

16.3 CERTIFICATE OF EFFECTIVENESS. Unit Operator shall file for record in the county in which the land affected is located a certificate stating the Effective Date.

ARTICLE 17

TERM

17.1 TERM. The term of this agreement shall be for the time that Unitized Substances are produced in paying quantities or other Unit Operations are conducted without a cessation of more than ninety (90) consecutive days, unless sooner terminated by Working Interest Owners in the manner herein provided.

17.2 TERMINATION BY WORKING INTEREST OWNERS. This agreement may be terminated by Working Interest Owners owning a combined Unit Participation of seventy-five percent (75%) or more whenever such Working Interest Owners determine that Unit Operations are no longer profitable or feasible.

17.3 EFFECT OF TERMINATION. Upon termination of this agreement, the further development and operation of the Unitized Formation as a unit shall be abandoned, and Unit Operations shall cease. Each oil and gas lease and other agreement covering lands within the Unit Area shall remain in force for sixty (60) days after the date on which this agreement terminates, and for such further period as is provided by the lease or other agreement.

17.4 SALVAGING EQUIPMENT UPON TERMINATION. If not otherwise granted by the leases or other instruments affecting each Tract, Royalty Owners hereby grant Working Interest Owners a period of six (6) months after the date of termination of this agreement within which to salvage and remove Unit Equipment.

17.5 CERTIFICATE OF TERMINATION. Upon termination of this agreement, Unit Operator shall file for record in the county in which the land affected is located a certificate that this agreement has terminated, stating its termination date.

ARTICLE 18

EXECUTION

18.1 ORIGINAL, COUNTERPART, OR OTHER INSTRUMENT. An owner of Oil and Gas Rights may become a party to this agreement by signing the original of this instrument, a counterpart thereof, or other instrument agreeing to become a party hereto. The signing of any such instrument shall have the same effect as if all parties had signed the same instrument.

18.2 JOINDER IN DUAL CAPACITY. Execution as herein provided by any party as either a Working Interest Owner or a Royalty Owner shall commit all interests owned or controlled by such party.

ARTICLE 19

GENERAL

19.1 AMENDMENTS AFFECTING WORKING INTEREST OWNERS. Amendments hereto relating wholly to Working Interest Owners may be made if signed by all Working Interest Owners.

19.2 ACTION BY WORKING INTEREST OWNERS. Except as otherwise provided in this agreement, any action or approval required by Working Interest Owners hereunder shall be in accordance with the provisions of the Unit Operating Agreement.

19.3 LIEN AND SECURITY INTEREST OF UNIT OPERATOR. Unit Operator shall have a lien upon and a security interest in the interests of Working Interest Owners in the Unit Area as provided in the Unit Operating Agreement.

ARTICLE 21

SUCCESSORS AND ASSIGNS

20.1 SUCCESSORS AND ASSIGNS. This agreement shall extend to, be binding upon, and inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors, and assigns, and shall constitute a covenant running with the lands, leases and interests covered hereby.

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

ATTEST if a Corporation
WITNESS if an Individual

DATE

SIGNATURE OF PARTIES

TRANSCONTINENTAL OIL CORPORATION

By _____
Vice President

AS UNIT OPERATOR & WORKING INTEREST
OWNER

CHEVRON OIL COMPANY

By _____

LARCO DRILLING COMPANY, INC.

By _____
Vice President

(Corporate Acknowledgment)

STATE OF LOUISIANA
PARISH OF _____

Personally appeared before me the undersigned authority of law in and for the jurisdiction aforesaid _____ known to me to be _____ of that certain corporation known as _____, and who there acknowledged to and before me that _____ signed and delivered the above and foregoing instrument as the act and deed of said corporation, _____ being authorized so to do.

Given under my hand and official seal this the _____ day of _____, 1972.

Notary Public

My Commission Expires:

(Individual Acknowledgment)

STATE OF _____
COUNTY OF _____

Personally appeared before me the undersigned authority of law in and for the jurisdiction aforesaid _____ who acknowledged to and before me that _____ signed and delivered the above and foregoing instrument as _____ act and deed.

Given under my hand and official seal this the _____ day of _____, 1972.

Notary Public

My Commission Expires:

(Add Additional or Special Acknowledgements Here)

UNIT AGREEMENT
10,500' MOORINGSPORT SAND

PUCKETT FIELD
RANKIN COUNTY, MISSISSIPPI

EXHIBIT "A"
SCHEDULE OF TRACT DESCRIPTIONS AND TRACT PARTICIPATIONS

Tract No.	Tract Description	Acres	Tract Participation
1	NE/4 NE/4 of Sec. 24	40	.46855
2	NW/4 NE/4 of Sec. 24	40	.20013
3	SW/4 SE/4 of Sec. 13	40	.24137
4	SE/4 SE/4 of Sec. 13	40	.08995
		<u>160</u>	<u>1.00000</u>

EXHIBIT "B"
PLAT

