

OPERATOR'S HANDBOOK
FOR UNIT AGREEMENT
SUBMITTALS

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REQUEST FOR UNIT DESIGNATION

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REQUEST FOR APPROVAL OF A PROPOSED FORM OF UNIT AGREEMENT

(This request is normally combined with the application requesting designation of an area as logically subject to unitization.)

Use of the model form of unit agreement approved by the BLM is encouraged. Whenever circumstances justify or require the use of special provisions, their inclusion in the agreement must have prior approval by the BLM authorized officer. Whenever conditions require major deviations from the forms approved by the BLM, three copies of the proposed form, including Exhibits A and B, should be submitted for the authorized officer's approval.

Every deviation from the model form of agreement should be plainly marked on the proposed form of agreement and explained in the material submitted in support of the request for approval of the form of unit agreement.

DESIGNATION OF AREAS AS LOGICALLY SUBJECT TO UNITIZATION

(Submit in duplicate.)

Application should be addressed to the appropriate BLM authorized officer and should consist of an application letter accompanied by a supporting geologic report and land ownership map.

The application letter should:

1. Identify the area proposed for unitization.
2. Cite the deepest formation to be tested and the depth to which the initial test well will be drilled to test that formation.
3. List the serial numbers of all Federal leases, lease offers, Indian leases, and lease expiration dates. This list must be in proper sequence and may be included as part of the land ownership map. (See Exhibit B-1)
4. State if geological and geophysical data and discussions are to be kept confidential. If this information is to be kept confidential, each page must be clearly marked as CONFIDENTIAL INFORMATION.

The geologic report should include:

1. A map drawn on the public land base showing the proposed unit boundary, with detailed structural and stratigraphic conditions pertinent to the proposed unit area. The map also should show the status, depth, and lowest formation penetrated by each well drilled in the unit area and the immediate vicinity.
2. Appropriate cross sections and stratigraphic columns, identifying prospectively productive formations and indicating expected depths.
3. Pertinent geophysical interpretations.

4. Discussion of the specific geologic basis used in delineating the boundary of the proposed unit area, such as closing contour, fault, or pinch-out.

The land ownership map should:

1. Show the area proposed for unitization on a legible plat based on the official public land survey. (Include the official number of each lot, tract, and section, the acreage in each, and the total acreage in the proposed unit area.)
2. Show the boundaries of each lease and each unleased tract of land, and the working interest owners and lease numbers of Federal and Indian leases. Unless otherwise specifically approved, the same numbers will be used on Exhibit "B" of the unit agreement.
3. Distinguish between the different types of land, such as Federal, Indian, State, or fee lands by distinctive coloring or symbols. Different types of federally supervised lands, such as Forest Service, Fish and Wildlife Service, and Indian allotted or tribal lands should also be identified in a similar manner.

Authorized Officer
Bureau of Land Management

Re: Application for Designation of Proposed
Unit Area and Determination of Depth of
Test Well for the _____ Unit Area
_____ County, _____

Dear Sir:

Attached hereto is a map, marked Exhibit "A", on which the proposed _____ Unit is outlined. We request that _____ acres, more or less, of Federal, State and Patented Land within the outline be designated as a logical Unit Area pursuant to the unitization provisions of the Mineral Leasing Act, as amended. The proposed Unit Area of _____ acres, more or less, is composed of _____ acres (____%) Federal Lands, _____ acres (____%) State Lands and _____ acres (____%) Patented Lands.

For the lands within the proposed Unit Area, we refer you to the attached Exhibit "A", which shows, in addition to the proposed Unit boundary, the boundaries and identity of the various tracts and leases in the proposed Unit Area to the extent of our present knowledge. The serial numbers of all Federal leases within the proposed Unit are listed on Exhibit "B", hereto attached.

It is requested that a test well, drilled to a depth of _____ feet, or to test the upper _____ feet of the _____ Formation, whichever is the lesser depth, unless commercial production is paying quantities, as defined in the Unit Agreement, is encountered at a lesser depth, be approved as the required test well. _____ anticipates submitting, at a later date, a standard form Unit Agreement for unproven areas (43 CFR 3186.1, as revised June, 1988) which will deviate from the standard form as follows:

1. Insert the following as a new Section:

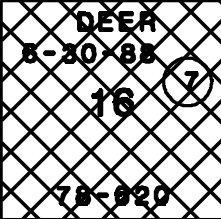
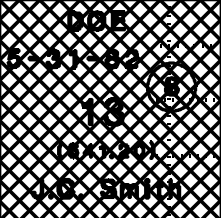
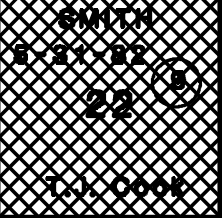
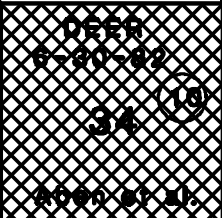
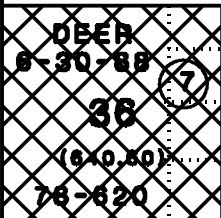
To the best of our knowledge, there are no Federal lands within the proposed Unit Area requiring the inclusion of special provision in the Unit Agreement other than those set forth above.

In support of this Application, we are submitting separately, in duplicate, a geological report with a map showing the geologic conditions within the proposed Unit Area. It is requested that this information be held confidential.

Sincerely,

Enclosures

Exhibit "A"
Swan Lake Unit Area
Campbell County, Wyoming
R. 59 W.

 <p>DEER 8-30-88 16 (7) 78-820</p>	<p>FROST 6-30-81 15 (1) W-8470</p>	<p>FROST 6-30-81 14 (1) W-8470</p>	 <p>DEER 8-31-82 13 (8) (647.20) J.C. Smith</p>
<p>FROST 6-30-85 21 (3) W-41345</p>	 <p>SMITH 8-27-82 22 (8) T.J. OODS</p>	<p>FROST 6-30-81 23 (1) W-8470</p>	<p>HOLDER 2-28-86 24 (6) (642.30) W-53970</p>
<p>FROST 6-30-85 28 (3) W-41345</p>	<p>DEER et al. 6-30-85 27 (4) W-41679</p>	<p>DEER 12-31-85 26 (5) W-52780</p>	<p>HOLDER 2-28-86 25 (6) W-53970 DEER (646.00) 2-28-86 W-52780 25 (5)</p>
<p>DEER et al. 6-30-85 33 (4) W-41679</p>	 <p>DEER 8-30-82 34 (18) open et al.</p>	<p>DEER 7-31-81 35 (2) W-9123</p>	 <p>DEER 8-30-88 36 (7) (640.50) 78-820</p>

T.
54
N.

① Tract Number

Scale - Generally 2" = 1 mile




	Acreage
 Public Land	7,047.30
 State Land	1,280.60
 Patented Land	1,921.20
Total	10,249.10

EXHIBIT "B"
SWAN UNIT
CAMPBELL COUNTY, WYOMING

TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
FEDERAL LANDS							
1.	T54N-R59W, 6THPM SEC. 14: ALL SEC. 15: ALL SEC. 23: ALL	1,920.00	W-8470 EXPIRES 6-30-81	U.S.A. 100%	T.J. COOK 100%	T.J. COOK 2%	FROST OIL COMPANY 100%
2.	T54N-R59W, 6THPM SEC. 35: ALL	640.00	W-9123 EXPIRES 7-31-81	U.S.A. 100%	O.M. ODOM 100%	O.M. ODOM 1%	DEER OIL COMPANY 100%
3.	T54N-R59W, 6THPM SEC. 21: ALL SEC. 28: ALL	1,280.00	W-41345 EXPIRES 6-30-85	U.S.A. 100%	MAX PEN 50% SAM SMALL 50%	MAX PENN 1% SAM SMALL 1%	FROST OIL COMPANY 100%
4.	T54N-R59W, 6THPM SEC. 27: ALL SEC. 33: ALL	1,280.00	W-41679 EXPIRES 6-30-85	U.S.A. 100%	AL PREEN 100%	AL PREEN 2%	DEER OIL COMPANY 50% DOE OIL COMPANY 30% ABLE DRILLING CO. 20%
5.	T54N-R59W, 6THPM SEC. 26: ALL SEC. 25: LOTS 3,4, SW¼, W½SE¼	961.50	W-52780 EXPIRES 12-31-85	U.S.A. 100%	DEER OIL CO 100%	J.G. GOODIN 2%	DEER OIL COMPANY 100%
6.	T54N-R59W, 6THPM SEC. 24: LOTS 1-4, W½, W½E½ (ALL) SEC. 25: LOTS 1,2, NW¼, W½NE¼	965.80	W-53970 EXPIRES 2-28-86	U.S.A. 100%	T.H. HOLDER 100%	T.H. HOLDER 100%	
6 FEDERAL TRACTS TOTALING			7,047.30 ACRES	OR 68.76%	OF	UNIT AREA	
STATE LANDS							
7.	T54N-R59W, 6THPM SEC. 16: ALL SEC. 36: LOTS 1-4, W½, W½E½ (ALL)	965.80	ML-78620 EXPIRES 6-30-88	STATE 100%	DEER OIL CO 100%	T.T. TIMO 2%	DEER OIL COMPANY 100%
1 STATE TRACT TOTALING			965.80 ACRES	OR 12.49%	OF	UNIT AREA	

PATENTED LAND									
8.	T54N-R59W, 6THPM SEC. 13: LOTS 1-4, W½, W½E½ (ALL)	641.20		EXPIRES 5-31-82	J.C. SMITH 100%	DOE OIL COMPANY 100%		DOE OIL COMPANY 100%	
9.	T54N-R59W, 6THPM SEC. 22: ALL	640.00		EXPIRES 5-31-82	T.J. COOK 100%	W.W. SMITH 100%	SAM SPADE 1%	W.W. SMITH 100%	
10.	T54N-R59W, 6THPM SEC. 34: ALL	640.00		EXPIRES 6-30-82	A.A ABEN 75%	DEER OIL COMPANY 100%		DEER OIL COMPANY	
					L.P. CARR 25%				
3	PATENTED TRACTS	TOTALING	1,921.20	ACRES	OR	18.75%	OF	UNIT	AREA

10	TRACTS	TOTALING	10,249.10	ACRES					
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EXHIBIT "B-1"

AREA AND DEPTH APPLICATION

UNIT AREA

COUNTY, _____

Tract Number	Federal Serial Number	Expiration Date
1		
2		
3		
4		
5		
6		
	State of _____	
7		

REQUEST FOR FINAL UNIT APPROVAL

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REQUEST FOR APPROVAL OF EXECUTED UNIT AGREEMENT

(Submit minimum of 4 duplicate originals.)

Generally, when more than four duplicate originals are required, the authorized officer's letter designating an area as logically subject to unitization will specify the number of executed agreements to be filed with the request for final approval. The executed agreements submitted with the request for final approval should include an original of the agreement and all joinders, consents, and exhibits. The proponent is responsible for meeting non-Federal requirements for copies of the agreement.

During the preparation of an executed agreement for final approval, review the following requirements.

1. Executed agreement.
 - a. The executed agreement must be identical to that approved in the designation letter. The unit area, objective formation, and drilling depths cited in the agreement must conform with those prescribed in the designation letter.
 - b. Exhibit B should list the lands in the unit area in the following order: Federal, Indian, State, and fee.
 - (1) Tracts. Each separately owned lease, portion of a lease, or unleased tract of land should be given a tract number. This tract number should be determined by the order of its listing in Exhibit B and should appear in its appropriate place on Exhibit A.
 - (2) Federal leases should be listed in numerical order by issuing land office.
 - (3) Indian leases should be listed in numerical order.
 - (4) The total acreage of each type of land and its percentage of the total unit area should be included in Exhibit B.
2. Number of duplicate originals of the unit agreement to be filed.
 - a. For Federal leases, all of which are under the jurisdiction of the BLM, three or four complete duplicate originals are required.
 - b. For Federal leases involving other SMA's, those in 2a plus the quantities needed for the other SMA's.
 - c. For Federal and Indian leases with no other SMA's involved, add two to requirements under 2a.

3. Joinder and nonjoinder.
 - a. Invite every owner of an interest to join the unit agreement.
 - b. Submit evidence of reasonable effort to obtain joinder from all owners who fail or refuse to sign the unit and unit operating agreement. (Include copy of each refusal letter giving reasons for nonjoinder.)
4. Signatures and executions.
 - a. Signatures should be witnessed or acknowledged before a notary.
 - b. Signature by agent, attorney-in-fact, or other representative should be accompanied by evidence of authority to act for the principal.
 - c. Execution by a corporate official should show title and carry proper attestation and the corporate seal.
 - d. Agreements submitted for final approval may include a list of the overriding royalty interest owners who have executed ratification of the unit agreement in lieu of duplicate originals of said joinders.

WE RECOMMEND THAT OPTIONS BE DELETED

5. Options.

Any lands in the unit area that are subject to an option agreement should be identified on Exhibit B, and the basic provisions of the option provisions should be described. Optionees committing a future interest to an agreement are expected to exercise their options promptly.

6. Tract Commitment Status

A summary showing the commitment status of the tracts within the unit boundary.

Authorized Officer
Bureau of Land Management

Re: _____ Unit Area
_____ County, _____

Dear Sir:

Pursuant to letter, dated _____, your office designated _____ acres, more or less, in _____ County, _____, as logically subject to exploration and development under the unitization provisions of the Mineral Leasing Act, as amended, to be known as the _____ Unit Area.

We now enclose, for your final consideration and approval, four (4) copies of the proposed Unit Agreement for the development and operation of the _____ Unit Area, which are executed by _____ executed by: _____, _____, _____ and _____.

We are also enclosing two (2) copies of the Unit Operating Agreement, executed by _____, and Ratification and Joinder instruments thereto executed by: _____, _____, _____ and _____.

All parties to the _____ Unit and Unit Operating Agreements have been offered the opportunity to commit their interest. In response to the evidence required as set forth in the seventh paragraph of your letter of _____, please refer to the attached, marked Exhibit "A-1".

As requested in your _____ letter, the Exhibit "B" to the Unit Agreement includes the latest status of all Federal acreage, showing the current record owners of all issued leases, there being no federal leases in application status within the Unit Area, and likewise showing all current overriding royalty interest owners.

As reflected by Exhibit "B", the Unit Area of _____ acres is composed of _____ acres (____%) Federal lands, _____ acres (____%) State lands and _____ acres (____%) Patented lands.

We respectfully request your consideration of the Unit Agreement and its final approval, if satisfactory, as soon as possible after your office has given final approval to the _____ Unit Area, _____ County, _____. Upon approval, we request that all copies of the Unit Agreement not retained by your office be returned to our letterhead address.

Sincerely,

Enclosure

EXHIBIT "A-1"

All parties to the ____ Unit and Unit Operating Agreements have been invited to commit their interest to the Unit. In this regard, please refer to the following:

Our letter of _____, addressed to the working interest owners, transmitting a copy of the proposed ____ Unit and Unit Operating Agreements, Ratification and Joinder instruments thereto, and inviting them to commit their interest or furnish a letter declining to commit to the unit.

My letter of _____, addressed to the royalty interest owners, transmitting a copy of the proposed ____ Unit Agreement, Ratification and Joinder instruments thereto, and inviting them to commit their interest or furnish a letter declining to commit to the unit.

We are not enclosing Ratification and Joinder instruments executed by:

WORKING INTEREST OWNERS:

1. Lessee/Working Interest Owner: _____ (Tr. _). He has agreed to join but we have not received his joinder at this time.

BASIC ROYALTY INTEREST OWNERS:

1. Leased basic royalty interest owner: _____, (Tr. _). He has not made his decision to join the unit at this time.

OVERRIDING ROYALTY INTEREST OWNERS:

1. Overriding interest owners: _____ (Tr. _), _____ (Tr. _) and _____ (Tr. _). None of the above Parties have made their decision to join the unit at this time.

TO: WORKING INTEREST OWNERS

Re: _____ Unit Area
_____ County, _____

Ladies and Gentlemen:

_____ has engaged in the formation of the _____ Unit Area, covering _____, acres in Township _____, Range _____, _____ M., _____ County, _____. A check of public records indicates you own a working interest on a lease, or leases within the unit area, and you are cordially invited to join your interest to this cooperative exploration effort.

As you review the enclosed unit and unit operating agreements, dated _____, and the Bureau of Land Management's letter granting preliminary approval of the _____ Unit Area, you will note the proposed unit will be a divided-type federal exploratory unit, with the initial test well, required under Section 9 of the unit agreement, being scheduled to a depth of _____ feet, or to test the upper _____ feet of the _____ formation, whichever is the lesser depth. _____ plans to drill this well in the _____¹/₄ of Section _____, Township _____, Range _____.

Should you elect to commit your interest to the proposed _____ Unit and Unit Operating Agreements, please execute all six (6) copies of the enclosed ratification and joinder instrument, have your signature attested, if necessary, and acknowledged by a Notary Public. Then, return five (5) originally executed copies to us for further handling.

Prior to returning the enclosed ratification and joinder instruments, please examine the Exhibit "B" to make sure that your interest is set out correctly. The title, as shown on this exhibit, has been compiled from federal and state records, as they pertain to Federal and State lands, and from county records, as they pertain to Patented Lands. Please advise of any pending assignments, or assignments of overriding royalty, so that they may be properly reflected. Concurrent with this letter, all royalty owners are being supplied with copies of the unit agreement, with exhibits thereto, and are also being invited to commit their interests to the agreement.

Your early consideration of joinder to the _____ Unit will be greatly appreciated. Should you elect not to commit your interest, please so advise in writing as soon as possible.

Sincerely,

Enclosures

TO: ROYALTY INTEREST OWNERS

Re: _____ Unit Area
_____ County, _____

Ladies and Gentlemen:

_____ has engaged in the formation of the _____ Unit Area, covering _____, acres in Township _____, Range _____, _____M., _____ County, _____. A check of public records indicates you own a royalty interest on a lease, or leases within the unit area, and you are cordially invited to join your interest to this cooperative exploration effort.

Enclosed for your consideration, are copies of the _____ Unit Agreement, dated _____, with a plat of the unit area, attached as Exhibit "A", and a schedule of ownership, attached as Exhibit "B", as well as a copy of the Bureau of Land Management's preliminary approval of the proposed unit area.

The purpose of this type of agreement is to allow orderly exploration of the unit area under guidelines established by Federal law, as cited on page 1, paragraph 3 and Section 1, of the unit agreement. Before becoming effective, the agreement must be approved by the Bureau of Land Management, U.S. Department of the Interior, as being necessary, or advisable, to conserve natural resources in the public interest. The BLM makes this determination based on the area's geologic merits and the percentage of oil and gas interests committed to the agreement; then, following final approval of the unit agreement, supervises operations within the unit area.

Should you elect to commit your royalty interest to the proposed _____ Unit Agreement, please execute all six (6) copies of the enclosed ratification and joinder instrument, have your signature attested, if necessary, and acknowledged by a Notary Public. Then, return five (5) originally executed copies to us in the enclosed, self-addressed, postage-paid envelope.

Your early consideration of joinder to the _____ Unit will be greatly appreciated. Should you elect not to commit your interest, please so advise in writing as soon as possible. If you have any questions regarding any of the enclosures, please feel free to call or write.

Sincerely,

Enclosures

_____ Unit Area
 _____ County, _____
Tract Commitment Summary

Tract No.	Acreage	Percentage	FC	EC	PC	NC
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Fully Committed	Effective Committed	Partially Committed
%	%	%
%	%	%
%	%	%
%	%	%
%	%	%
%	%	%

Not Committed	Commitment Status
%	FC = %
%	EC = %
%	PC = %
%	
%	Total = %
%	

REQUEST FOR SUCCESSOR OF UNIT OPERATOR

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REQUEST FOR SUCCESSOR OF UNIT OPERATOR

Procedures for selecting a successor unit operator normally are included in the unit agreement (Section 6 of the model form, 43 CFR 3186.1) to provide orderly succession if the unit operator resigns or is removed. Generally, the succession of a new unit operator is accomplished through the authorized officer's approval of an instrument executed by or on behalf of the unit operator, the successor unit operator, and the owners of a specified percentage of the committed working interests. That instrument provides for the resignation of the unit operator, the acceptance of the duties and responsibilities of unit operator by the successor unit operator, and the approval of the new unit operator by owners of committed working interests pursuant to Section 6 of the unit agreement.

The procedure for processing and approving successor operator designations under unit agreements has been amended to provide an optional method for obtaining approval of successor operators which should expedite the approval process. Bureau of Land Management (BLM) offices now have a self-certification procedure for unit agreements. A party proposing to become the successor operator may submit a statement certifying that the required working interest owner approvals have been obtained. The party to be designated successor operator must still execute a Designation of Successor Unit Operator Form, but the document does not necessarily need to be signed by the working interest owners. Upon verification that adequate bonding has been obtained, the authorized officer (AO) may accept and approve in writing the designation of successor unit operator.

For consistency in processing requests for successor operator, a standardized statement certifying that working interest owner approvals have been obtained can be used to facilitate processing the requests for approval of designations of successor unit operator. The certification statement submitted to BLM offices requesting approval of the successor operator should contain the following language:

(Name of the proposed successor unit operator), as the designated successor operator under the _____ Unit Agreement, hereby certifies that the requisite approvals of the current working interest owners in the agreement have been obtained to satisfy the requirements for selection of a successor operator as set forth under the terms and provisions of the agreement.

Please be advised that you may adopt the self-certification procedure to complete the change in operator for the above Unit Agreement, or you may submit the working interest owner signatures and a revised Exhibit "B" showing the current ownership under the Unit Agreement.

Please complete the enclosed forms for effecting a change in operator for Unit Agreement and submit them, in quadruplicate, to the appropriate BLM office.

Authorized Officer
Bureau of Land Management

Re: _____ Unit
_____ County, _____

Gentlemen:

Enclosed for your consideration and approval, are four (4) copies of Resignation of Unit Operator and Designation of Successor Operator for the _____ Unit Area. The enclosed instrument has been executed by more than the required percentage of working interest owners pursuant to the _____ Unit and Unit Operating Agreements. All operations within the _____ Unit Agreement will be covered by bond no. _____.

Sincerely,

Enclosures

Authorized Officer
Bureau of Land Management

Re: _____ Unit
_____ County, _____

Gentlemen:

Enclosed for your consideration and approval, are four (4) copies of Resignation of Unit Operator and Designation of Successor Operator for the _____ Unit Area. _____, as the designated successor operator under the _____ Unit Agreement, hereby certifies that the requisite approvals of the current working interest owners in the agreement have been obtained to satisfy the requirements for selection of a successor operator as set forth under the terms and provisions of the agreement. All operations within the _____ Unit Agreement will be covered by bond no. _____.

Sincerely,

Enclosures

RESIGNATION OF UNIT OPERATOR

_____ Unit Area

County of _____

State of _____

Unit Agreement No. _____

Under and pursuant to the provisions of Section 5 of the Unit Agreement for the Development and Operation of the _____ Unit Area, _____ County, _____, _____ the designated Unit Operator under said Unit Agreement, does hereby resign as Unit Operator, effective upon the selection and approval of a successor Unit Operator.

EXECUTED with effect as aforesaid the __ day of _____, 20__.

ATTEST:

DESIGNATION OF
SUCCESSOR UNIT OPERATOR

_____ Unit Area

County of _____

State of _____

Unit Agreement No. _____

THIS INDENTURE, dated as of the ____ day of _____, 20__, by and between _____, hereinafter designated as "First Party," and the owners of unitized working interests, hereinafter designated as "Second Parties,"

W I T N E S S E T H :

WHEREAS, under the provisions of the Act of February 25, 1920, 41 Stat. 437, 30 U.S.C. Secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, the Secretary of the Interior, on the __ day of _____, 20__, approved a Unit Agreement for the _____ Unit Area, wherein _____ is designated as Unit Operator, and

WHEREAS said, _____ has resigned as such Operator and the designation of a successor Unit Operator is now required pursuant to the terms thereon; and

WHEREAS the First Party has been and hereby is designated by Second Parties as Unit Operator, and said First Party desires to assume all the rights, duties and obligations of Unit Operator under the said Unit Agreement:

NOW, THEREFORE, in consideration of the premises hereinbefore set forth and the promises hereinafter stated, the First party hereby covenants and agrees to fulfill the duties and assume the obligations of Unit Operator under and pursuant to all the terms of the _____ Unit Agreement, and the Second Parties covenant and agree that, effective upon approval of this indenture by the Chief, Branch of Fluid Minerals, Bureau of Land Management, First Party shall be granted the exclusive right and privilege of exercising any and all rights and privileges as Unit Operator, pursuant to the terms and conditions of said Unit Agreement; said Unit Agreement being hereby incorporated herein by reference and made a part hereof as fully and effectively as though said Unit Agreement were expressly set forth in this instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the date hereinabove set forth.

FIRST PARTY

BY _____

SECOND PARTIES

BY _____
Execution Date: _____

BY _____
Execution Date: _____

BY _____
Execution Date: _____

BY _____
Execution Date: _____

BY _____
Execution Date: _____

CORPORATE ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) SS.

The foregoing instrument was acknowledged before me this ___ day of _____, 20___, by _____, President, and by _____, Secretary of _____, a corporation.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public

Place of Residence:

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) SS.

On the ___ day of _____, 20___, personally appeared before me _____, the signer(s) of the above instrument, who duly acknowledge to me that he (she or they) executed the same.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public

Place of Residence:

REQUEST FOR APPROVAL OF VOLUNTARY UNIT TERMINATION

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REQUEST FOR VOLUNTARY UNIT TERMINATIONS

Voluntary termination is provided for in most unit agreements, but it is necessary to review the provisions of each agreement to determine the circumstances under which such termination may occur.

Voluntary Termination (Filed in Triplicate)

Section 20(d) of the model unit agreement states that the parties to the unit agreement may initiate a request for voluntary termination of the agreement at any time prior to the discovery of unitized substances which can be produced in paying quantities, provided the public interest requirement has been satisfied. If the public interest requirement has not been satisfied, the approval of the unit should be invalidated.

Authorized Officer
Bureau of Land Management

Re: ____ Unit
____ County, ____

Gentlemen:

Enclosed for your consideration and approval are four (4) sets of "Request for Termination" of the ____ Unit Agreement executed by more than the required percentage of the committed working interest owners.

We request the termination of the ____ Unit be effective as of the date of receipt in your office.

Sincerely,

Enclosure

REQUEST FOR TERMINATION

TO: Authorized Officer
Bureau of Land Management

Re: _____ Unit
_____ County, _____

The "Unit Agreement for the Development and Operation of the _____ Unit Area", County of _____, State of _____, dated _____, was approved by the Authorized Officer, effective _____. Said Agreement covers lands in Township _____, Range _____, _____M.

The _____ Unit Well No. __, located in the $\frac{1}{4}$ $\frac{1}{4}$ of Section __, Township _____, Range _____, _____M., was plugged and abandoned on _____.

Section 20 of the Unit Agreement provided for termination of the Unit Agreement at any time by not less than seventy-five percentum, on an acreage basis, of the owners of working interest signatory, with the approval of the Director. The undersigned, representing more than the required percentum of working interest signatory, hereby elect to terminate the said Unit Agreement and respectfully request approval hereof.

The Request for Termination may be executed in any number of counterparts with the same force and effect as if all signing parties had executed the same instrument and shall be binding upon all those who executed a counterpart hereof regardless of whether or not any counterpart is executed by any other party owning or claiming an interest in the lands affected hereby, and when so executed shall be binding upon each signatory party.

By _____
Execution Date: _____

By _____
Execution Date: _____

CORPORATE ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) SS.

The foregoing instrument was acknowledged before me this __ day of _____, 20__, by _____, President, and by _____, Secretary of _____, a corporation.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public

Place of Residence:

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____)
COUNTY OF _____) SS.

On the __ day of _____, 20__, personally appeared before me _____, the signer(s) of the above instrument, who duly acknowledge to me that he (she or they) executed the same.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public

Place of Residence:

REQUEST FOR APPROVAL OF UNIT CONTRACTION

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REQUEST FOR CONTRACTION - AUTOMATIC ELIMINATION

Automatic Elimination

The current approved model form of unit agreement for unproven areas (43 CFR 3186.1) includes automatic elimination provisions in Section 2(e). These provisions require that all legal subdivisions of unitized land, no parts of which are entitled to be in a participating area established under the unit, shall be automatically eliminated on or before the fifth anniversary of the effective date of the first initial participating area established, unless drilling operations are then in progress on unitized lands not entitled to participation. In this latter event, all committed lands (whether entitled to participation or not) shall remain subject to the unit as long as diligent drilling operations are continued without more than 90 days elapsing between the completion of one such well and the commencement of the next such test. In any event, all legal subdivisions that are not in a participating area and are not entitled to participate under applicable provisions of the agreement within 10 years after the effective date of the establishment of the initial participating area are required to be eliminated at that point. A single extension of up to 2 years beyond the 10-year period may be granted by the authorized officer for good reason if an application therefore is submitted timely and has been executed by parties owning sufficient interest in the lands committed to the plan.

In cases where the automatic elimination has occurred, a letter describing all lands eliminated from the unit area accompanied by revised Exhibits "A" and "B" (showing lands remaining in the unit), filed in triplicate, must be submitted to the appropriate BLM Office.

Authorized Officer
Bureau of Land Management

Re: _____ Unit Area
_____ County, _____

Dear Sir:

The following is a description of the lands automatically eliminated from the _____ Unit Area, _____ County, _____, effective _____.

<u>LAND DESCRIPTION</u>	<u>ACREAGE</u>
Township _____, Range _____, M.	
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____
Sec. __: _____	_____

Total Acres of Land Eliminated _____

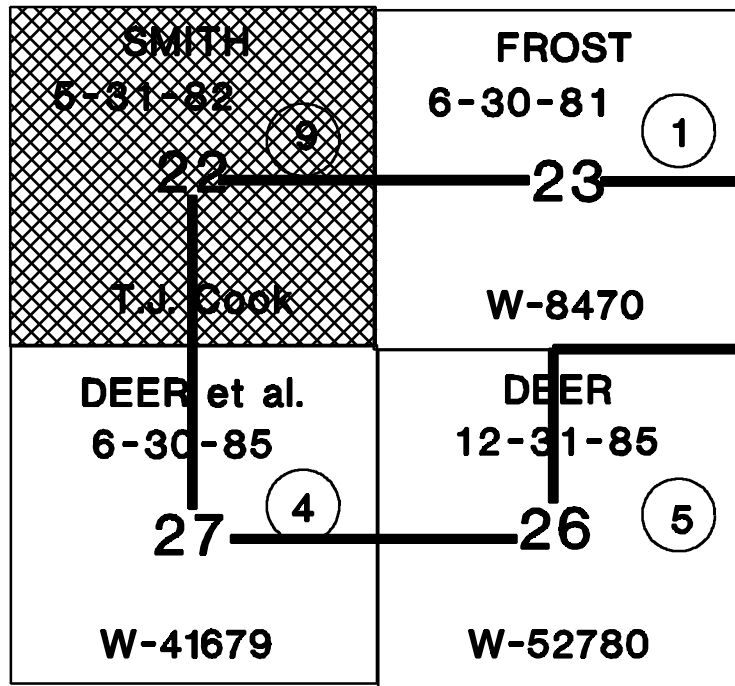
The contracted unit comprises ___ acres of which represent the _____ Participating Area. The Participating Area boundary and the resultant contracted unit boundary are shown on the attached revised Exhibits "A" and "B".

We believe the aforementioned to be in accordance with the requirements of Section 2(e) of the _____ Unit Agreement. Upon receipt of concurrence with this Application, we will promptly notify all parties in interest, completing the requirements set forth in Section 2(e).

Sincerely,

Enclosures

Exhibit "A"
Swan Lake Unit Area
Campbell County, Wyoming
As Contracted Effective _____
R. 59 W.



Scale - Generally 2" = 1 mile

— Unit Boundary

① Tract Number

□ Public Land

▣ Patented Land

Acreage

640.00

160.00

Total

800.00

EXHIBIT "B"

SWAN UNIT
 CAMPBELL COUNTY, WYOMING
 As Contracted Effective

TRACT NO.	TRACT DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING INTEREST AND PERCENTAGE
FEDERAL LANDS							
1.	T54N-R59W, 6THPM SEC. 23: S½	320.00	W-8470 HBP	U.S.A. 100%	T.J. COOK 100%	T.J. COOK 2%	FROST OIL 100%
4.	T54N-R59W, 6THPM SEC. 27: NE¼	160.00	W-41679 HBP	U.S.A. 100%	AL PREEN 100%	AL PREEN 2%	DEER OIL CO 50% DOE OIL CO 50%
5.	T54N-R59W, 6THPM SEC. 26: NW¼	160.00	W-52780 HBP	U.S.A. 100%	DEER OIL CO. 100%	J.G. GOODIN 2%	DEER OIL CO 100%
3	FEDERAL TRACTS	TOTALING	640.00	ACRES	OR	80.00%	OF UNIT AREA
PATENTED LAND							
9.	T54N-R59W, 6THPM SEC. 22: SE¼	160.00	HBP	T.J. COOK 100%	W.W. SMITH 100%	SAM SPADE 1%	W.W. SMITH 100%
1	PATENTED TRACT	TOTALING	160.00	ACRES	OR	20.00%	OF UNIT AREA
4	TRACTS	TOTALING	800.00	ACRES	IN	UNIT	AREA

**REQUEST FOR PRELIMINARY
APPROVAL FOR UNIT
EXPANSION/CONTRACTIONS**

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REQUEST FOR EXPANDING OR CONTRACTING UNIT AREAS

It is necessary to secure the preliminary concurrence of the authorized officer for a change in a unit boundary before notices reflecting the proposed change are sent to the interested parties. Most agreements include provisions that set forth the procedures to be followed in changing the unit boundaries. The procedures recommended in connection with expansion or contraction of unit areas are outlined below.

1. Preliminary approval (submit request in quadruplicate).

The request of preliminary approval of the proposed action (contraction or expansion) may be in letter form. It must contain sufficient information and supporting data to justify the proposed action. The supporting engineering and geologic data may be submitted as a separate report. Any data considered proprietary should be clearly marked on each page as CONFIDENTIAL INFORMATION.

2. Notice to interested parties (submit four copies to authorized officer).

Notices of the proposed change in the unit area should be sent to all parties whose interest will be affected only after the authorized officer gives preliminary concurrence in the proposal. Extreme care should be taken to see that each principal is notified of the proposal. The date of proper notice establishes the start of the 30-day period allowed for the submission of objections to the unit operator. The effective date for the proposed expansion or contraction should be specified in the notice. (The first day of a month subsequent to the dispatching of the notice is suggested as a desirable effective date.) The notice should include a small plat that clearly shows the current unit area and the area to be added and/or eliminated.

Authorized Officer
Bureau of Land Management

Re: Proposed Expansion of the
____ Unit
____ County, ____

Dear Sir:

_____, as Unit Operator of the ____ Unit Area, ____ County, _____, hereby makes application for preliminary approval for the expansion of said unit area pursuant to Section 2 of the Unit Agreement. _____ agrees to commence or cause to be commenced a well at a location in the $\frac{1}{4}$ of Section __, Township _____, Range _____, to test the upper __ feet of the _____ formation. This request is for the expansion to include the following described lands:

<u>LAND DESCRIPTION</u>	<u>ACREAGE</u>
T -R , M.	
Sec. _: _	____
Sec. _: _	____
Sec. _: _	____
Sec. _: _	____
Sec. _: _	____
TOTAL LANDS EXPANDED	____

This proposed expansion of ____ acres, more or less, in addition to the total unit area of ____ acres will result in a unit area of ____ acres, of which ____ acres (____%) are Federal lands, ____ acres (____%) are State lands and ____ acres (____%) are Patented lands as shown on the attached Exhibit "A" to the Unit Agreement. Enclosed are three (3) copies each of Exhibits "A" and "B" showing the final unit area. We will send out notices of the proposed change of area to each working interest owner, lessee, and lessor whose interests are affected, advising them that thirty days will be allowed for submission to

_____, as Unit Operator, of any objections. We request the Expansion No. 1 of the ____ Unit Area be effective ____ 1, 20__.

Your preliminary concurrence is therefore requested for the expansion of the above listed lands for the ____ Unit Area. Upon your preliminary approval, a Notice of Proposed Expansion of the ____ Unit Area will be mailed to all parties in interest to the ____ Unit Area as prescribed by Section 2 of the Unit Agreement.

Sincerely,

Enclosures

NOTICE OF PROPOSED FIRST
EXPANSION OF ____ UNIT
____ COUNTY, ____

Pursuant to the applicable provisions of the Unit Agreement, Section 2 for the ____ Unit Area, _____, believing such action is necessary and desirable to conform with the purpose of said Unit Agreement, proposes the First Expansion of said Unit as herein below provided for the following reasons:

1) The present boundaries of the Unit Area do not encompass the limits or areal extent of the potential unit reservoir.

2) _____, Operator of the ____ Unit, agrees to commence or cause to be commenced a well at a location in the $\frac{1}{4}$ of Section __, Township _____, Range _____, to test the upper __ feet of the _____ formation, within the expanded boundaries of the ____ Unit. If said well is not commenced, the land included in the First Expansion shall be deleted and the unit area shall remain as presently defined.

3) This proposed First Expansion accompanied by a description of the acreage to be added to the end of the _____ Unit, as expanded, will consist of all of the lands described.

Subject to the approval of the Bureau of Land Management, or its duly authorized representative, _____ proposes that such First Expansion will be effective _____ 1, 20___. A thirty (30) day period, as provided in the Unit Agreement, is allowed for the working interest owners, lessees and lessors to submit any objections. Objection to the proposed Expansion, if any, should be mailed to _____.

This notice is delivered in triplicate to the Bureau of Land Management, this __ day of _____, 20__.

STATE OF _____)
COUNTY OF _____) SS.

On the __ day of _____, 20__, personally appeared before me _____, the signer(s) of the above instrument, who duly acknowledge to me that he (she or they) executed the same.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public

Place of Residence:

NOTICE OF PROPOSED FIRST EXPANSION
OF _____ UNIT AREA
_____ COUNTY, _____

1. Description of existing _____ Unit as of _____, 20__:

Township _____, Range _____, M.
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____

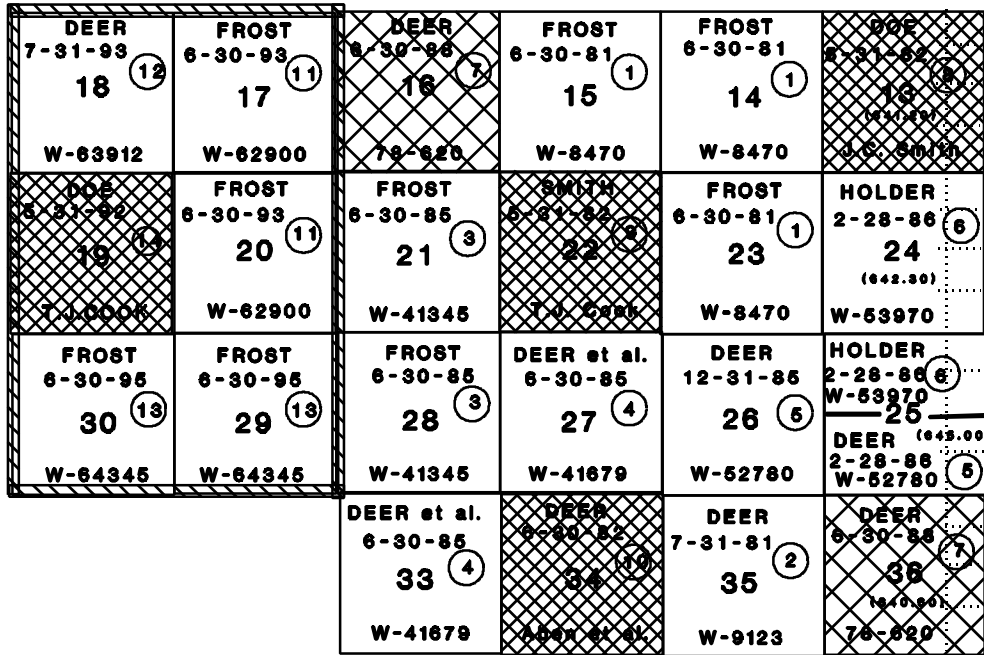
Containing _____ acres, more or less.

2. Description of acreage to be added to existing _____ Unit effective _____ 1, 20__.

Township _____, Range _____, M.
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____
Sec. __: _____

Containing _____ acres, more or less.

Exhibit "A"
Swan Lake Unit Area
Campbell County, Wyoming
Expansion No. 1
R. 59 W.



T.
54
N.

Expanded Unit Outline

Tract Number

Scale - Generally 2" = 1 Mile

	Existing	Expanded	Total
Public Land	7,047.30	3,200.00	10,247.30
State Land	1,280.60	0.00	1,280.60
Patented Land	1,921.20	640.00	2,561.20
Total	10,249.10	3,840.00	14,089.10

EXHIBIT "B"
SWAN UNIT
CAMPBELL COUNTY, WYOMING
EXPANSION NO. 1 EFFECTIVE

INTEREST TRACT NO.	DESCRIPTION OF LAND	NUMBER OF ACRES	SERIAL NUMBER AND EXPIRATION DATE OF LEASE	BASIC ROYALTY AND PERCENTAGE	LESSEE OF RECORD AND PERCENTAGE	OVERRIDING ROYALTY AND PERCENTAGE	WORKING AND PERCENTAGE
FEDERAL LANDS							
11.	T54N-R59W, 6THPM SEC. 17: ALL SEC. 20: ALL	1,280.00	W-62900 EXPIRES 6-30-93	U.S.A. 100%	FROST OIL CO 100%	FROST OIL CO	100%
12.	T54N-R59W, 6THPM SEC. 12: ALL	640.00	W-63912 EXPIRES 7-31-93	U.S.A. 100%	O. M. ODOM 100%	O. M. ODOM 1%	DEER OIL CO 100%
13.	T54N-R59W, 6THPM SEC. 29: ALL SEC. 30: ALL	1,280.00	W-64345 EXPIRES 6-30-95	U.S.A. 100%	FROST OIL CO 50% DEER OIL CO 50%	MAX PENN 1%	FROST OIL CO 100%
3	FEDERAL TRACTS	TOTALING	3,200.00	ACRES	OR	83.33%	OF EXPANDED UNIT AREA
PATENTED LAND							
14.	T54N-R59W, 6THPM SEC. 19: ALL	640.00	EXPIRES 5-31-92	T.J. COOK 100%	DOE OIL CO 100%		DOE OIL COMPANY
1	PATENTED TRACT	TOTALING	640.00	ACRES	OR	16.67%	OF EXPANDED UNIT AREA
4	TRACTS IN	EXPANDED	UNIT	AREA	TOTALING	3,840.00	ACRES

Recapitulation:

	Existing	Expanded	Total
	Acreage	Acreage	Acreage
Federal	7,047.30	3,200.00	10,247.30
State	1,280.60	0.00	1,280.60
Patented	1,921.20	640.00	2,561.20
TOTAL	10,249.10	3,840.00	14,089.10
	Percentage	Percentage	Percentage
	68.76%	83.33%	72.73%
	12.49%	0.00%	9.09%
	18.75%	16.67%	18.18%
	100.00%	100.00%	

**REQUEST FOR FINAL
APPROVAL FOR UNIT
EXPANSION/CONTRACTIONS**

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REQUEST FOR FINAL UNIT EXPANSION/CONTRACTION

Request for final approval (submit in quadruplicate).

The request for final approval may be submitted after the required 30-day waiting period has expired. The application should summarize the procedures followed and show that all requirements prescribed in the unit agreement have been fulfilled. If the application requests approval for expansion of the unit area, joinders to the unit agreement and, when appropriate, to the unit operating agreement must accompany the request. Joinders must be submitted by the owners of interests within the area being added, even though the interest owner is already a party to the unit agreement. Copies of any objections to the proposed expansion and/or contraction should be submitted with the request for final approval, along with the operator's reply and/or discussion of the relative merits of the objections received.

Revised Exhibits A and B.

Revised Exhibits A and B must be submitted concurrently with a request for approval of an expansion of the unit area and should be submitted concurrently with or immediately following approval of a request for contraction of the unit area. Revised exhibits prepared in connection with an expansion or contraction should retain the tract numbers contained in the original exhibits. Lands being added to the unit area should be assigned tract numbers that follow the original tract numbers in proper sequence.

Authorized Officer
Bureau of Land Management

Re: Expansion of the _____ Unit
_____ County, _____

Dear Sir:

Pursuant to your letter dated _____, your preliminary approval of the proposed expansion of the _____ Unit Area was granted to add _____ acres to the _____ acre unit, resulting in an enlarged unit area of _____ acres, more or less.

Enclosed are four (4) Ratification and Joinder instruments executed on behalf of the following working interest owners: _____, _____ and _____. Enclosed are four (4) Ratification and Joinder instruments executed on behalf of _____, lessee of record title, _____, basic royalty interest owner and _____, overriding royalty interest owner.

In accordance with Section 2(b) of the _____ Unit Agreement, thirty (30) days were allowed for submission to the Unit Operator of any objections to the proposed expansion of the _____ Unit Area. Please refer to the attached exhibit marked Exhibit "A-1". Therefore, we request your final approval of the proposed expansion of the _____ Unit Area.

Exhibit "B" to the unit agreement includes the latest status of all Federal acreage, showing the current record owners of all issued leases, there being no leases in application status within the expanded unit area, and likewise showing all current overriding royalty interest owners.

As reflected in the revised Exhibit "B", the expanded unit area of _____ acres is composed of _____ acres (____%) of Federal lands, _____ acres (____%) State lands and _____ acres (____%) Patented lands.

Upon approval, we request that all copies of the Ratification and Joinder instruments not retained by your office be returned to the letterhead address. If you have any questions or need anything further, please feel free to contact this office.

Sincerely,

Enclosures

EXHIBIT "A-1"

All parties to the proposed expansion of the ____ Unit Agreement have been invited to commit their interests to the Unit. In this regard, please refer to the following:

1. Our letter of _____, addressed to the Lessees, Lessors and Working Interest Owners within the existing ____ Unit Area, transmitting a copy of the proposed expansion of the ____ Unit and giving thirty (30) days notice within which to submit any objections.
2. Our letter of _____, addressed to the working interest owners within the proposed expanded area, transmitting a copy of the proposed expansion of the ____ Unit, ratification and joinder instruments thereto, and inviting them to commit their interests.
3. Our letter of _____, addressed to the royalty interest owners within the proposed expanded area, transmitting a copy of the proposed expansion of the ____ Unit, ratification and joinder instruments thereto, and inviting them to commit their interests.

All parties within the proposed expansion of the ____ Unit Agreement has committed their interests.

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO: LESSEES, LESSORS AND WORKING INTEREST OWNERS
Parties to the _____ Unit Agreement
_____ County, _____

Re: _____ Unit
_____ County, _____

Ladies and Gentlemen:

Pursuant to Section 2 of the _____ Unit Agreement, _____, proposes that the _____ Unit Area be expanded to include, in addition to the present lands, the following described lands:

<u>LAND DESCRIPTION</u>	<u>ACREAGE</u>
T _____ - R _____, M. _____	
Sec. ____:	_____
Sec. ____:	_____
Sec. ____:	_____
Sec. ____:	_____
Sec. ____:	_____
TOTAL LANDS EXPANDED	_____

Enclosed please find copies of Exhibits "A" and "B" to the _____ Unit Agreement reflecting the expanded unit area, together with the Notice of Proposed First Expansion. We received the approval of the proposed expansion from the Bureau of Land Management and enclosed is a copy of their letter granting preliminary approval of the expansion upon receipt.

_____ will drill a test well as justification for the expansion to be drilled in the $\frac{1}{4}$ of Section _____, Township _____, Range _____, to test the upper _____ feet of the _____ formation. The Unit expansion will be effective _____ 1, 20____.

Pursuant to the provision of Section 2 (b) of the _____ Unit Agreement, you are allowed thirty (30) days within which to submit any objections to the proposed expansion of the _____ Unit Area.

If you have any questions or need further information, please feel free to contact this office.

Sincerely,

Enclosures

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO: WORKING INTEREST OWNERS
to the Expansion of the
____ Unit Area
(See Attached Address List)

Re: ____ Unit Area
____ County, _____

Gentlemen:

_____ is initiating the expansion of the ____ Unit Area to be effective ____ 1, 20__, and is presently contacting all parties with the expansion area, inviting them to join in this unit operation.

The expanded unit area of ____ acres plus the existing unit area of ____ acres is a total unit area of 14,089.10 acres and comprises of lands in Township _____, Range _____, __M., ____ County, _____.

_____ agrees to commence or cause to be commenced a well at a location in the $\frac{1}{4}$ of Section __, Township _____, Range _____, to test the upper ____ feet of the _____ Formation.

Enclosed please find a copy of the ____ Unit and Unit Operating Agreements, together with six (6) copies of Ratification and Joinder instruments to said agreements, and we invite your joinder to this unit. In order to commit your interest, please have all copies of the Ratification and Joinder instruments executed on behalf of your company, the signature acknowledged by a Notary Public and properly attested to, if necessary, and return five (5) executed copies for our further handling. Please note that we will need executed Ratification instruments from parties that committed to the original unit area.

Pursuant to the provisions of Section 2(b) of the ____ Unit Agreement, you are allowed thirty (30) days within which to submit any objection to the proposed expansion of the _____ Unit Area.

Additionally enclosed is a copy of the Notice of Proposed First Expansion of the _____ Unit Area. We received the approval of the proposed expansion from the Bureau of Land Management and enclosed a copy of their letter granting preliminary approval of the expansion.

Please review Exhibits "A" and "B" to the unit agreement and advise of any discrepancies affecting your interest as soon as possible. Also, please notify us of any pending assignments.

If you have any questions or need further information, please feel free to contact this office.

Sincerely,

Enclosures

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

TO: ROYALTY INTEREST OWNERS
to the Expansion of the
_____ Unit Area

Re: _____ Unit Area
_____ County, _____

Gentlemen:

_____ is initiating the expansion of the _____ Unit Area and is presently contacting all parties with the expansion area.

The expanded unit area of _____ acres plus the existing unit area of _____ acres is a total unit area of _____ acres and comprises of lands in Township _____, Range _____. ____M., _____ County, _____.

Enclosed please find a copy of the _____ Unit Agreement, with exhibits thereto, as expanded, and six (6) copies of Ratification and Joinder instruments to said agreements, and we cordially invite you to commit your interest to the _____ Unit Agreement.

In order to commit your interest to the _____ Unit Agreement, please execute all copies of the Ratification and Joinder instruments, have your signature acknowledged by a Notary Public and properly attested to, if necessary, and return five (5) executed copies for our further handling. You may retain the copy of the Unit Agreement.

If you have any questions or need further information, please feel free to contact this office.

Sincerely,

Enclosures

REQUEST FOR APPROVAL OF PARTICIPATING AREAS

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REQUEST FOR PARTICIPATING AREAS

Participating areas (PA's) are established and revised in accordance with the applicable provisions of the controlling unit agreement.

The application for approval of the initial PA or for the revision of an existing PA must be accompanied by a request for determination of production of unitized substances in paying quantities (see Section 9 of the model form of unit agreement, 43 CFR 3186.1) for the well or wells being used to justify the PA, or its revision, unless these determinations have already been made.

Applications for establishment or revision of a PA should be accompanied by comprehensive engineering and geologic information which justifies the proposed definition or redefinition of the lands reasonably proven to be productive of unitized substances in paying quantities. These reports should indicate which wells are shut in and which wells are producing. Current and cumulative production figures should also be cited. Comments on expectations relative to the development of a market should be included when wells are shut in for lack of a market.

Non-committed lands within the unit area reasonably proven productive in paying quantities should be included within the area defined as constituting the initial or revised participating area for the formation in question. Such non-committed lands should be shown on the schedule of participation as receiving no allocation. Normally, the percentage of participation attributable to each committed tract within a participating area shall be computed to four decimals.

Preliminary discussions with the BLM authorized officer should prove helpful to those responsible for preparation of participating area applications. The model applications that are attached hereto have been prepared for use as guides in the preparation of requests for the authorized officer's approval of the establishment or revision of participating areas.

INITIAL PARTICIPATING AREA APPLICATION

Authorized Officer _____
Bureau of Land Management

Re: _____ Unit
_____ County, _____

Gentlemen:

_____, as unit operator for the _____ unit agreement, pursuant to provisions of section __ thereof, respectfully submits for your approval the selection of the following described lands to constitute the initial participating area for the _____ producing zone or formation, to wit: (Description of initial participating area by township, range, section, and subdivisions, with exact total acreage.)

In support of this application, the following numbered items are attached and made a part hereof:

- (1) A paying well determination showing that the well upon which the participating area is based is capable of producing unitized substances in paying quantities.
- (2) An ownership map showing thereon the boundaries of the unit area and the proposed initial participating area.
- (3) A schedule showing the lands entitled to participation in the unitized substances produced from the _____ formation, with the percentage of participation of each lease or tract indicated thereon. (The schedule may be patterned after Exhibit B of the unit agreement with appropriate adjustments.)

Applicant is submitting separately in triplicate a geological and engineering report with accompanying geologic maps supporting and justifying the proposed selection of lands for inclusion in the initial _____participating area.

This proposed initial participating area is predicated upon the knowledge and information first obtained upon the completion in paying quantities under the terms of the unit agreement on _____ of unit well No. __, in the __ 1/4 __ 1/4, Section __, Township __, Range __, with an initial production of _____ from the _____ formation at a depth of ___ to ___ feet (if several wells, recite or tabulate in detail). The effective date of this initial area shall be _____, pursuant to section ____ of the unit agreement.

Applicant respectfully requests your approval of the above selection of lands to constitute the initial _____ participating area, effective as of _____.

Dated this _____.

Sincerely,

Exhibit "A"
Swan Lake Unit Area
Campbell County, Wyoming
R. 59 W.

DEER 6-30-85 16 78-620	FROST 6-30-81 15 W-8470	FROST 6-30-81 14 W-8470	DEER 6-30-82 13 78-620 J.S. Smith
FROST 6-30-85 21 W-41345	SMITH 6-31-82 22 J.S. Smith	FROST 6-30-81 23 W-8470	HOLDER 2-28-86 24 (642.30) W-53970
FROST 6-30-85 28 W-41345	DEER et al. 6-31-85 27 W-41679	DEER 12-31-85 26 W-52780	HOLDER 2-28-86 25 W-53970 DEER (646.00) 2-28-86 W-52780
DEER et al. 6-30-85 33 W-41679	DEER 6-30-82 34 J.S. Smith DEER et al.	DEER 7-31-81 35 W-9123	DEER 6-30-85 36 (640.00) 78-620

T.
54
N.

① Tract Number Scale - Generally 2" = 1 mile

————— Proposed PA Outline

EXHIBIT "B"
SWAN UNIT

_____ COUNTY, _____
INITIAL _____ PARTICIPATING AREA

TRACT NO.	DESCRIPTION OF LAND	SERIAL NUMBER	NUMBER OF ACRES	PERCENT OF PARTICIPATION	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	WORKING INTEREST & PERCENTAGE
4.	<u>T54N-R59W, 6THPM</u> SEC. 27: E½	W-41679	320.00	50.00%	U.S.A. 100%	AL PREEN 100%	DEER OIL CO 50% DOE OIL CO 30% ABLE DRLG CO. 20%
5.	<u>T54N-R59W, 6THPM</u> SEC. 26: W½	W-52780	320.00	50.00%	U.S.A. 100%	DEER OIL CO 100%	DEER OIL CO 100%
		TOTAL	640.00	100.00%			

SUMMARY

FEDERAL LANDS	640.00	100%
STATE LANDS	0.00	0%
PATENTED LANDS	0.00	0%
TOTAL	640.00	100%

APPLICATION FOR REVISION OF A PARTICIPATING AREA

Authorized Officer
Bureau of Land Management

Re: _____ Unit
_____ County, _____
Application for approval of the
_____ revision of the _____
participating area.

Gentlemen:

_____, as unit operator for the _____ unit agreement, approved by the Bureau of Land Management, effective _____ pursuant to the provisions of section _____ thereof, respectfully submits for your approval the selection of the following described land to constitute the _____ revision of the participating area for the _____ producing zone or formation, to wit: (Give only the accurate description and the exact number of acres being added to or being subtracted from the participating area as established or revised.)

In support of this application, the following numbered items are attached and made a part hereof:

- (1) A paying well determination showing that the well upon which the participating area is based is capable of producing unitized substances in paying quantities.
- (2) An ownership map showing thereon the boundary of the unit area, the participating area as established or revised, and the boundary of the proposed revision herein.
- (3) A schedule showing the lands entitled to participation in the unitized substances produced from the _____ formation, with the percentage of participation of each lease or tract indicated thereon.

Applicant is submitting separately in triplicate a geological and engineering report with accompanying maps supporting and justifying the proposed selection of lands for inclusion in the _____ revision of the _____ formation participating area.

This proposed _____ revision of the participating area is predicated upon the knowledge and information first obtained upon completion in paying quantities under the terms of the unit agreement on _____, of unit well No. _____, in the _____ 1/4 _____ 1/4, Section _____, Township _____, Range _____, with an initial production of _____ from the _____ formation at a depth of _____ to _____ feet (if several wells, recite or tabulate in detail).

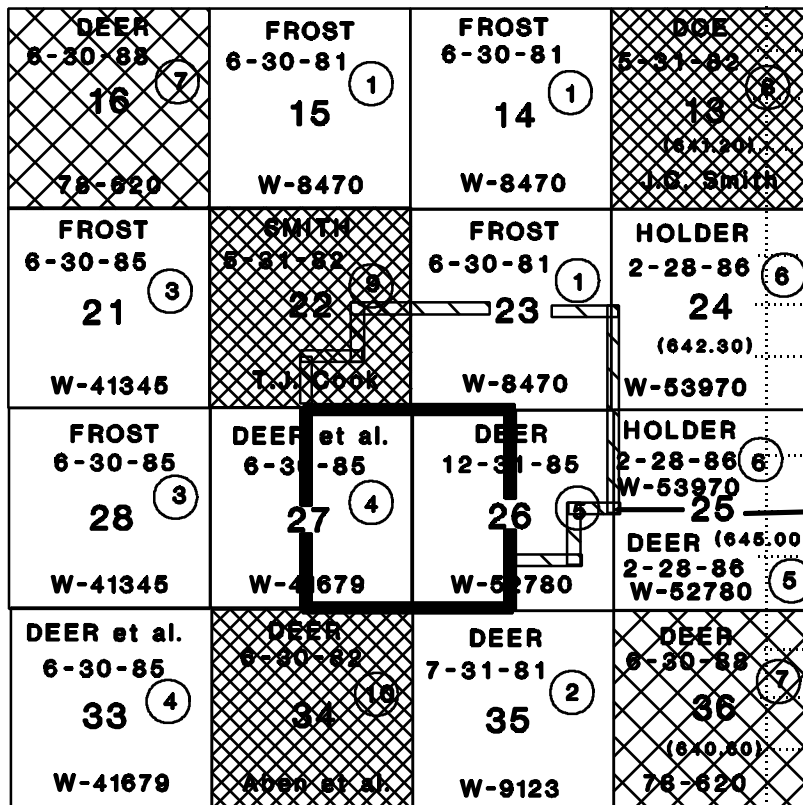
The effective date of this ___ revision shall be _____ pursuant to section ___ of the unit agreement.

Applicant requests your approval of the above selection of lands to constitute the ___ revision of the _____ formation participating area effective as of _____.

Dated this _____.

Sincerely,

Exhibit "A"
Swan Lake Unit Area
Campbell County, Wyoming
R. 59 W.



T.
54
N.

① Tract Number Scale - Generally 2" = 1 mile

- PA Boundary
- ▨▨▨▨▨** Proposed PA Outline

EXHIBIT "B"

SWAN UNIT

_____ COUNTY, _____

___ REVISION _____ PARTICIPATING AREA

TRACT NO.	DESCRIPTION OF LAND	SERIAL NUMBER	NUMBER OF ACRES	PERCENT OF PARTICIPATION	BASIC ROYALTY & PERCENTAGE	LESSEE OF RECORD & PERCENTAGE	WORKING INTEREST & PERCENTAGE
FEDERAL LANDS							
1.	T54N-R59W, 6THPM SEC. 23: S½	W-8470	320.00	25.0000%	U.S.A. 100%	T.J. COOK 100%	FROST OIL CO 100%
4.	T54N-R59W, 6THPM SEC. 27: E½	W-41679	320.00	25.0000%	U.S.A. 100%	AL PREEN 100%	DEER OIL CO 50% DOE OIL CO 30% ABLE DRLG CO. 20%
5.	T54N-R59W, 6THPM SEC. 26: N½, SW¼, NW¼SE¼	W-52780	520.00	40.625%	U.S.A. 100%	DEER OIL CO 100%	DEER OIL CO 100%

PATENTED LANDS

9.	T54N-R59W, 6THPM SEC. 22: E½SE¼, SW¼SE¼		120.00	9.375	T.J. COOK 100%	W.W. SMITH 100%	W.W. SMITH 100%
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TOTAL 1,280.00 100.0000%

SUMMARY

FEDERAL LANDS	1,160.00	90.625%
STATE LANDS	0.00	0.00%
PATENTED LANDS	120.00	9.375%
TOTAL	1,280.00	100.0000%

REQUEST FOR APPROVAL OF LATE/SUBSEQUENT JOINDERS

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REQUEST FOR APPROVAL OF LATE/SUBSEQUENT JOINDERS

(Submit in quadruple)

Subsequent commitment of oil and gas interests in lands within the unit area not committed to the unit agreement prior to final approval is governed by the appropriate provisions of the agreement (Section 28 of the model form, 43 CFR 3186.1).

Usually, after operations are commenced, the subsequent joinder provisions permit the commitment of a working interest by the owner who signs a joinder to the unit agreement and the unit operating agreement and obtains such approvals of the owners of committed working interests as may be required by the unit operating agreement. Such joinders should be accompanied by a statement from the unit operator that the terms of the unit operating agreement have been satisfied.

A nonworking interest may be committed to a unit agreement by the owner of the interest signing a joinder to the unit agreement and the owner of the corresponding committed working interest approving the commitment of said interest. Normally, a nonworking interest may not be committed to a unit agreement unless the corresponding working interest is committed thereto. In order for a working interest to be committed to a unit agreement, it must also be committed to the unit operating agreement.

Authorized Officer
Bureau of Land Management

Re: _____ Unit Area
_____ County, _____

Gentlemen:

Enclosed for your consideration and approval are four (4) sets of subsequent Ratification and Joinder instruments executed by _____, as Working Interest Owner in Tract __, Lease _____. This instrument is accompanied by Consent forms executed by more than the required percentage of committed working interest owners.

Sincerely,

Enclosure

RATIFICATION AND JOINDER OF UNIT AGREEMENT
AND UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the _____ Unit Area, County of _____, State of _____, dated _____, in form approved on behalf of the Secretary of the Interior, and in consideration of the execution or ratification by other Working Interest Owners of the Unit Operating Agreement, the undersigned working interest owner hereby expressly ratifies, approves, and adopts said Unit Agreement, and also said Operating Agreement as fully as though the undersigned had executed the original agreements.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the unit area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of the Unit Agreement shall be binding upon the undersigned, its successors and assigns.

EXECUTED this ___ day of _____, 20__.

By: _____

TRACT(S) _____

Address: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this __ day of _____, 20__, by _____, President of _____ a corporation.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public

Place of Residence:

CONSENT TO RATIFICATION AND JOINDER
TO THE _____ UNIT AGREEMENT
AND UNIT OPERATING AGREEMENT

The undersigned, a working interest owner under the _____ Unit and Unit Operating Agreements, hereby consents to the joinder of the leasehold interest of _____ as a lessee of record and working interest owner in the following described lands which are a part of the lands in Tract __, lease No. _____ to said unit.

Township _____, Range _____,
Section _____
containing _____ acres more or less

Executed this ____ day of _____, 20__.

BY _____
Execution Date: _____

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this __ day of _____, 20__, by _____, President of _____ a corporation.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public

Place of Residence:

Authorized Officer
Bureau of Land Management

Re: _____ Unit Area
_____ County, _____

Gentlemen:

Enclosed for your consideration and approval are four (4) sets of subsequent Ratification and Joinder instruments executed by _____, as Leased Basic Royalty Interest Owner in Tract __, Lease _____. This instrument is accompanied by Accept and Agree To forms executed by more than the respective committed working interest owners.

Sincerely,

Enclosure

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for the Development and Operation of the _____ Unit Area, County of _____, State of _____, dated _____, in form approved on behalf of the Secretary of the Interior, the undersigned (whether one or more) hereby expressly joins said Unit Agreement and ratifies, approves, adopts, and confirms said Unit Agreement as fully as though the undersigned had executed the original agreement.

This Ratification and Joinder shall be effective as to the undersigned's interests in any lands and leases, or interests therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering the lands within the unit area in which the undersigned may be found to have an oil and gas interest.

This Ratification and Joinder of the Unit Agreement shall be binding upon the undersigned, his, her or its heirs, devisees, executors, assigns or successors in interest.

EXECUTED this ___ day of _____, 20__.

By: _____

TRACT(S) _____

Address: _____

STATE OF _____)
) ss.
COUNTY OF _____)

On the _ day of _____, 20__, personally appeared before me _____, the signer(s) of the above instrument, who duly acknowledge to me that he (she or they) executed the same.

WITNESS my hand and official seal.

My Commission Expires:

Notary Public

Place of Residence:

"ACCEPT AND AGREE TO"

The foregoing ratification and joinder instrument to the _____ Unit Are, executed by _____, as leased basic royalty interest owner in Tract ____, is ACCEPTED AND AGREED TO by:

By: _____

Execution Date: _____

REQUEST FOR APPROVAL OF PLANS OF DEVELOPMENT

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Instructions

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PLANS OF DEVELOPMENT AND REVIEW OF OPERATIONS

Pursuant to the applicable terms of the unit agreement, it is a yearly obligation to submit a Plan of Development for the new year and a Review of Operations for the previous year. These applications should be filed **in triplicate** with the Authorized Officer by March 1, each year to insure timely approval of operations within your unit(s).

A plan of development and review of operations should include the following:

1. A summary of operations for the past year including up-to-date maps showing the latest geologic interpretations, all wells and participating area boundaries. Should there be no changes from one year to another, reference may be made to the most recent map submitted.
2. A list showing the status of all wells.
3. Performance curves covering the productive life of each horizon under a participating area including injectivity curves. If your company uses computer generated color graphics, please send a minimum of **two originals**.
4. Your plans of development within the unit area for the next year. This should include at a minimum, additional drilling, recompletion of wells in a different horizon and conversion of wells to injection.