UNIT AGREEMENT

FOR

OUTER CONTINENTAL SHELF

EXPLORATION, DEVELOPMENT, AND PRODUCTION OPERATIONS

POINT PEDERNALES UNIT, SANTA MARIA BASIN

OFFSHORE CALIFORNIA

Leases OCS-P 0437, OCS-P 0438, OCS-P 0440, OCS-P 0441,
OCS-P 0444 and OCS-P 0510
SANTA MARIA BASIN, OFFSHORE CALIFORNIA

Contract No. 14-08-0001-18490

POINT PEDERNALES UNIT AGREEMENT

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EXHIBITS

A Map of Unit Area

B Ownership of Oil and Gas Interests

C Tract Description, Tract Participations and Redetermination Procedures for Monterey/Pre-Monterey Participating Area

UNIT AGREEMENT FOR OUTER CONTINENTAL SHELF
EXPLORATION, DEVELOPMENT, AND PRODUCTION OPERATIONS
POINT PEDERNALES UNIT
SANTA MARIA BASIN
OFFSHORE CALFORNIA

WITNESSETH:

WHEREAS, section 5(a) of the Act authorizes the Secretary of the Interior (Secretary) to prescribe rules and Regulations which shall provide for unitization, pooling, and drilling agreements;

WHEREAS, pursuant to the rules and Regulations of the Secretary, 30 CFR 250.50, et seq., it is deemed to be in the interest of conservation, prevention of waste, and protection of correlative rights to unitize the oil and gas interests in the Unit Area; and

WHEREAS, it is deemed to be in the interest of conservation to conduct exploration, development, and production operations in the Unit Area as though the area were subject to a single Lease;

NOW, THEREFORE, in consideration of the premises and promises contained herein, it is agreed that:

ARTICLE I
DEFINITIONS

The following definitions of terms shall apply to this Agreement:

ACT means the OCS Lands Act of 1953, as amended, 43 U.S.C. 1331, et seq.

AGREEMENT means this Unit Agreement, approved by the Regional Director for conducting exploration, development, and production operations within the Unit Area.

BLOCK means an area designated as a Block on a U.S. Official Leasing Protraction Diagram for an area of the OCS.

LEASE means, according to the context, an oil and gas lease issued or maintained pursuant to the Act, or a specific area of the OCS for which the United States has conveyed the exclusive right and privilege to drill for, extract, remove, and dispose of oil and gas deposits.

PARTICIPATING AREA is that part of the Unit Area that is reasonably proven by well tests, geological or geophysical information, or engineering data to be capable of producing hydrocarbons in Paying Quantities.

PAYING QUANTITIES means the production of oil and/or gas in quantities sufficient to yield a return in excess of operating costs.

REGIONAL DIRECTOR means the Regional Director of the Minerals Management Service, U. S. Department of the Interior (DOI), or a designee, authorized and empowered to regulate and approve unit operations.

REGIONAL SUPERVISOR means the Regional Supervisor, Office of Field Operations of the Minerals Management Service, DOI, or a designee, authorized and empowered to regulate and approve unit operations.

REGULATIONS mean all rules prescribed or adopted pursuant to the Act. They include all Regulations prescribed or amended at any time to provide for the prevention of waste, conservation of natural resources of the OCS, and the protection of correlative rights therein.

RESERVOIR means an underground porous, permeable medium containing an accumulation of oil or gas or both. Each zone of a general structure containing such an accumulation that is separated from and not in pressure communication with any other accumulation of oil or gas or both in the structure is a separate "Reservoir".

TRACT PARTICIPATION means for a Lease included in a Participating Area, the percentage of Unitized Substances produced from that Participating Area that is to be allocated to such Lease. Tract Participations shall be approved by the Regional Supervisor as provided for in Article XI.

UNIT AREA means the area of the OCS which is made subject to this Agreement and described in Article III.

UNIT OPERATING AGREEMENT means an agreement made between the Working Interest Owners and the Unit Operator providing for the apportionment of costs and liabilities incurred in conducting operations pursuant to this Agreement and the establishment of such other rights and obligations as they deem appropriate.

UNIT OPERATOR means the person, association, partnership, corporation, or other business entity designated by the Working Interest Owners and approved by the Regional Director to conduct operations within the Unit Area in accordance with plans of operations approved pursuant to the Act, applicable Regulations, and this Agreement.

UNITIZED SUBSTANCES means oil and/or gas within the Reservoir(s) that underlie the Unit Area and which are recovered or produced by operations pursuant to this Agreement.

WORKING INTEREST means an interest in the Unit Area held by virtue of a lease, operating agreement, or other contractual arrangement under which, except as otherwise provided in this Agreement, the rights or authority to explore for, develop, and produce oil and gas are conferred. The rights delegated to the Unit Operator by this Agreement do not constitute a Working Interest.

WORKING INTEREST OWNER means a party to this Agreement that owns a Working Interest.

ARTICLE II
INCORPORATION

All provisions of the Act, the Regulations, other applicable laws, and the leases covering OCS lands within the Unit Area are made part of this Agreement.

ARTICLE III
UNIT AREA AND EXHIBITS

3.1 The following described offshore area as shown on the U.S. Official Leasing Protraction Diagram is subject to valid leases and constitutes the Unit Area.

3.2 **Exhibit "A"**, which is attached to this Agreement and made a part hereof, is a plat identifying the Unit Area and component Blocks and Leases.

3.3 **Exhibit "B"**, which is attached to this Agreement and made a part hereof, is a schedule listing the component Leases and the ownership of each.

3.4 **Exhibit "C"**, which will be submitted in accordance with the provisions of this Agreement and will be made a part hereof, is a schedule listing for each Participating Area the component parts of the Participating Area by Lease, the Tract Participations, and the schedule and procedure that will be used for any redetermination of Tract Participations.

3.5 **Exhibits "A", "B", and "C"** shall be revised by the Unit Operator whenever changes in the Unit Area, changes in a Participating Area, changes in the ownership of one or more Leases, or changes in Tract Participations render such changes necessary. Four copies of the revised exhibits shall be submitted to the Regional Supervisor for approval.

ARTICLE IV
DESIGNATION OF UNIT OPERATOR

4.1 Union Oil Company of California is designated as the Unit Operator and agrees to accept the rights and obligations of the Unit Operator to explore for, develop, and produce oil and/or gas as provided in this Agreement.

4.2 Except as otherwise provided in this Agreement and subject to the terms and conditions of approved plans of operations, the exclusive rights and obligations of the Working Interest Owners to conduct unit operations to explore for, develop, and produce oil and/or gas in the Unit Area are delegated to and shall be exercised by the Unit Operator. This delegation neither relieves a lessee of the obligation to comply with all Lease terms nor transfers title to any Lease nor transfers interest in any operating agreement.

ARTICLE V
RESIGNATION OR REMOVAL OF UNIT OPERATOR

5.1 The Unit Operator shall have the right to resign at any time. Such resignation shall not become effective until 90 days after written notice of an intention to resign has been delivered by the Unit Operator to the Working Interest Owners and the Regional Director and until all platforms, artificial islands, installations, wells, and other devices used for conducting operations in the Unit Area, are placed in

a condition satisfactory to the Regional Supervisor for suspension or abandonment of operations. However, if a successor Unit Operator is designated and approved as provided in Article VI, the resignation shall be effective upon approval of the successor.

5.2 The Unit Operator may be subject to removal by the Working Interest Owners as provided for in the Unit Operating Agreement. This removal shall not be effective until the Working Interest Owners notify the Regional Director and the Unit Operator, and until the Regional Director approves the successor.

5.3 The resignation or removal of the Unit Operator shall not release the Unit Operator from liability for any failure to meet any obligations which accrued before the effective date of resignation or removal.

5.4 The resignation or removal of the Unit Operator shall not terminate any right, title, or interest as a Working Interest Owner or other interest in the Unit Area. However, when such resignation or removal becomes effective, the Unit Operator shall relinquish to the successor all wells, platforms, artificial islands, installations, devices, records, and any other assets used for conducting operations for the Unit Area.

ARTICLE VI
SUCCESSOR UNIT OPERATOR

6.1 Whenever the Unit Operator tenders its resignation or is removed, as provided in Article V, a successor may be designated by (a) nomination by the Working Interest Owners pursuant to the Unit Operating Agreement, and (b) the successor's acceptance in writing of the rights and obligations of the Unit Operator. The successor Unit Operator shall file with the Regional Director four executed copies of the designation of successor. However, the designation shall not become effective until approved by the Regional Director.

6.2 If no successor is designated as herein provided within 90 days following notice to the Regional Director of the resignation or removal of a Unit Operator, the Regional Director may elect to designate one of the Working Interest Owners other than the Unit Operator as successor or may declare this Agreement terminated.

ARTICLE VII
UNIT OPERATING AGREEMENT

7.1 The Working Interest Owners and the Unit Operator shall enter into a Unit Operating Agreement which shall describe how all costs and liabilities incurred in maintaining or conducting operations pursuant to this Agreement shall be apportioned and assumed. The Unit Operating Agreement shall

also describe how the benefits which may accrue from operations conducted on the Unit Area shall be apportioned and such other rights and obligations as they deem appropriate.

7.2 No provision of the Unit Operating Agreement shall be deemed to modify the terms and conditions of this Agreement or to relieve the Working Interest Owners or the Unit Operator of any obligation set forth in this Agreement. In case of any inconsistency or conflict between this Agreement and the Unit Operating Agreement, the terms of this Agreement shall prevail. Notwithstanding anything contained in this Agreement, where conflicts exist solely between the Unit Operator and Working Interest Owners, or among the Working Interest Owners, the Unit Operating Agreement shall control.

7.3 Three copies of the Unit Operating Agreement executed in conjunction with the first paragraph of this Article shall be submitted prior to the commencement of sustained production of Unitized Substances from the Unit Area. Three copies of any amendments thereto also shall be filed with the Regional Director within 30 days of final execution.

ARTICLE VIII
APPEARANCES AND NOTICES

8.1 The Unit Operator shall, after notice to other parties affected, have the right to appear on behalf of all Working Interest Owners before the DOI or any other body legally empowered to issue decisions concerning orders or Regulations of the DOI and to appeal from these decisions. The

expense of these appearances shall be paid and apportioned as provided in the Unit Operating Agreement. Any affected Working Interest Owner shall have the right to be heard in any proceeding.

8.2 Any order or notice relating to this Agreement which is given to the Unit Operator by the Regional Supervisor shall be deemed given to all Working Interest Owners of the Unit Area. All notices required by this Agreement to be given to the Unit Operator or the Working Interests Owners shall be deemed properly given if given in writing and delivered personally or sent by prepaid registered or certified mail to the addresses set forth below or to such other addresses as may have been furnished in writing to the party sending the notice.

UNION OIL COMPANY OF CALIFORNIA
Attn: Western Region:
Manager of Lands
P.O. Box 7600
Los Angeles, California 90051

AMOCO PRODUCTION COMPANY
Attn: Southern Division
Production Manager
P.O. Box 800
Denver, Colorado 80201

ATLANTIC RICHFIELD COMPANY
Attn: Vice President
Western Operations
P. O. Box 147
Bakersfield, California 93302

CHAMPLIN PETROLEUM COMPANY
Attn: Pacific Division Land Dept.
5800 S. Quebec Avenue
Englewood, Colorado 80111

CHEVRON U.S.A. INC.
Attn: General Manager of Lands
P.O. Box 5050
San Ramon, California 94583-0905

ELF AQUITAINE, INC.
Attn: Manager of Joint Operations
Coordination
1000 Louisiana, Ste. 3800
Houston, Texas 77002

EXXON CORPORATION
Attn: Division Manager
225 W. Hillcrest Drive
Thousand Oaks, California 91360

MOBIL EXPLORATION AND PRODUCING
NORTH AMERICA INC.
Attn: R. G. McCracken
1225 17th Street
Denver, Colorado 80202

PHILLIPS PETROLEUM COMPANY
Attn: Marvin Richardson
8055 East Tufts Avenue Pkwy
Denver, Colorado 80237

ARTICLE IX
PLAN OF OPERATION

9.1 The Unit Operator shall submit a plan of operation which is consistent with the requirements for Exploration Plans or Development and Production Plans as required by the Act, Subpart B of 30 CFR Part 250, and other sections of the Regulations. All operations within the Unit Area shall be conducted in accordance with an approved plan.

9.2 When no oil or gas is being produced in Paying Quantities from the Unit Area and when a Lease within the Unit Area is beyond its primary term, a continuous drilling or well reworking program shall be maintained with lapses of no more than 90 days per lapse between such operations unless a suspension of production or other operations has been ordered or approved by the Regional Director. Plans may call for a cessation of drilling operations for a reasonable period of time between the discovery and delineation of a Reservoir when such a cessation in drilling activities is warranted to permit

the design, fabrication, and erection of platforms and other installations needed for development and production operations, provided a suspension of production or other operations has been ordered or approved by the Regional Director.

9.3 An acceptable initial plan of operation shall be submitted at the time this Agreement is filed for the Regional Director's approval. Each plan of operation shall expire on the date specified in the plan. At least 60 days before the scheduled expiration of any plan, unless the Regional Supervisor grants an extension for good cause, the Unit Operator shall file an acceptable subsequent plan of operation for approval in accordance with this Article. If the Regional Supervisor determines that a subsequent plan of operation is unacceptable, the Regional Supervisor will provide the Unit Operator a timely written notice stating the reasons therefore.

ARTICLE X
REVISION OF UNIT AREA

10.1 The Unit Area may be revised by additions necessary for unit operations or for the inclusion of an area capable of producing oil and/or gas in Paying Quantities whenever such action appears proper to include additional lands, or may be further revised by the contraction of the Unit Area when such contraction is necessary or advisable to conform with the purposes of this Agreement. Such additions or contractions

shall be initiated by the Unit Operator after preliminary concurrence of the Regional Supervisor or on demand of the Regional Supervisor. If additions or contractions are prompted by demand of the Regional Supervisor, the Regional Supervisor will provide a 90 day notice to the Unit Operator before rendering his decision. The Unit Operator will submit comments thereto from the Working Interest Owners prior to the expiration of the 90 day period. The Regional Supervisor will render his decision after due consideration of all pertinent information. The effective date of any expansion or contraction of the Unit Area shall be the first of the month following the date of approval of the expansion or contraction by the Regional Supervisor. However, a more appropriate effective date may be used if justified by the Unit Operator and approved by the Regional Supervisor.

10.2 The Unit Area shall not be reduced on account of the depletion of the Unitized Substances for which it was established, but the Unit Area established under the provisions of this Article shall terminate automatically whenever operations are permanently abandoned in the Unit.

ARTICLE XI
PARTICIPATING AREAS

11.1 Prior to commencement of sustained production of Unitized Substances, or as soon thereafter as required by the Regional Supervisor, the Unit Operator shall submit to the Regional Supervisor, as Exhibit "C", a schedule by Lease showing:

(a) all land reasonably proven to be capable of producing Unitized Substances in Paying Quantities by the drilling and completion or testing of wells, geological or geophysical information, or engineering data; and

(b) the Tract Participation of each Lease as provided in Article XII; and

(c) the schedule and procedure that will be used for any redetermination of Tract Participations.

All lands in said schedule, upon approval thereof by the Regional Supervisor, shall constitute the initial Participating Area, effective as of the date such production commences. The Participating Area shall be described in parcels no smaller than 1/4 x 1/4 x 1/4 Blocks.

11.2 A separate Participating Area may be established for each accumulation of Unitized Substances or for any group thereof which is produced as a single pool or zone and any two or more Participating Areas so established may be combined into one, all subject to approval of the Regional Supervisor. For

each Participating Area, an Exhibit "C" shall be submitted for approval of the Regional Supervisor prior to the commencement of sustained production of Unitized Substances therefrom. The effective date of such Participating Area shall be the date sustained production commences. However, a more appropriate effective date may be used if justified by the Unit Operator and approved by the Regional Supervisor.

11.3 Subject to approval of the Regional Supervisor, the Participating Area(s) so established shall be revised from time to time to include additional land reasonably proven to be productive in the same manner as provided in paragraph 11.1 of this Article, or lands proven not to be productive to be excluded in the same manner, and Exhibit "C" shall be revised accordingly. The effective date of any revision shall be the first of the month in which the information is obtained which provides the basis for the approval of the revision by the Regional Supervisor. However, a more appropriate effective date may be used if justified by the Unit Operator and approved by the Regional Supervisor. No land shall be excluded from the Participating Area(s) on account of depletion of the Unitized Substances.

11.4 Nothing herein contained shall be construed as requiring any retroactive adjustment for production obtained prior to the effective date of the revision of the Participating Area.

ARTICLE XII

ALLOCATION OF PRODUCTION

12.1 Each Working Interest Owner shall be responsible for and pay its Tract Participation share of all production royalties and make deliveries of oil and gas which are payments of royalties taken-in-kind or which, pursuant to the Act, are purchased by the United States. The royalty payments under Leases subject hereto shall be based and calculated in accordance with the Leases and Regulations upon the production allocated to the Leases as specifically provided herein.

12.2 Unitized Substances produced from a Participating Area shall be allocated to each Lease within that Participating Area in proportion to such Lease's approved Tract Participation as will be set forth in Exhibit "C". The oil and gas saved, removed, or sold from a Participating Area shall be allocated in this manner, regardless of where any well is drilled and produced from such Participating Area. Tract Participations may be redetermined from time to time in accordance with the schedules and procedures of Exhibit "C". The Unit Operator shall furnish the Regional Supervisor geological and engineering maps and data sufficient to support the Tract Participations proposed by the Working Interest Owners.

12.3 If a well produces Unitized Substances outside a Participating Area and production from such well is insufficient to justify inclusion in a Participating Area, then the production from such well will be allocated to the underlying Lease.

12.4 Oil and gas produced from the Unit Area prior to the effective date of this Agreement shall not be allocated under this Agreement.

12.5 For the purpose of determining royalty obligations, Unitized Substances on which royalty has been paid and which are used for repressuring, stimulation of production, or increasing ultimate recovery from the Unit Area, may be deemed to be a portion of the gas and liquid hydrocarbon substances subsequently saved, removed, or sold from the Unit Area. In such instances, a like amount of gas and liquid hydrocarbon substances similar to that previously used may be saved, removed, or sold, from the Unit Area without paying a royalty thereon. However, as to gas, only dry gas and not products extracted therefrom may be subsequently saved, removed, or sold royalty-free. The royalty-free withdrawal shall be accomplished in accordance with an approved plan of operations and the amounts of gas and liquid hydrocarbon substances withdrawn that are to be recognized as free of royalty charges shall be computed in accordance with a formula approved or prescribed by the Regional Supervisor. Any withdrawal of

royalty-free gas or liquid hydrocarbon substances shall terminate upon the termination of this Agreement, unless otherwise permitted. For the purposes of this paragraph, liquid hydrocarbon substances include natural gasoline and liquid petroleum gas fractions.

ARTICLE XIII
AUTOMATIC ADJUSTMENT OF UNIT AREA

13.1 Any Lease(s) not entitled to receive an allocation of Unitized Substances on the tenth anniversary of the effective date of the initial Participating Area established under this Agreement, shall be eliminated automatically from the Unit Area as of said tenth anniversary; and thereafter, the Unit Area shall only be comprised of the Participating Area(s) subject to the provisions of Articles X and XVII.

13.2 If a Lease is no longer subject to this Agreement in accordance with the provisions of this Article, that Lease shall only be maintained and continued in force and effect in accordance with the terms and provisions contained in the Act, Regulations, and the Lease.

ARTICLE XIV
RELINQUISHMENT OF LEASES

Pursuant to the provisions of the Leases and applicable Regulations, a lessee of record shall, subject to the provisions of the Unit Operating Agreement, have the right to relinquish any of its interests committed hereto, in whole or in part, provided that no relinquishment shall be made of any interests within a Participating Area without the prior approval of the Regional Supervisor. In the event such relinquishments result in the leasehold interest of only one Lease remaining committed hereto, this Agreement shall terminate automatically effective as of the date that only one Lease remains subject to the Agreement.

ARTICLE XV
RENTALS AND MINIMUM ROYALTIES

15.1 Rentals or minimum royalties due on Leases committed hereto shall be paid by the Working Interest Owners responsible therefore at the time and rate(s) specified in their respective Lease from the United States unless such rental or minimum royalty is suspended or reduced by law or by approval of the Secretary.

15.2 If there is production from the Unit Area during the Lease year, the amount of royalty paid for production allocated to a Lease during the Lease year shall be credited against the minimum royalty obligation of the Lease.

ARTICLE XVI
EFFECTIVE DATE AND TERMINATION

16.1 This Agreement shall be effective on the date of approval by the Regional Director and shall terminate (a) pursuant to the provisions of Article XIV; or (b) when oil and gas is no longer being produced from the Unit Area and drilling or well-reworking operations are no longer being conducted in accordance with the provisions of Article IX of this Agreement. If the Regional Director has ordered or approved a suspension of operations or production on all or part of the Unit Area pursuant to the Regulations, this Agreement shall be continued in force and effect for the period of time equal to the length of the authorized suspension and thereafter so long as operations are being conducted in accordance with the provisions of Article IX herein.

16.2 This Agreement may be terminated, with the approval of the Regional Director, at any time by an affirmative vote of the Working Interest Owners as specified in the Unit Operating Agreement.

ARTICLE XVII
LEASES AND CONTRACTS CONFORMED AND EXTENDED

17.1 The terms, conditions, and provisions of all Leases, subleases, and other contracts related to exploration, drilling, development, or production operations for oil or gas

on lands committed to this Agreement are hereby modified and amended only to the extent necessary to make the same conform to the provisions hereof but otherwise shall remain in force and effect.

17.2 The Regional Director, by the approval hereof, does hereby establish, alter, suspend, change, or revoke the drilling, production, rental, minimum royalty, and royalty requirements of the Federal Leases committed hereto, to conform said requirements to the provisions of this Agreement, and without limiting the generality of the foregoing, all Leases, subleases, and contracts are particularly modified in accordance with the following:

(a) Drilling and/or producing operations performed hereunder upon any unitized Lease will be accepted and deemed to be performed upon and for the benefit of each and every unitized Lease, and no Lease committed to this Agreement shall be deemed to expire by reason of failure to drill or produce a well thereon.

(b) Suspension of drilling or producing operations on all unitized lands, pursuant to direction or consent of the Secretary or a duly authorized representative, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every unitized Lease.

(c) Each lease committed hereto shall continue in force as to all lands covered thereby for the term so provided therein or as extended by law and so long thereafter:

(1) as gas or oil and/or condensate is produced from a unit well in Paying Quantities;

(2) drilling or well-reworking operations pursuant to the Regulations are conducted within the Unit Area; or

(3) operations are suspended hereunder as provided herein;

and operations are being conducted pursuant to the provisions of Article IX of this Agreement. This subsection shall not operate to continue in force any whole Lease excluded from the Unit Area by adjustment.

17.3 Upon termination of this Agreement, the Leases committed hereto may be continued in force and effect in accordance with the terms and conditions contained in the Act, the Regulations, and the Leases.

ARTICLE XVIII
COUNTERPARTS

This Agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties. If this Agreement is executed in counterparts, all counterparts taken together shall have the same effect as if all parties had signed the same instrument.

ARTICLE XIX
SUBSEQUENT JOINDER

The Regional Supervisor may order or, upon request, approve a subsequent joinder to this Agreement pursuant to the expansion provisions of Article X. A request for a subsequent joinder shall be accompanied by a signed counterpart to this Agreement and shall be submitted by the Unit Operator at the time a notice of proposed expansion is submitted pursuant to Article X. A subsequent joinder shall be subject to the requirements which may be contained in the Unit Operating Agreement, if any, except that the Regional Supervisor may require modifications of any provision in the Unit Operating Agreement if that provision would prohibit a subsequent joinder.

ARTICLE XX
REMEDIES

20.1 The failure of the Unit Operator to conduct operations in accordance with an approved plan of operation, to timely submit an acceptable plan for approval by the Regional Supervisor, or to comply with any other requirement of this Agreement in a timely manner shall, after notice of default to the Unit Operator with copies to all Working Interest Owners by the Regional Director and after failure of the Unit Operator to remedy any default within a reasonable time as determined by the Regional Director, result in automatic termination of this Agreement effective as of the first day of the default.

20.2 This remedy is in addition to any remedy which is prescribed in the Act, the Regulations, or a Lease committed to this Agreement or any action which may be brought by the United States to compel compliance with the provisions thereof.

ARTICLE XXI
NO WAIVER OF CERTAIN RIGHTS

Nothing contained in this Agreement shall be construed as a waiver by any party hereto of the right to assert any legal or constitutional right or defense pertaining to the validity or invalidity of any law of the United States, or Regulations issued thereunder, in any way affecting such party or as a waiver by any such party of any right beyond such party's authority to waive.

ARTICLE XXII
COVENANTS RUN WITH THE LAND

22.1 The covenants herein shall be construed to be covenants running with the land with respect to the interest of the parties hereto and their successors in interest until this Agreement terminates, and any grant, transfer, or conveyance of interest in land or Leases subject hereto shall be and hereby are conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest.

22.2 No assignment or transfer of any Working Interest or other interest subject hereto shall be binding upon the Unit Operator until the first day of the calendar month after the Unit Operator is furnished with the original, photostatic, or certified copy of the instrument of transfer.

In Witness Whereof, the Working Interest Owners and the Unit Operator have caused this Agreement to be executed as follows:

UNIT AGREEMENT
POINT PEDERNALES UNIT
OFFSHORE CALIFORNIA

ACCEPTANCE OF RIGHTS AND OBLIGATIONS BY UNIT OPERATOR AND APPROVAL BY UNION OIL COMPANY OF CALIFORNIA AS A WORKING INTEREST OWNER

UNION OIL COMPANY OF CALIFORNIA, a California corporation, hereby accepts and assumes all rights and obligations of the Unit Operator and, as an owner of a Working Interest in the Unit Area, hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: September 12, 1986

Authorized Signature: Herbert S. Harry

Name: Herbert S. Harry

Title: Attorney-In-Fact
Corporation: UNION OIL COMPANY OF CALIFORNIA

Subscribed and sworn to me this 12th day of September 1986.

Notary Public: Karen Owens
My Commission Expires: July 22, 1988

OFFICIAL SEAL
KAREN OWENS
NOTARY PUBLIC-CALIFORNIA
PRINCIPAL OFFICE IN
LOS ANGELES COUNTY
My Commission Expires July 22, 1988

UNIT AGREEMENT
POINT PEDERNALES UNIT
OFFSHORE CALIFORNIA

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **AMOCO PRODUCTION COMPANY** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: September 12, 1986

Authorized Signature: David E. Wright

Name: DAVID E. Wight

Title: Attorney-in-Fact

Corporation: AMOCO PRODUCTION COMPANY

Subscribed and sworn to me this 12th day of Sept. 1986.

Notary Public: Cynthia [illegible]

My Commission Expires: 7-12-88

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **ATLANTIC RICHFIELD COMPANY** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: _____

Authorized Signature: _____

Name: _____

Title: _____

Corporation: ATLANTIC RICHFIELD COMPANY

Subscribed and sworn to me this ___day of _____ 1986.

Notary Public: _____

My Commission Expires: _____

UNIT AGREEMENT
POINT PEDERNALES UNIT
OFFSHORE CALIFORNIA

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **AMOCO PRODUCTION COMPANY** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: _____

Authorized Signature: _____

Name: _____

Title: _____
Corporation: AMOCO PRODUCTION COMPANY

Subscribed and sworn to me this ____ day of _____ 1986.

Notary Public: _____
My Commission Expires: _____

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **ATLANTIC RICHFIELD COMPANY** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: September 12, 1986

Authorized Signature: [signature]

Name: Paul B. Norgaard

Title: Vice President
Corporation: ATLANTIC RICHFIELD COMPANY

Subscribed and sworn to me this 12th day of Sept. 1986.

Notary Public: Diana R. Gary
My Commission Expires: Oct. 28, 1988

OFFICIAL SEAL
DIANA R. GARY
NOTARY PUBLIC - CALIFORNIA
BOND FILED IN
KERN COUNTY
My Commission Exp. Oct. 28, 1988

UNIT AGREEMENT
POINT PEDERNALES UNIT
OFFSHORE CALIFORNIA

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **CHAMPLIN PETROLEUM COMPANY** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: September 15, 1986

Authorized Signature: Dale W. Bossert

Name: Dale W. Bossert

Title: Vice President and Regional Manager
Corporation: CHAMPLIN PETROLEUM COMPANY

AF.	
DIV.	
LEGAL	
LAND	
GEOL.	
OPR.	
ACCTG.	
PRODS.	

Subscribed and sworn to me this 15th day of September 1986.

Notary Public: Jo A. MacDowell
My Commission Expires: My Commission Expires April 8, 19[illegible]
7528 South Rosemary St.
Englewood, CO 80112

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **CHEVRON U.S.A. INC.** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: _____

Authorized Signature: _____

Name: _____

Title: _____
Corporation: CHEVRON U.S.A. INC.

Subscribed and sworn to me this ___day of _____ 1986.

Notary Public: _____
My Commission Expires: _____

UNIT AGREEMENT
POINT PEDERNALES UNIT
OFFSHORE CALIFORNIA

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **CHAMPLIN PETROLEUM COMPANY** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: _____

Authorized Signature: _____

Name: _____

Title: _____
Corporation: CHAMPLIN PETROLEUM COMPANY

Subscribed and sworn to me this ___day of _____ 1986.

Notary Public: _____
My Commission Expires: _____

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **CHEVRON U.S.A. INC.** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: September 11, 1986

Authorized Signature: [illegible]

Name: C. Ghylin

Title: Assistant Secretary
Corporation: CHEVRON U.S.A. INC.

Subscribed and sworn to me this 11th day of September 1986.

Notary Public: Peggy L. DeRiggi
My Commission Expires: January 13, 1988

UNIT AGREEMENT
POINT PEDERNALES UNIT
OFFSHORE CALIFORNIA

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, ELF AQUITAINE, INC. hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: September 10, 1986

Authorized Signature: BPE

Name: Bernard Peyre

Title: Attorney-In-Fact
Corporation: ELF AQUITAINE, INC.

Attest: ASST. SECRETARY

Subscribed and sworn to me this 10th day of Sept. 1986.

Notary Public: Mary L. Saenz
My Commission Expires: March 31, 1989

MARY L. SAENZ
Notary Public, State of Texas
My Commission Expires March 31, 1989

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, EXXON CORPORATION hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: _____

Authorized Signature: _____

Name: _____

Title: _____
Corporation: EXXON CORPORATION

Subscribed and sworn to me this ___ day of _____ 1986.

Notary Public: _____
My Commission Expires: _____

UNIT AGREEMENT
POINT PEDERNALES UNIT
OFFSHORE CALIFORNIA

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **ELF AQUITAINE, INC.** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: _____

Authorized Signature: _____

Name: _____

Title: _____
Corporation: ELF AQUITAINE, INC.

Attest: _____

Subscribed and sworn to me this ___day of _____ 1986.

Notary Public: _____
My Commission Expires: _____

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **EXXON CORPORATION** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: September 12, 1986

Authorized Signature: G. T. Theriot

RAD

Name: G.T. Theriot

Title: Attorney-in-fact
Corporation: EXXON CORPORATION

Subscribed and sworn to me this 12 day of September 1986.

Notary Public: Sharon L. Smith
My Commission Expires: [illegible]

OFFICIAL SEAL
SHARON L. SMITH
NOTARY PUBLIC - CALIFORNIA
VENTURA COUNTY
My Comm. Expires Jan. 12, 1988

UNIT AGREEMENT
POINT PEDERNALES UNIT
OFFSHORE CALIFORNIA

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **MOBIL EXPLORATION AND PRODUCING NORTH AMERICA INC.** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: September 11, 1986

Authorized Signature: _____

Name: Paul L. Hellman

Title: General Manager
Corporation: MOBIL EXPLORATION AND PRODUCING NORTH AMERICA INC.

Subscribed and sworn to me this ___day of _____ 1986.

Notary Public: _____
My Commission Expires: _____

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **PHILLIPS PETROLEUM COMPANY** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: _____

Authorized Signature: _____

Name: _____

Title: _____
Corporation: PHILLIPS PETROLEUM COMPANY

Subscribed and sworn to me this ___day of _____ 1986.

Notary Public: _____
My Commission Expires: _____

UNIT AGREEMENT
POINT PEDERNALES UNIT
OFFSHORE CALIFORNIA

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **MOBIL EXPLORATION AND PRODUCING NORTH AMERICA INC.** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: _____

Authorized Signature: _____

Name: _____

Title: _____
Corporation: MOBIL EXPLORATION AND PRODUCING NORTH AMERICA INC.

Subscribed and sworn to me this ___day of _____ 1986.

Notary Public: _____
My Commission Expires: _____

APPROVAL BY WORKING INTEREST OWNERS

As an owner of a Working Interest in the Point Pedernales Unit Area, **PHILLIPS PETROLEUM COMPANY** hereby agrees to the terms and conditions as set forth in this Agreement.

Dated: September 12, 1986

Authorized Signature: [signature]

Name: K. David Welsh

Title: Attorney-in-Fact
Corporation: PHILLIPS PETROLEUM COMPANY

Subscribed and sworn to me this 12th day of September 1986.

Notary Public: [signature]
My Commission Expires: June 29, 1988

CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Outer Continental Shelf Lands Act, approved August 7, 1953, 67 Stat. 462, 43 U.S.C. 1331 et seq. as amended, and delegated to the Regional Director, Pacific OCS Region, Minerals Management Service, I do hereby:

A. Approve the attached Agreement for the exploration, development and production operations of the Point Pedernales Unit, Santa Maria Basin, Outer Continental Shelf, Offshore California.

B. Certify and determine that the unit plan of exploration, development and production operations contemplated in the attached Agreement is in the interest of conservation.

DATED:

September 16, 1986

Contract No. 14-08-0001-18490

William E. Grant

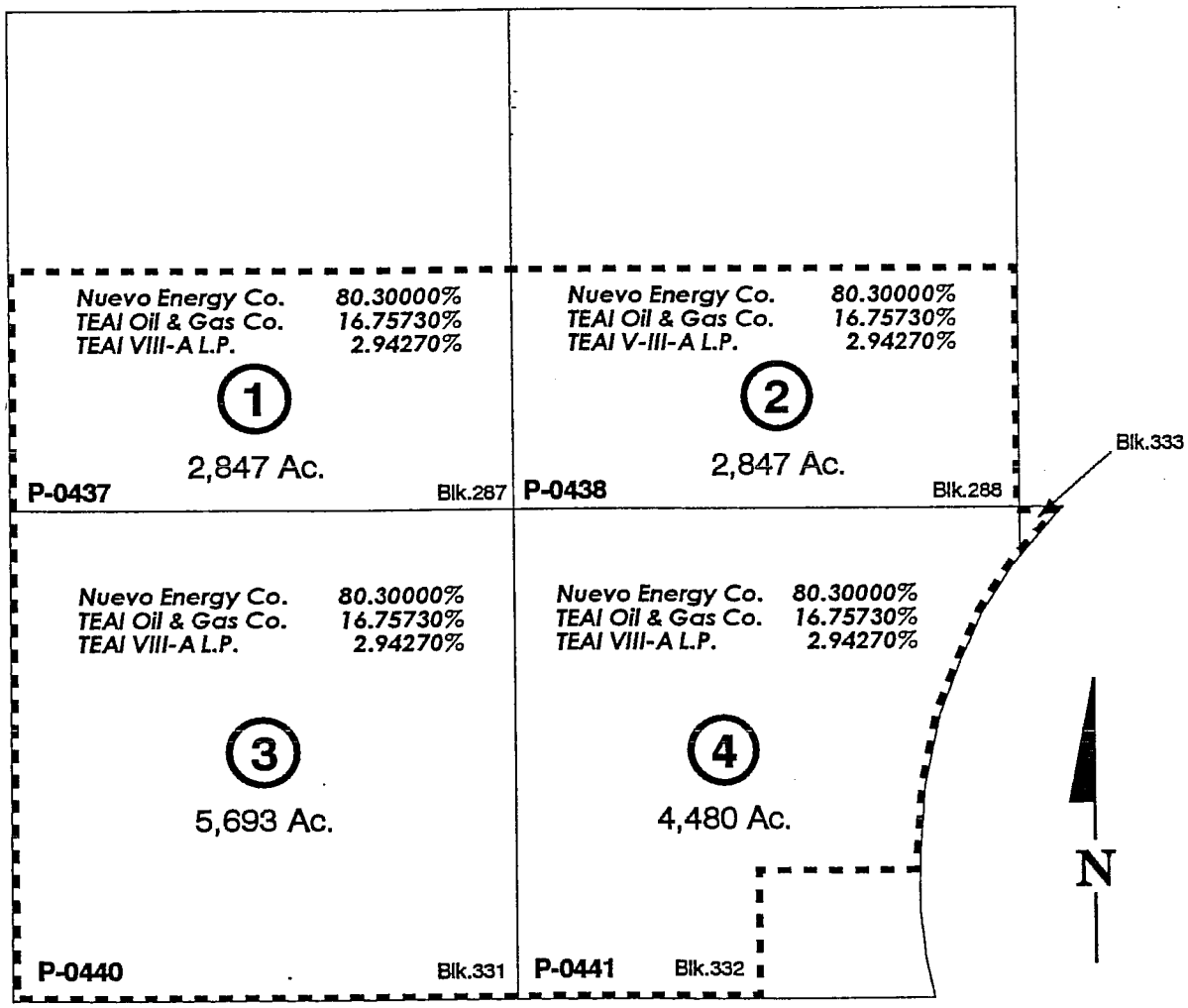
Regional Director
Pacific OCS Region
Minerals Management Service

36171

EXHIBIT "A"

POINT PEDERNALES UNIT AGREEMENT

Unit Area



- - - - - - Unit Boundary

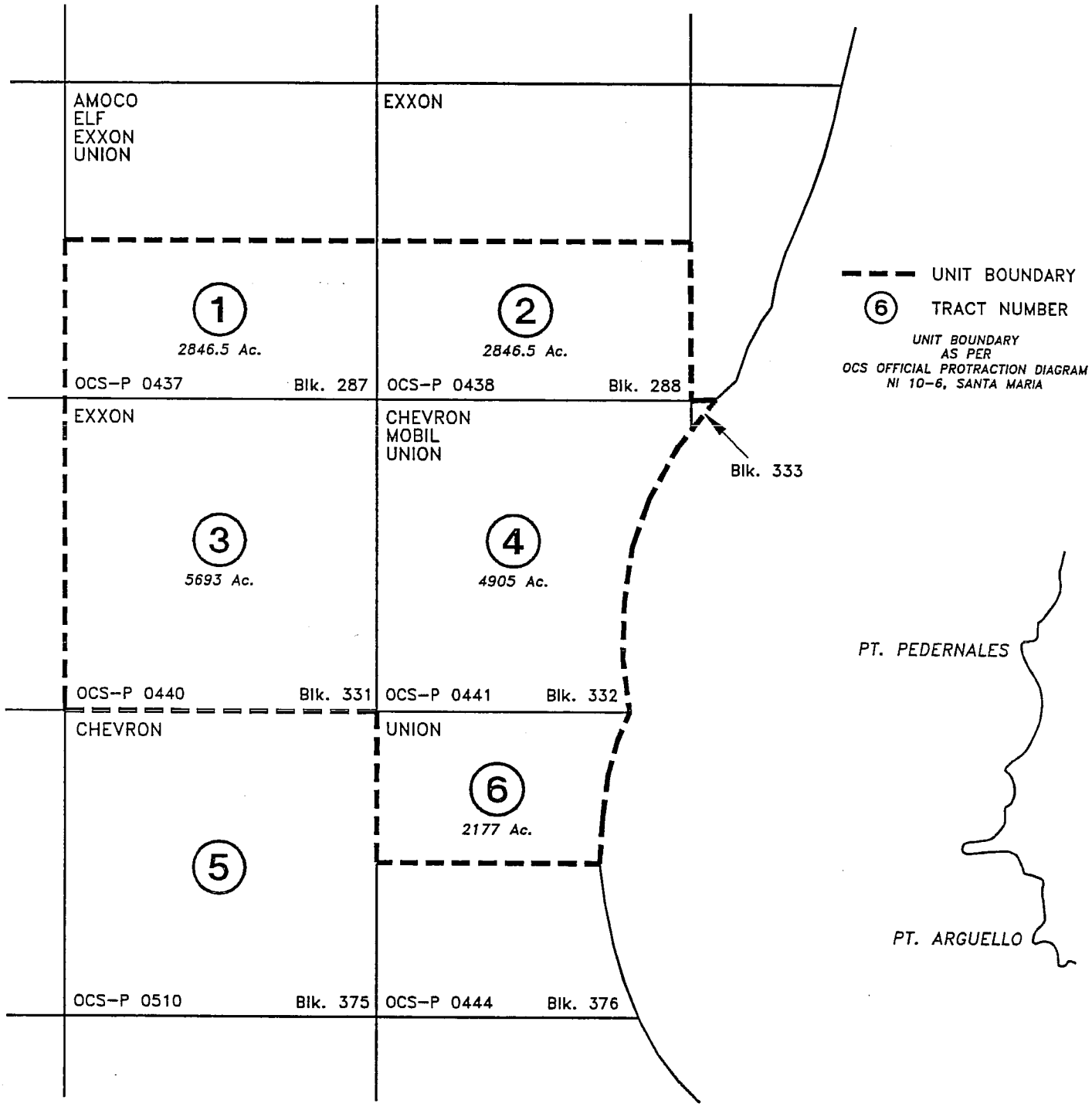
(1) Tract Number

1 MILE

Effective Date: April 1, 1997
Contract No. 14-08-0001-18490

NUEVO ENERGY COMPANY

EXHIBIT A
TO
POINT PEDERNALES UNIT AGREEMENT
UNIT AREA



Revision Effective 7-30-91

Exhibit B

to

POINT PEDERNALES UNIT AGREEMENT
OUTER CONTINENTAL SHELF, CALIFORNIA
Ownership of Oil and Gas Interest

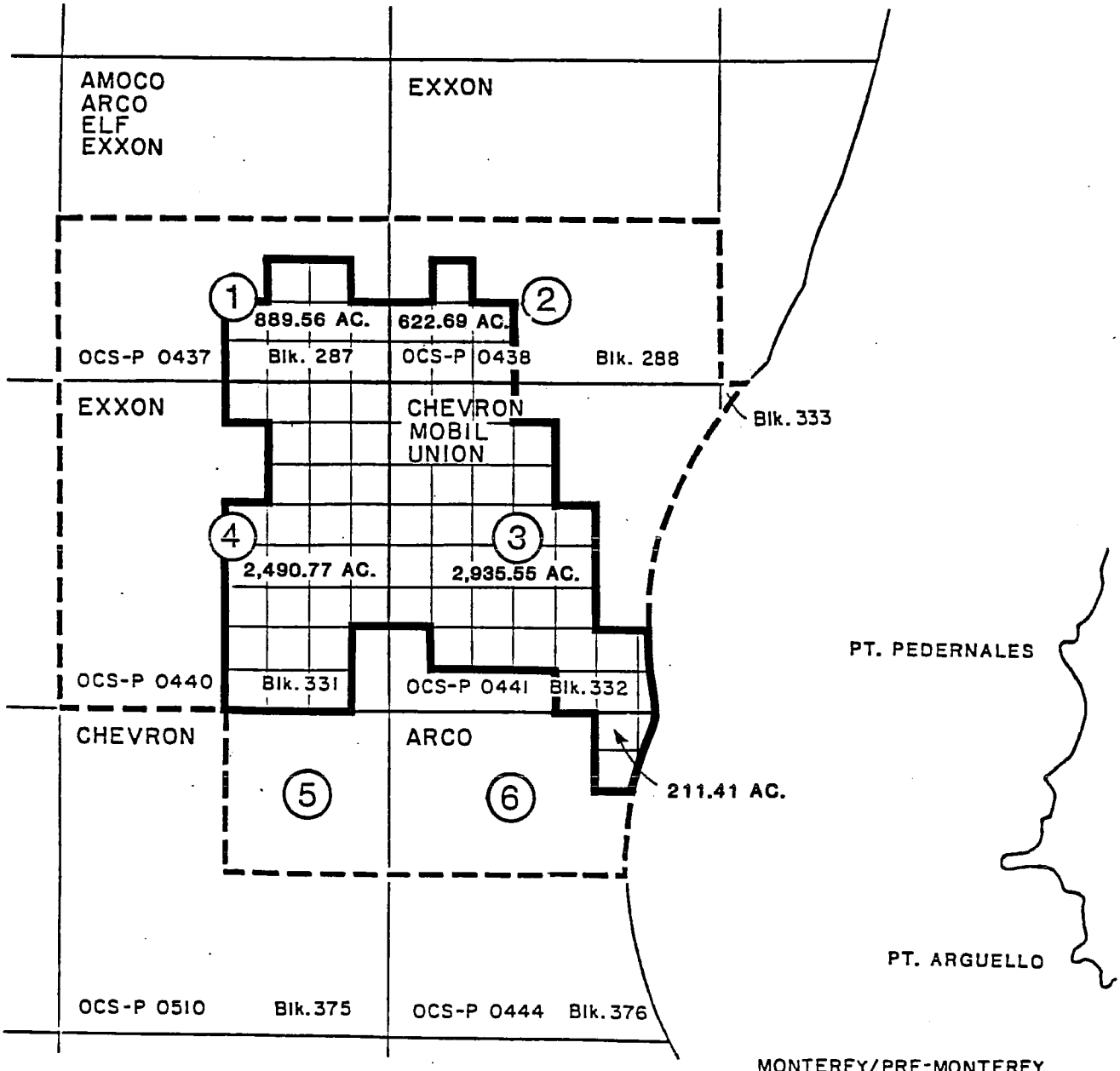
Tract Number	Description of Land *	Number of Acres	Lease Serial Number	Basic Royalty Ownership	Lessee Interests		ORR & Net Profits
1	S/2 of Blk. 287	2,847	OCS P-0437	USA 16 2/3-65% Sliding Scale	Union Amoco Elf Exxon	35% 30% 20% 15%	** 5% of 5% Net Profits
2	S/2 of Blk. 288	2,847	OCS P-0438	USA 16 2/3-65% Sliding Scale	Exxon	100%	None
3	Portions of Blk. 332 and 33 seaward of three geographical mile line	4,905	OCS P-0441	USA 16 2/3-65% Sliding Scale	Chevron Mobil Union	33.33334% 33.33333% 33.33333%	None
4	All Blk. 331	5,693	OCS P-0440	USA 16 2/3-65% Sliding Scale	Exxon	100%	None
6	N/2 of Blk. 376 seaward of three geographical mile line	2,129	OCS P-0444	USA 16 2/3-65% Sliding Scale	Union	100%	None
	TOTAL	18,421					

* OCS Official Protraction Diagram, NI 10-6, Santa Maria

** Applies only to Union's 35% Lessee's Interest

Revision Effective 7-30-91

EXHIBIT C
ATTACHMENT C-1
MONTEREY/PRE-MONTEREY PARTICIPATING AREA
FIRST REDETERMINATION
POINT PEDERNALES UNIT



MONTEREY/PRE-MONTEREY PARTICIPATING AREA

UNIT BOUNDARY

(1) TRACT NUMBER

UNIT BOUNDARY
AS PER
OCS OFFICIAL PROTRACTION DIAGRAM
NI 10-6, SANTA MARIA

MONTEREY/PRE-MONTEREY PARTICIPATING AREA

TRACT	ACREAGE
1	889.56
2	622.69
3	2,935.55
4	2,490.77
5	0
6	211.41
TOTAL	7,149.98 ACRES

1/21/88

EXHIBIT C
ATTACHMENT C-2
PARTICIPATING AREA

LAND WITHIN AND FIRST REDETERMINATION OF TRACT PARTICIPATIONS FOR THE MONTEREY/PRE-MONTEREY PARTICIPATING AREA

The Participating Area for the Point Pedernales Unit as a result of the First Redetermination, as shown on Attachment C-1, shall consist of 7,149.98 acres, more or less.

Tract Participations for the Monterey/Pre-Monterey Participating Area shown hereinbelow will be effective as of the first day of the month following approval by the Regional Supervisor and continue until such time as these values may be redetermined, pursuant to Article XI of the Unit Agreement.

TRACT NUMBER	LEASE SERIAL NUMBER	TRACT PARTICIPATION, PERCENT
1	OCS-P 0437	6.475806
2	OCS-P 0438	2.658204
3	OCS-P 0441	62.179354
4	OCS-P 0440	27.725481
5	OCS-P 0510	0.000000
6	OCS-P 0444	0.961155
	TOTAL	100.000000

The legal description of the particular Federal Lease is shown on Exhibit B of the Unit Agreement and the outline of the land area for the Monterey/Pre-Monterey Participating Area is shown in 1/4 1/4 1/4 Blocks on Attachment C-1 herein.

PLAN OF OPERATION

POINT PEDERNALES UNIT
SANTA MARIA BASIN
OFFSHORE CALIFORNIA

OCTOBER/1992 - SEPTEMBER/1993

Pursuant to Article 9.3 of the Unit Agreement, Union Oil Company of California, as Unit Operator, submits the following plan of operation.

The plan of operation for the Unit is to continue to produce the field at rates up to 25,000 BOPD from as many as nineteen wells. The drilling of one new development well and the redrill of an existing well is intended during the period of this plan. Additional drilling will depend upon reservoir performance. The reservoir will be monitored by pressure and production data with additional pressure buildup and fluid entry surveys as required.

Plans are in progress to replace Unocal's Battles Gas Plant. New facilities capable of processing Point Pedernales gas will be co-located at the HS&P facility. Startup of the facilities is scheduled for mid 1994. Condition P-17 of the Final Development Plan has been modified to extend the compliance deadline to coincide with startup of the replacement gas handling facilities.

The capability to inject gas into Well A-3 will be established during the period of this plan. This work is necessary to minimize the need to flare gas on Platform Irene during either planned maintenance activities or process upsets.

This plan will expire September 30, 1993.

DATE PREPARED: **September 17, 1992**

PLAN OF OPERATION

POINT PEDERNALES UNIT
SANTA MARIA BASIN
OFFSHORE CALIFORNIA

OCTOBER / 1993 - SEPTEMBER / 1994

Pursuant to Article 9.3 of the Unit Agreement, Union Oil Company of California, as Unit Operator, submits the following plan of operation.

The plan of operation for the Unit is to continue to produce the field at rates up to 25,000 BOPD from twenty wells. The drilling of a new development wells is proposed for the third quarter of 1994 . Additional drilling will depend upon reservoir performance. The reservoir will be monitored by pressure and production data with additional pressure buildup and fluid entry surveys as required.

Plans are in progress to replace Unocal's Battles Gas Plant. New facilities capable of processing Point Pedernales gas will be co-located at the HS&P facility. Startup of the facilities is anticipated for mid 1995. Condition P-17 of the Final Development Plan will be modified to extend the compliance deadline to coincide with startup of the replacement gas handling facilities.

The capability to inject gas into well A-3 will be established during the period of this plan. This work is necessary to minimize the need to flare gas on Platform Irene during either planned maintenance activities or process upsets.

Merit Energy Inc. has come to the Unit partners individually and made offers to acquire their interests in the Point Pedernales Unit. It is Merit's goal to conclude these business transactions during the time period of this plan.

This plan will expire September 30, 1994.

Date prepared: 10/28/93

SCHULLY, ROBERTS, SLATTERY & JAUBERT
A PROFESSIONAL LAW CORPORATION
ENERGY CENTRE
1100 POYDRAS STREET, SUITE 1800
NEW ORLEANS, LOUISIANA 70163
TELEPHONE (504) 585-7800
TELEFAX (504) 585-7890

O. FOERSTER SCHULLY III
F. NEELIS ROBERTS
GERALD F. SLATTERY, JR.
LISA S. JAUBERT
WILLIAM C. WALLACE
ANTHONY C. MARINO
STEPHEN A. LANDRY
ANDREW R. THOMAS
PAUL J. GOODWINE
JANET H. ASCHAFFENBURG

MINERALS MANAGEMENT SERVICE
PACIFIC OCS REGION
FEB 20 1997
FIELD OPERATIONS
CAMARILLO

February 19, 1997

VIA FEDERAL EXPRESS

Mr. Allan Shareghi
Minerals Management Service
770 Paseo Camarillo
Camarillo, California 93010

Re: Revised Exhibit A and B to Point Pedernales Unit Agreement and Unit Operating Agreement
Our File No.: 628.0924

Dear Allan:

Enclosed please find revised Exhibits A & B ("Exhibits") to the Point Pedernales Unit Agreement and Unit Operating Agreement. These Exhibits were revised pursuant to TEAI Oil & Gas Company transferring a 2.94270% interest to TEAI VIII-A L..P in Point Pedernales leases OCS-P 0437, 0438, 0440, 0441 and 0444.

Please return one (1) file stamped copy of each of the exhibits to me.

If you have any questions regarding the above, please contact Anthony C. Marino or me at (504)-585-7800.

Very truly yours,

Joan A. Guidry

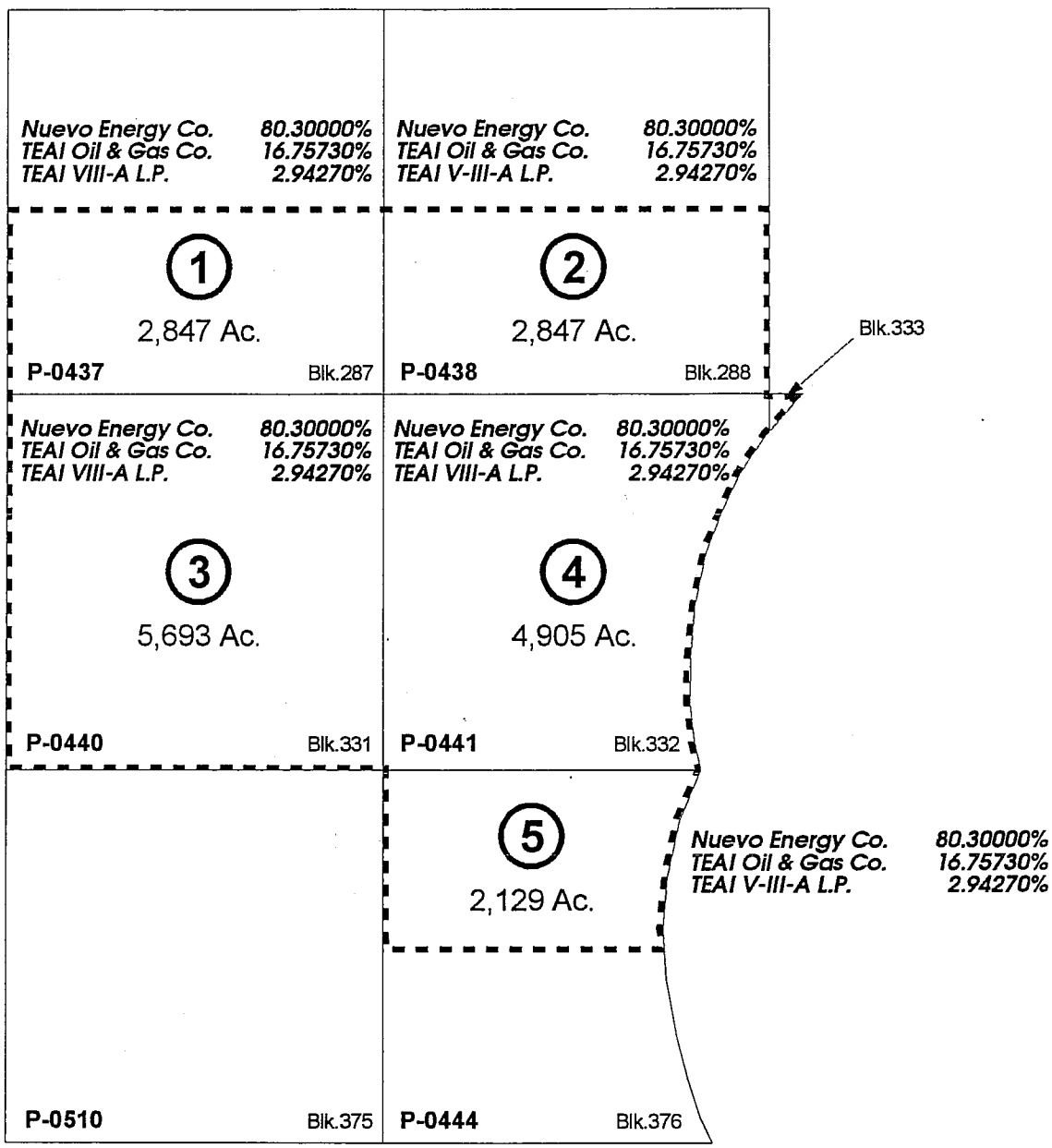
Joan A. Guidry
Legal Assistant

Enclosures:
cc: Sue Ann Craddock (w/o enclosures)
Elverlene Wms-Flatts (w/enclosures)
Anthony C. Marino (w/enclosures)

EXHIBIT "A"

POINT PEDERNALES UNIT AGREEMENT

Outer Continental Shelf, California
Ownership of Oil and Gas Interests



- - - - - - Unit Boundary

(1) Tract Number

1 MILE

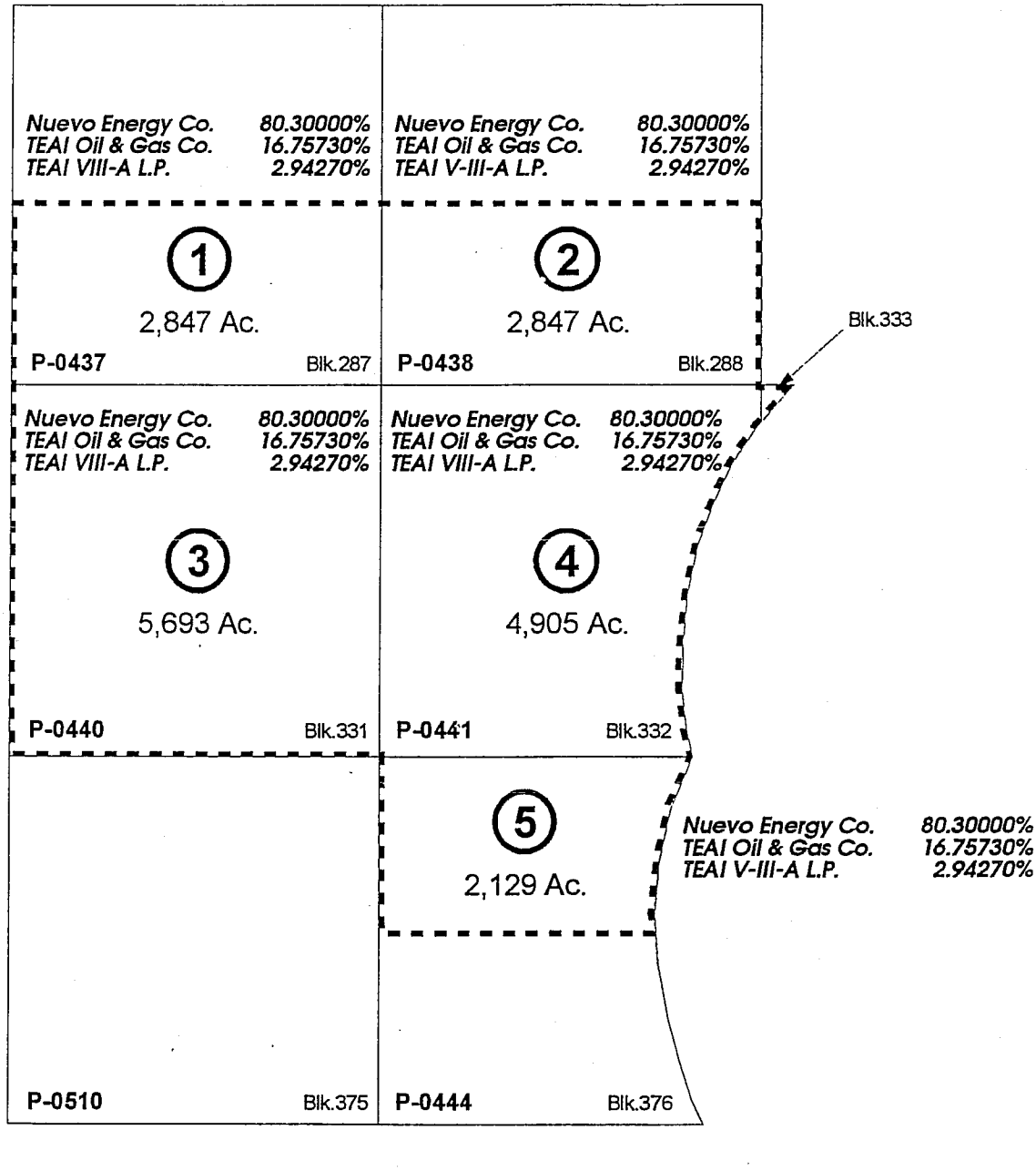
REVISED DATE
SEPTEMBER 30, 1996

NUEVO ENERGY COMPAN

EXHIBIT "A"

POINT PEDERNALES UNIT OPERATING AGREEMENT

Outer Continental Shelf, California
Ownership of Oil and Gas Interests



- - - - - - Unit Boundary

(1) Tract Number

1 MILE

REVISED DATE
SEPTEMBER 30, 1996

NUEVO ENERGY COMPAN

REVISED
EXHIBIT "B"
to
POINT PEDERNALES UNIT AGREEMENT
OUTER CONTINENTAL SHELF, CALIFORNIA
Ownership of Oil and Gas Interests

Tract Number	Description of Land	Number of Acres	Lease Serial Number	Basic Royalty Ownership	Lessee Interests		ORR and Net Profits
1	S/2 of Block 287	2,847	OCS-P 0437	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	* Phillips Net Profits 5%
2	S/2 of Block 288	2,847	OCS-P 0438	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	
3	Portions of Block 332 and 333 seaward of three geographical mile line	4,905	OCS-P 0441	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	
4	All of Block 331	5,693	OCS-P 0440	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	
5	N/2 of Block 376 seaward of three geographical mile line	2,129	OCS-P 0444	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	
	TOTAL	18,421					

REVISED
EXHIBIT "B"
to

POINT PEDERNALES UNIT AGREEMENT
OUTER CONTINENTAL SHELF, CALIFORNIA

Ownership of Oil and Gas Interests

Tract Number	Description of Land	Number of Acres/Hectares	Lease Serial Number	Basic Royalty Ownership	Lessee Interests		ORR and Net Profits
1	S/2 of Block 287	2,847.00/1152.18	OCS-P 0437	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	See Comments 1 & 2
2	S/2 of Block 288	2,847.00/1152.18	OCS-P 0438	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	See Comment 2
3	All of Block 331	5,693.00/2303.96	OCS-P 0440	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	See Comment 2
4	Portions of Block 332 and 333 seaward of three geographical mile line	4,,480.00/1813.06	OCS-P 0441	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	See Comment 2
	TOTAL	15867.00/6421.38					

1) Subject to a Net Profits interest equal to 5% of 5% retained by Phillips Petroleum Company. Applies only to 35% of the total record title interest.
2) Subject to an overriding royalty interest equal to .31355% reserved by Exxon Corporation.

Effective Date April 1, 1997
Contract No. 14-08-0001-18490

REVISED
EXHIBIT "C"
TO POINT PEDERNALES UNIT AGREEMENT
SANTA MARIA BASIN, OFFSHORE CALIFORNIA
CONTRACT NO. 14-08-0001-18490
EFFECTIVE DATE APRIL 1, 1997

The purpose of this exhibit is to identify the Monterey/Pre-Monterey Participating Area, to set forth the component parts of such Participating Area by Tract (Lease) and to set forth the Tract Participations, the procedure for determination of Tract Participations and the schedule of Initial Redetermination for the Monterey/Pre-Monterey Participating Area as required by Article III, Section 3.4 and Article XI of the Unit Agreement and Article 14 of the Unit Operating Agreement. This Exhibit C will govern and apply only to the Monterey/Pre-Monterey Participating Area.

A similar exhibit shall be prepared for each Participating Area that is subsequently established under the Unit Agreement and Unit Operating Agreement and in accordance with the terms and provisions as agreed to by the Working Interest Owners of such Participating Area.

PART I: <u>Establishment of the Participating Area as a Result of the Unit Contraction and Final Redetermination and Component Parts Tract (Lease)</u>

The Participating Area established as a result for the Point Pedernales Unit, in accordance with the provisions of Article XI of the Unit Agreement and Article 15 of the Unit Operating Agreement, is designated as the "Monterey/Pre-Monterey Participating Area" and shall be composed of the following leased land area:

Tract 1	(Lease OCS-P 0437):	Ten 1/4 1/4 1/4 Blocks within the S/2 of Block 287, containing 889.56 acres, more or less
Tract 2	(Lease OCS-P 0438):	Seven 1/4 1/4 1/4 blocks within the S/2 of Block 288, containing 622.69 acres, more or less

Tract 3	(Lease OCS-P 0440):	Twenty-eight 1/4 1/4 1/4 Blocks within Block 331, containing 2,490.77 acres, more or less.
Tract 4	(Lease OCS-P 0441):	Twenty-nine 1/4 1/4 1/4 Blocks within the SE/4 of Block 332 seaward of three geographical mile line, containing 2,579.73 acres, more or less.

PART II: Schedule by Tract Showing the Contracted Unit and Final Redetermination Tract Participations for All Land within the Monterey/Pre-Monterey Participating Area.

The Redetermination of Tract Participations for the Monterey/Pre-Monterey Participating Area have been determined by the Working Interest Owners of such Participating Area for each Tract and are shown on Attachment C-2. The Area Participation for each Working Interest Owner for the Monterey/Pre-Monterey Participating Area is shown on Attachment C-1.

REVISED
EXHIBIT "C"
ATTACHMENT C-2
POINT PEDERNALES UNIT AGREEMENT
PARTICIPATING AREA

LAND WITHIN AN REDETERMINATION OF TRACT PARTICIPATIONS FOR THE MONTEREY/PRE-MONTEREY PARTICIPATING AREA

The Participating Area for the Point Pedernales Unit as a result of the Initial Determination as shown on Attachment C-1, shall consist of 6,513.54 acres, more or less.

Tract Participations for the Monterey/Pre-Monterey Participating Area shown hereinbelow will be effective as of the first day of the month following approval by the Regional Supervisor and continue until such time as these values may be redetermined, pursuant to Article XI of the Unit Agreement.

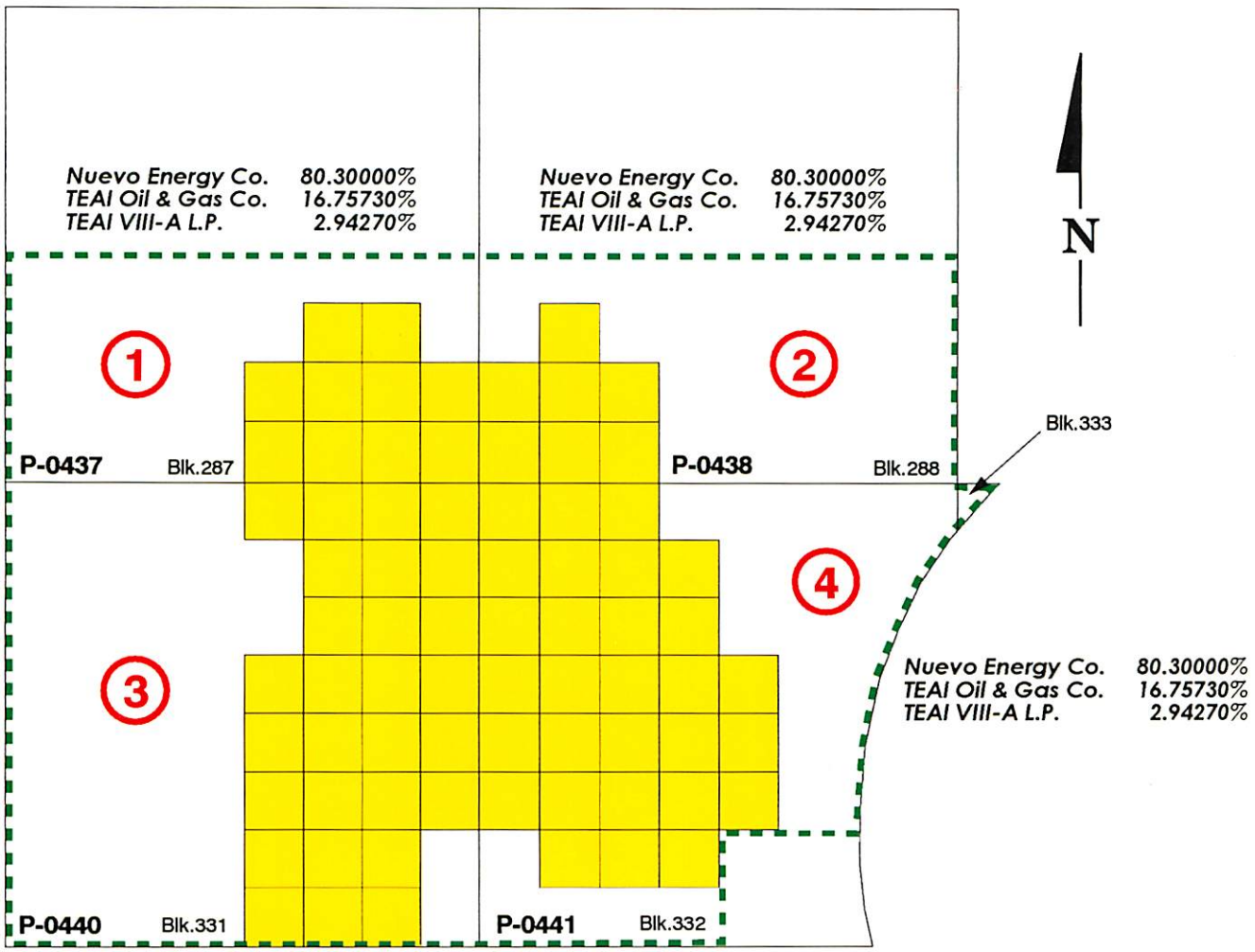
TRACT NUMBER	LEASE SERIAL NUMBER	TRACT PARTICIPATION PERCENT
1	OCS-P 0437	13.51351%
2	OCS-P 0438	9.45946%
3	OCS-P 0440	37.83784%
4	OCS-P 0441	39.18919%

The legal description of the particular Federal Lease is shown on Exhibit B of the Unit Agreement and the outline of the land area for the Monterey/Pre-Monterey Participating Area is shown in 1/4 1/4 1/4 Blocks on Attachment C-1 herein.

EXHIBIT "C"
Attachment "C-1"

POINT PEDERNALES UNIT AGREEMENT

Monterey/Pre-Monterey Participating Area



Nuevo Energy Co. 80.30000%
TEAI Oil & Gas Co. 16.75730%
TEAI VIII-A L.P. 2.94270%

Monterey/Pre-Monterey Participating Area

Tract	Acreage	Tract Particip. %
1	889.56	13.51351
2	622.69	9.45946
3	2,490.77	37.83784
4	2,579.73	39.18919

Participating Area
Unit Boundary
(1) Tract Number

1 MILE

Effective Date: April 1, 1997
Contract No. 14-08-0001-18490

NUEVO ENERGY COMPANY

REVISED
EXHIBIT "B"
to
POINT PEDERNALES UNIT OPERATING AGREEMENT
OUTER CONTINENTAL SHELF, CALIFORNIA
Ownership of Oil and Gas Interests

Tract Number	Description of Land	Number of Acres	Lease Serial Number	Basic Royalty Ownership	Lessee Interests		ORR and Net Prof
1	S/2 of Block 287	2,847	OCS-P 0437	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	* Phillips Net Prof 5%
2	S/2 of Block 288	2,847	OCS-P 0438	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	
3	Portions of Block 332 and 333 seaward of three geographical mile line	4,905	OCS-P 0441	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	
4	All of Block 331	5,693	OCS-P 0440	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	
5	N/2 of Block 376 seaward of three geographical mile line	2,129	OCS-P 0444	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company TEAI Oil & Gas Company TEAI VIII-A L.P.	80.30000% 16.75730% 2.94270%	
	TOTAL	18,421					

RATIFICATION AND JOINDER OF UNIT AGREEMENT

In consideration of the execution of the Unit Agreement for Outer Continental Shelf Exploration, Development, and Production Operations on the Point Pedernales Unit, Offshore California, effective September 16, 1986, as amended, in a form approved on behalf of the Secretary of the Interior, the undersigned 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 of Unit Agreement shall be effective as to the undersigned's interest in any lands and leases, or interest therein, and royalties presently held or which may arise under existing option agreements or other interests in unitized substances, covering any lands within the Unit Area in which the undersigned may be found to have an oil or gas interest.

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

Executed this 12th day of November, 1998.

BELLWETHER EXPLORATION COMPANY

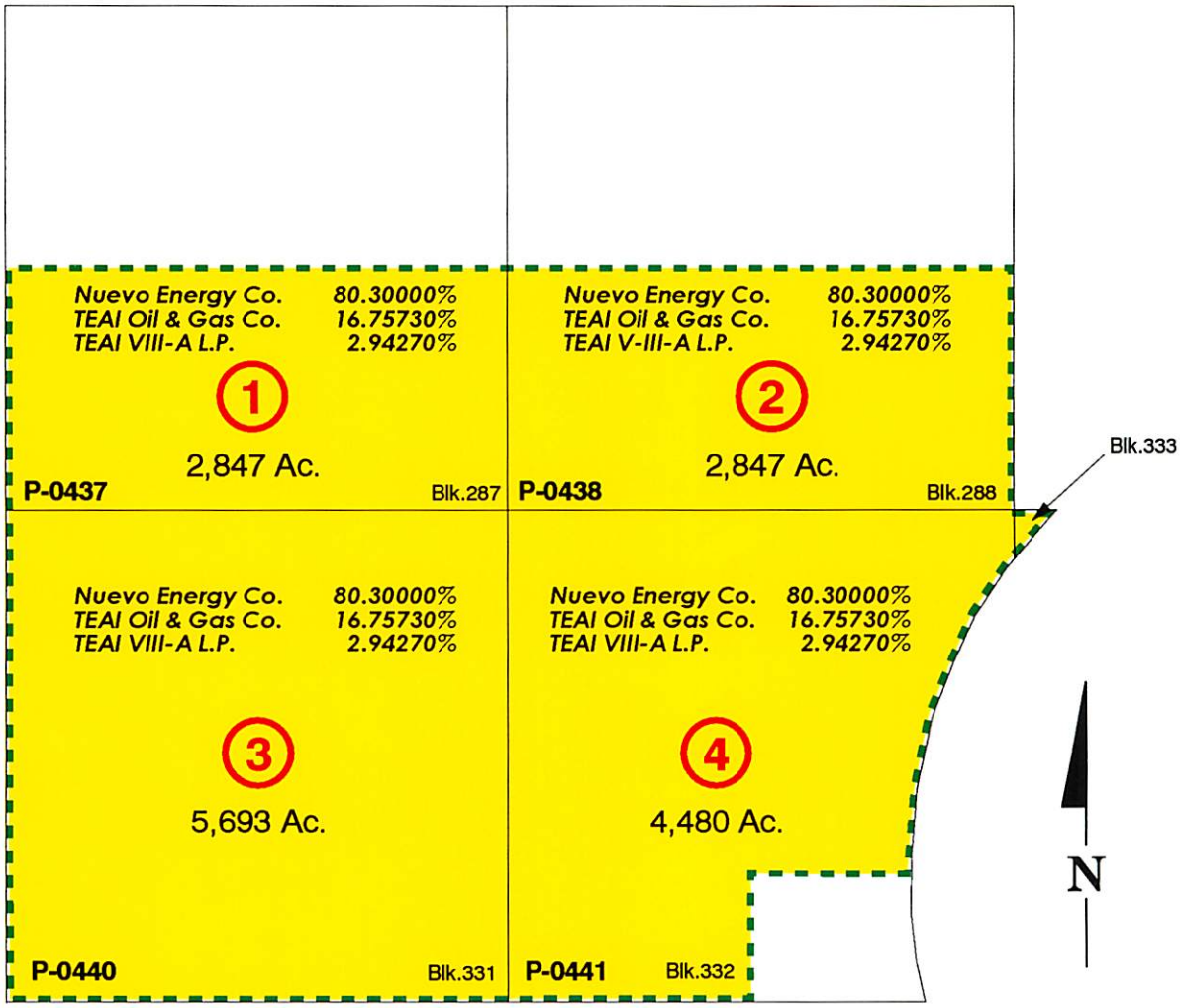
By: Sue Ann Craddock

Sue Ann Craddock
Attorney-in-Fact

EXHIBIT "A"

POINT PEDERNALES UNIT AGREEMENT

Unit Area



Unit Boundary

1 Tract Number

1 MILE

Effective Date: April 1, 1997
Contract No. 14-08-0001-18490

NUEVO ENERGY COMPANY

RATIFICATION AND JOINDER OF UNIT OPERATING AGREEMENT

In consideration of the execution of the Unit Operating Agreement for Outer Continental Shelf Exploration, Development, and Production Operations on the Point Pedernales Unit, Offshore California, effective July 7, 1994, in a form approved on behalf of the Secretary of the Interior, the undersigned hereby expressly joins said Unit Operating Agreement and ratifies, approves, adopts and confirms said Unit Operating Agreement as fully as though the undersigned had executed the original agreement.

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

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

Executed this 12th day of November, 1998.

BELLWETHER EXPLORATION COMPANY

By: _____
Sue Ann Craddock
Attorney-in-Fact

UNITED STATES
DEPARTMENT OF THE INTERIOR
MINERALS MANAGEMENT SERVICE

DESIGNATION OF UNIT OPERATOR

The undersigned identified below, on the records of the Minerals Management Service, is a working interest owner of:

Unit Name: Point Pedernales Unit
Unit Agreement No.: 14-08-0001-18490
Regional Office: Pacific OCS Region

and hereby designates

Name: Torch Operating Company
Address: 1221 Lamar, Suite 1600
Houston, Texas 77010

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the Unit Agreement and regulations applicable thereto and on whom the Regional Supervisor or his representative may serve written or oral instructions in securing compliance with the Operating Regulations with respect to the aforementioned unit.

It is understood that this designation of operator does not relieve the working interest owner of responsibility for compliance with the terms of the Unit Agreement, laws, and regulations applicable to the area. It is also understood that this designation of operator does not constitute an assignment of any interest in the unit. The unit operator will submit plans of operations and other documents or reports required under the terms of the Unit Agreement.

In case of default on the part of the designated operator, the working interest owner will make full and prompt compliance with all regulations, Unit Agreement, or orders of the Secretary of the Interior or his representative.

The working interest owner will notify the Regional Supervisor promptly of any change in the designated operator.

11/12/98
(Date)

Bellwether Exploration Company
(Working Interest Owner)

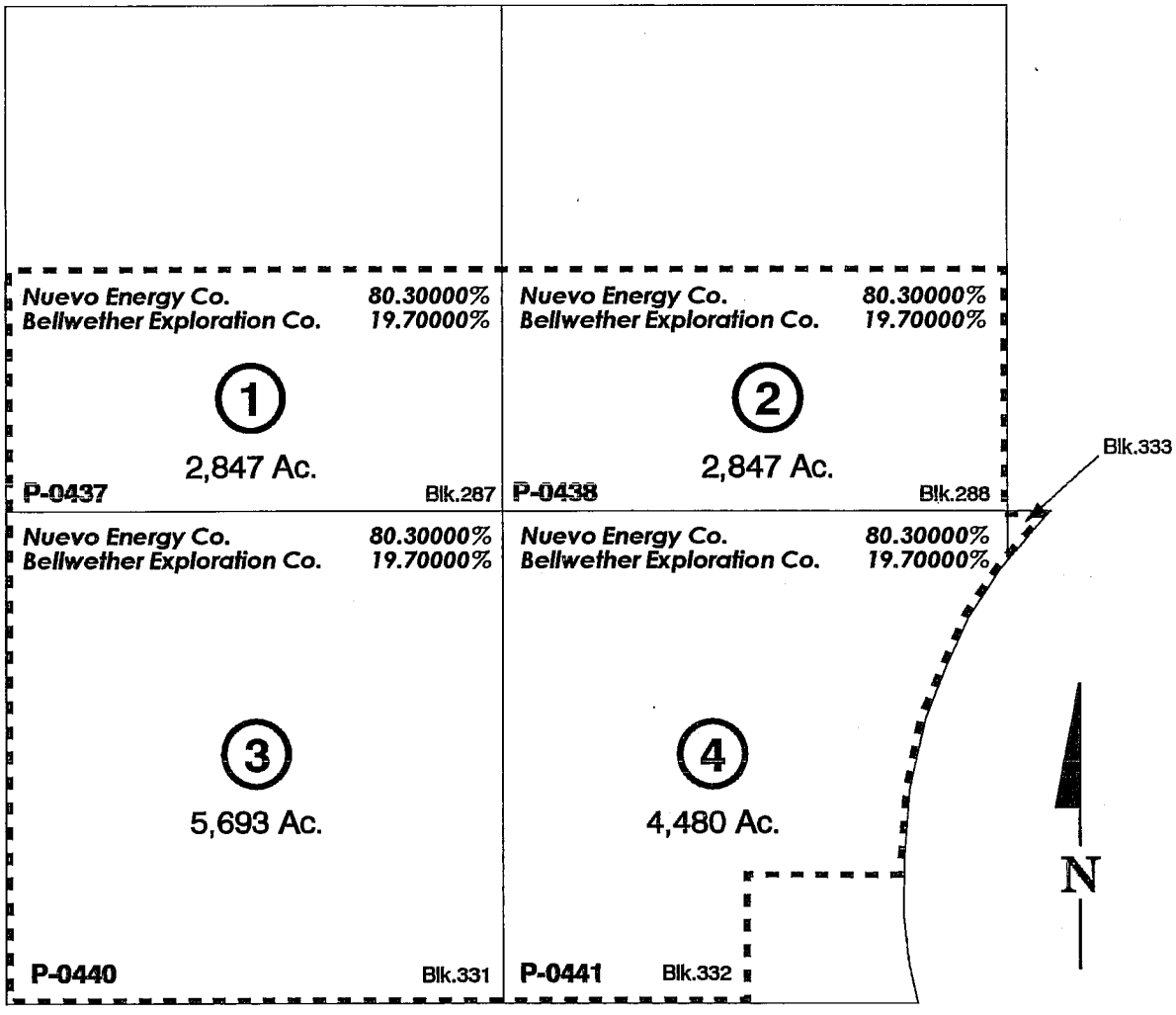
By _____
Name: Sue Ann Craddock
Title: Attorney-in-Fact

JAG2768A.DOC

EXHIBIT "A"

POINT PEDERNALES UNIT AGREEMENT

Unit Area



- - - - - - Unit Boundary

(1) Tract Number

1 MILE

Effective Date: April 1, 1997
Contract No. 14-08-0001-18490
Revised Date: November 1, 1998

NUEVO

REVISED
EXHIBIT "B"
to
POINT PEDERNALES UNIT AGREEMENT
OUTER CONTINENTAL SHELF, CALIFORNIA
Ownership of Oil and Gas Interests

Tract Number	Description of Land	Number of Acres/Hectares	Lease Serial Number	Basic Royalty Ownership	Lessee Interests		ORR and Net Profit
1	S/2 of Block 287	2,847.00/1152.18	OCS-P 0437	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company	80.30000%	See Comments 1 & 2
					Bellwether Exploration Company	19.70000%	
2	S/2 of Block 288	2,847.00/1152.18	OCS-P 0438	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company	80.30000%	See Comment 2
					Bellwether Exploration Company	19.70000%	
3	All of Block 331	5,693.00/2303.96	OCS-P 0440	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company	80.30000%	See Comment 2
					Bellwether Exploration Company	19.70000%	
4	Portions of Block 332 and 333 seaward of three geographical mile line	4,,480.00/1813.06	OCS-P 0441	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company	80.30000%	See Comment 2
					Bellwether Exploration Company	19.70000%	
	TOTAL	15867.00/6421.38					

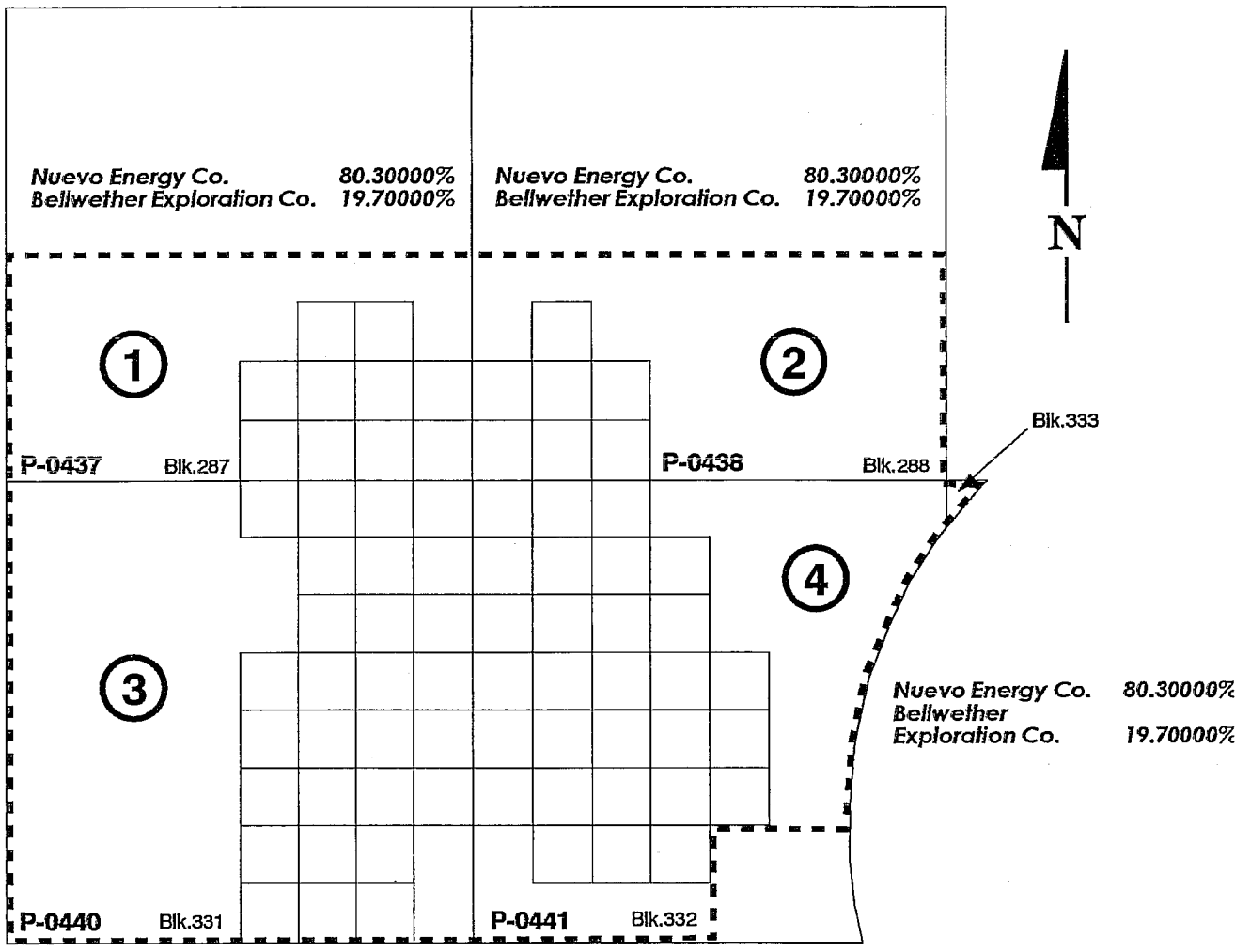
1) Subject to a Net Profits interest equal to 5% of 5% retained by Phillips Petroleum Company. Applies only to 35% of the total record title interest.
2) Subject to an overriding royalty interest equal to .31355% reserved by Exxon Corporation.

Effective Date: September 16, 1986
Revised Date: November 1, 1998
Contract No. 14-08-0001-18490

EXHIBIT "C"
Attachment "C-1"

POINT PEDERNALES UNIT AGREEMENT

Monterey/Pre-Monterey Participating Area



Nuevo Energy Co. *80.30000%*
Bellwether Exploration Co. *19.70000%*

Monterey/Pre-Monterey Participating Area		
Tract	Acreage	Tract Particip. %
1	889.56	13.51351
2	622.69	9.45946
3	2,490.77	37.83784
4	2,579.73	39.18919

Participating Area
Unit Boundary
(1) Tract Number

1 MILE

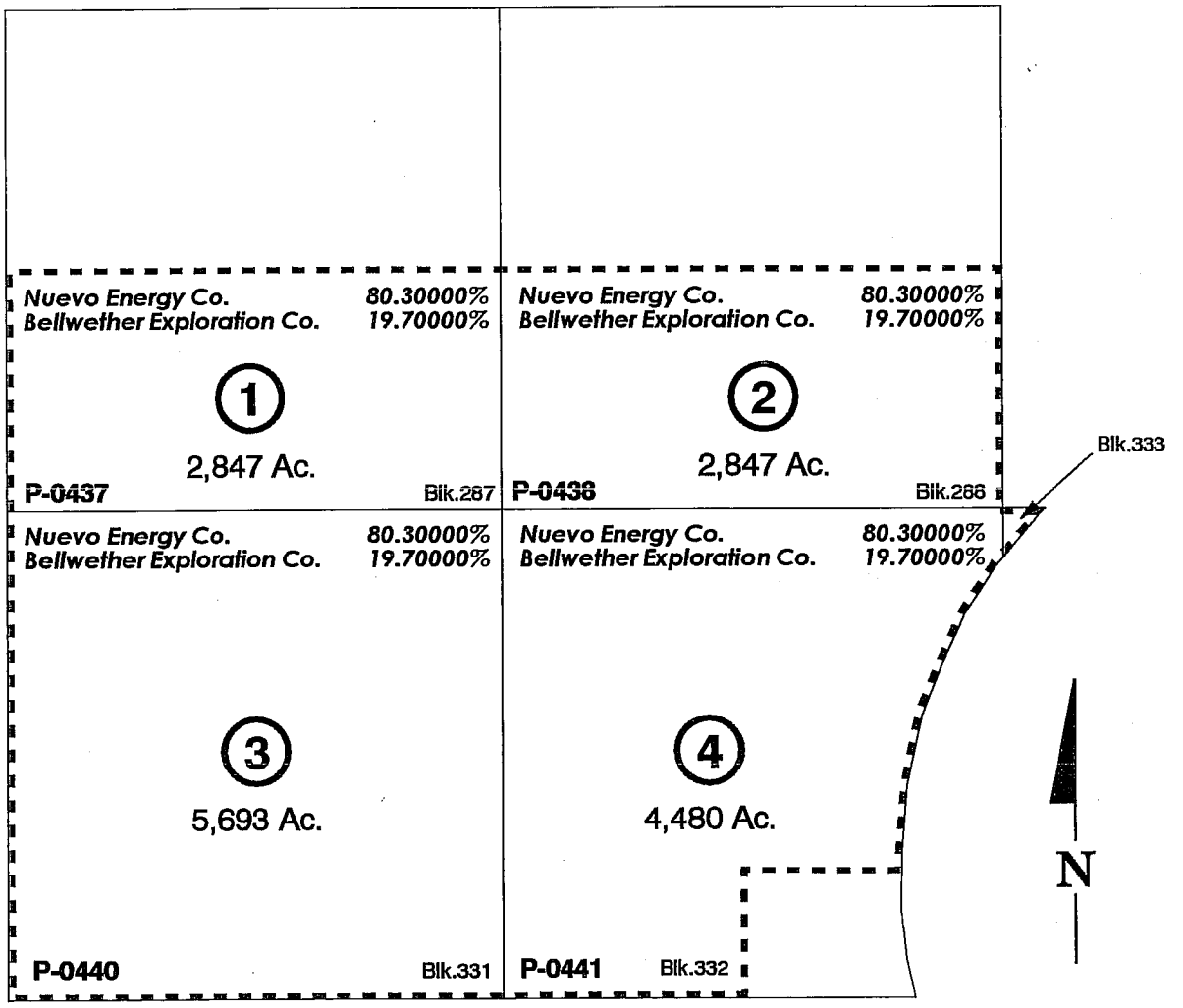
Effective Date: April 1, 1997
Contract No. 14-08-0001-18490
Revised Date: November 1, 1998

NUEVO

EXHIBIT "A"

POINT PEDERNALES UNIT OPERATING AGREEMENT

Unit Area



Unit Boundary

(1) Tract Number

1 MILE

Effective Date: April 1, 1997
Contract No. 14-08-0001-18490
Revised Date: November 1, 1998

NUEVO

REVISED
EXHIBIT "B"
to
POINT PEDERNALES UNIT OPERATING AGREEMENT
OUTER CONTINENTAL SHELF, CALIFORNIA
Ownership of Oil and Gas Interests

Tract Number	Description of Land	Number of Acres	Lease Serial Number	Basic Royalty Ownership	Lessee Interests		ORR and Net Profit
1	S/2 of Block 287	2,847.00/1152.18	OCS-P 0437	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company	80.30000%	See Comments 1 &
					Bellwether Exploration Company	19.70000%	
2	S/2 of Block 288	2,847.00/1152.18	OCS-P 0438	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company	80.30000%	See Comment 2
					Bellwether Exploration Company	19.70000%	
3	All of Block 331	5,693.00/2303.96	OCS-P 0440	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company	80.30000%	See Comment 2
					Bellwether Exploration Company	19.70000%	
4	Portions of Block 332 and 333 seaward of three geographical mile line	4,480.00/1813.06	OCS-P 0441	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company	80.30000%	See Comment 2
					Bellwether Exploration Company	19.70000%	
	TOTAL	15,867.00/6421.38					

1) Subject to a Net Profits interest equal to 5% of 5% retained by Phillips Petroleum Company. Applies only to 35% of the total record title interest.
2) Subject to an overriding royalty interest equal to .31355% reserved by Exxon Corporation.

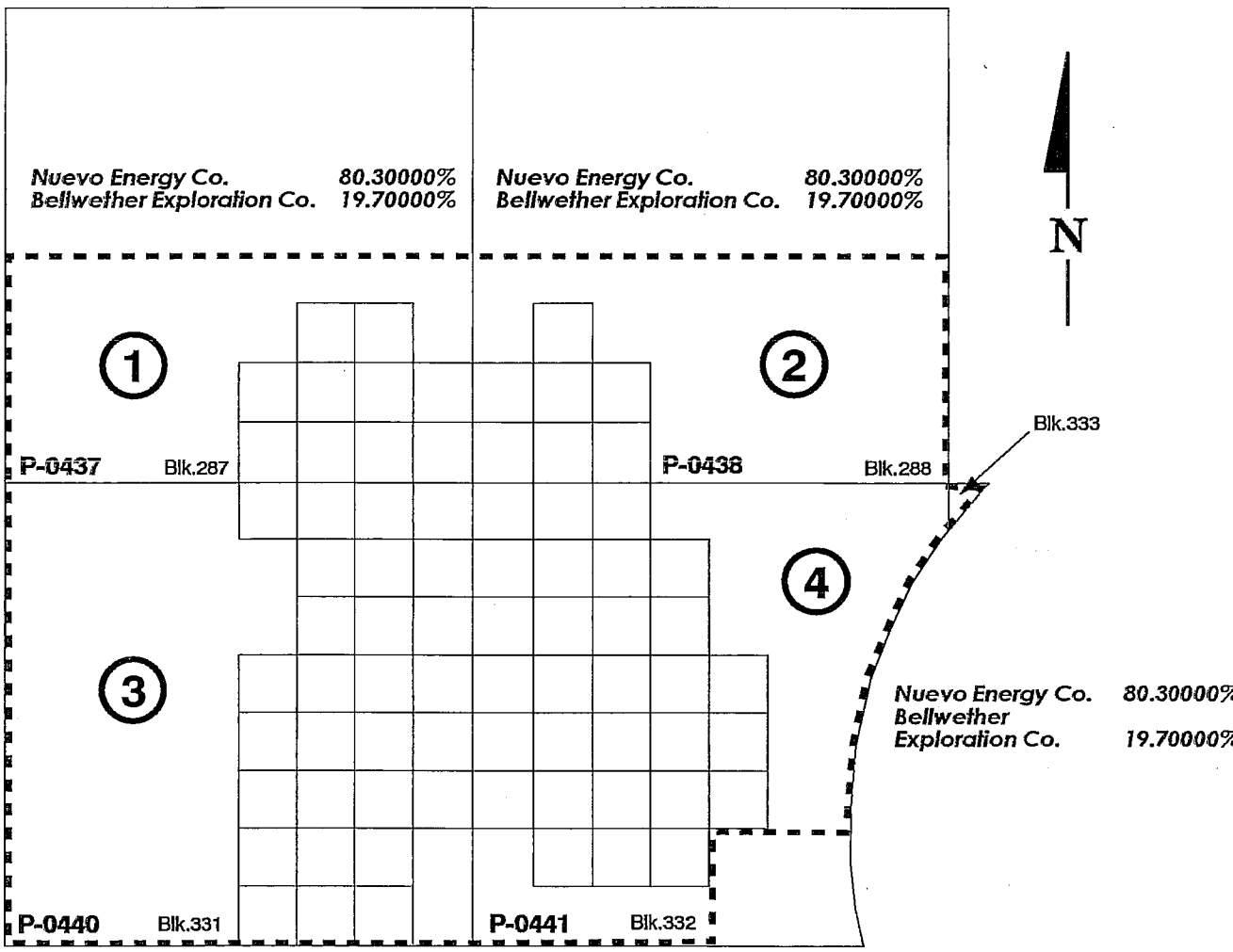
Effective Date: July 7, 1994
Contract No.: 14-08-0001-18490

Revised Date: November 1, 1998

EXHIBIT "C"
Attachment "C-1"

POINT PEDERNALES UNIT OPERATING AGREEMENT

Monterey/Pre-Monterey Participating Area



Nuevo Energy Co. *80.30000%*
Bellwether Exploration Co. *19.70000%*

Participating Area
Unit Boundary
(1) Tract Number

1 MILE

Monterey/Pre-Monterey Participating Area		
Tract	Acreage	Tract Particip. %
1	889.56	13.51351
2	622.69	9.45946
3	2,490.77	37.83784
4	2,579.73	39.18919

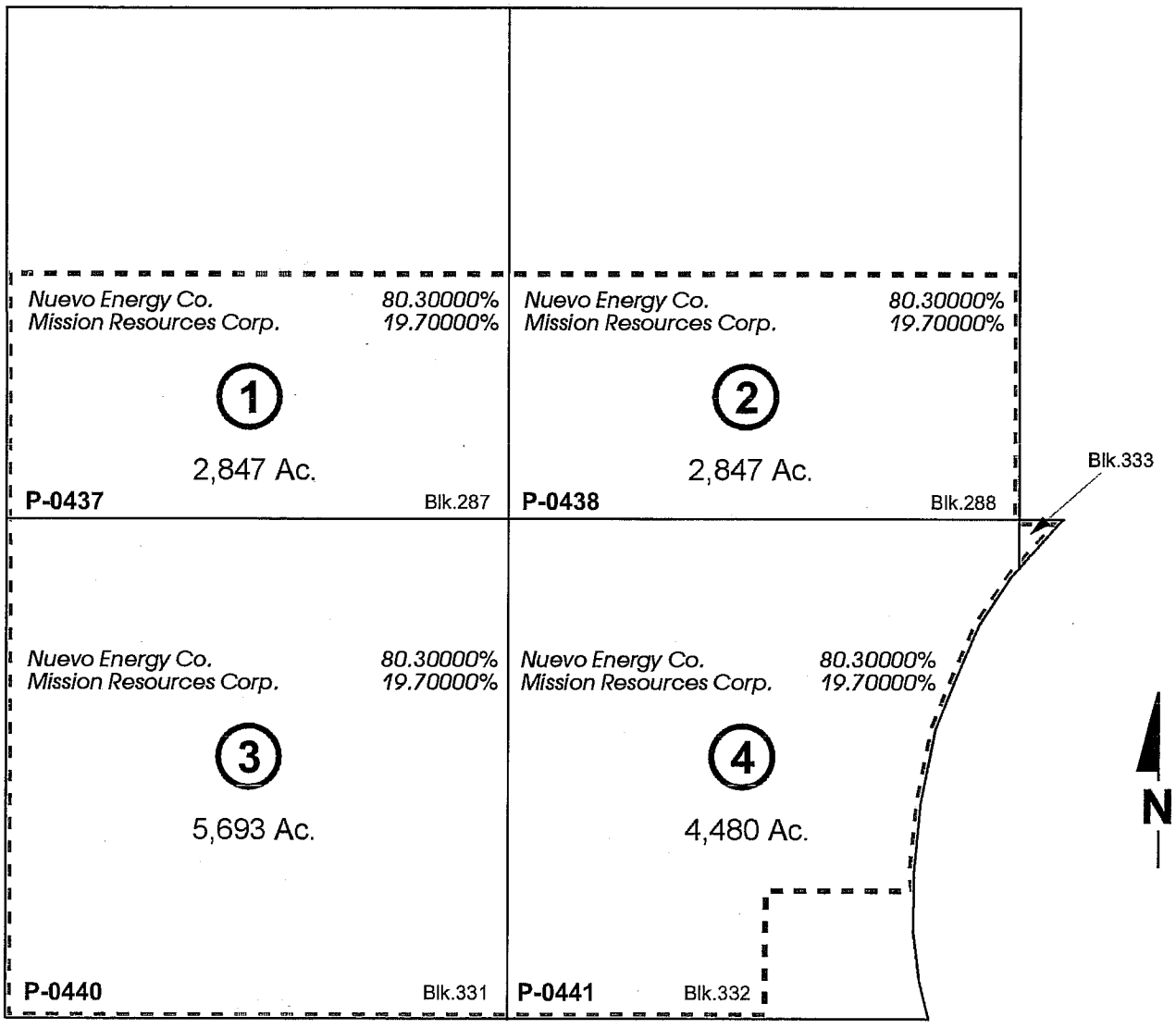
Effective Date: April 1, 1997
Contract No. 14-08-0001-18490
Revised Date: November 1, 1998

NUEVO

EXHIBIT "A"

POINT PEDERNALES UNIT AGREEMENT

Unit Area



Unit Boundary

(1) Tract Number

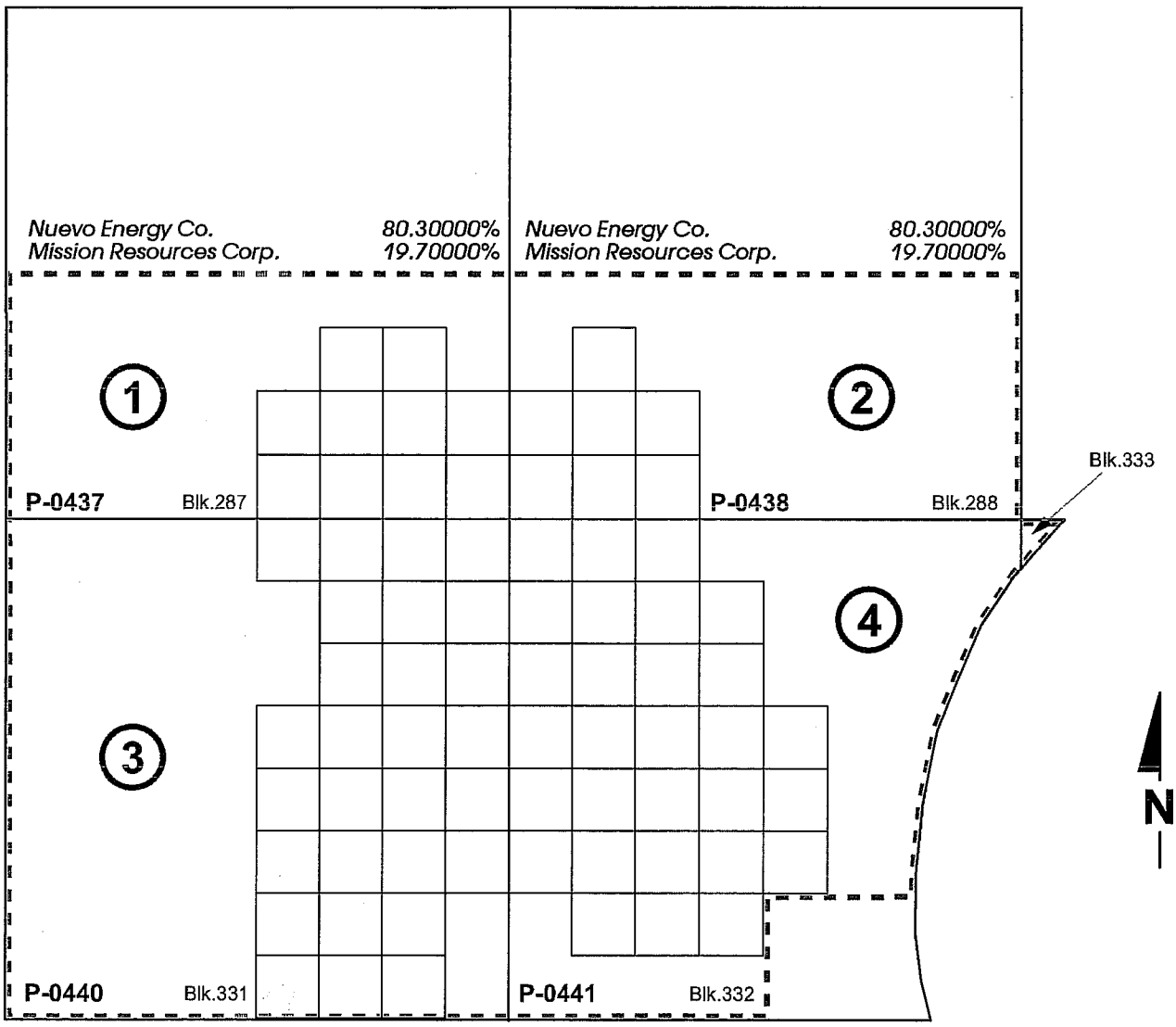
1 MILE

Effective Date: June 1, 2001
Contract No. 14-08-0001-18490

EXHIBIT "C"
Attachment "C-1"

POINT PEDERNALES UNIT AGREEMENT

Monterey/Pre-Monterey Participating Area



Participating Area

Unit Boundary

(1) Tract Number

1 MILE

Monterey/Pre-Monterey Participating Area

Tract	Acreage	Tract Particip. %
1	889.56	13.51351
2	622.69	9.45946
3	2,490.77	37.83784
4	2,579.73	39.18919

Effective Date: June 1, 2001
Contract No. 14-08-0001-18490

REVISED
EXHIBIT "B"
to

POINT PEDERNALES UNIT AGREEMENT
OUTER CONTINENTAL SHELF, CALIFORNIA

Ownership of Oil and Gas Interests

Tract Number	Description of Land	Number of Acres/Hectares	Lease Serial Number	Basic Royalty Ownership	Lessee Interests		ORR and Net Profits
1	S/2 of Block 287	2,847.00/1152.18	OCS-P 0437	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company Mission Resources Corporation	80.30000% 19.70000%	See Comments 1 & 2
2	S/2 of Block 288	2,847.00/1152.18	OCS-P 0438	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company Mission Resources Corporation	80.30000% 19.70000%	See Comment 2
3	All of Block 331	5,693.00/2303.96	OCS-P 0440	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company Mission Resources Corporation	80.30000% 19.70000%	See Comment 2
4	Portions of Block 332 and 333 seaward of three geographical mile line	4,,480.00/1813.06	OCS-P 0441	USA 16 2/3-65% Sliding Scale	Nuevo Energy Company Mission Resources Corporation	80.30000% 19.70000%	See Comment 2
	TOTAL	15867.00/6421.38					

1) Subject to a Net Profits interest equal to 5% of 5% retained by Phillips Petroleum Company. Applies only to 35% of the total record title interest.
2) Subject to an overriding royalty interest equal to .31355% reserved by Exxon Corporation.

Effective Date June 1, 2001
Contract No. 14-08-0001-18490

United States Department of the Interior

MINERALS MANAGEMENT SERVICE
Pacific OCS Region
770 Paseo Camarillo
Camarillo, California 93010-6064

7100

November 8, 2004

Mr. Robert E. Huguenard, Vice President
Western Business Unit
Plains Exploration & Production Company
201 S. Broadway
Orcutt, CA 93455-4606

Re: Acceptance of Resignation of Unit Operator
Designation of Successor Unit Operator
Point Pedernales Unit, 14-08-0001-18490
Leases OCS-P 0437, 0438, 0440, and 0441
Offshore California

Dear Mr. Huguenard:

The Minerals Management Service received Plains Exploration & Production Company's (PXP) letters of October 8, 2004, and the supporting documentation wherein, in accordance with Article V of the Point Pedernales Unit Agreement, Nuevo Energy Company resigned as operator of the Point Pedernales Unit. Simultaneously, under the terms and conditions of Article VI of the Point Pedernales Unit Agreement, PXP submitted to MMS appropriate documents, and has met all of MMS's regulatory requirements to become the successor Unit Operator of the Point Pedernales Unit (see enclosure).

In accordance with the terms of Article VI of the Point Pedernales Unit Agreement, MMS hereby approves Plains Exploration & Production Company as successor Unit Operator. MMS hereby accepts Nuevo Energy Company's resignation as Point Pedernales Unit Operator. Documents designating PXP as the Unit Operator have been signed and ratified by the current unit working interest owner. The current working interest owner has also provided ratifications of the Point Pedernales Unit Agreement and Unit Operating Agreement.

TAKE PRIDE IN AMERICA

Copies of the approved unit operator documents will be attached to and made a part of the Point Pedernales Unit Agreement and Unit Operating Agreement. Resignation of Nuevo Energy Company as Unit Operator of Point Pedernales Unit and designation of PXP as successor Unit Operator for the subject unit is effective November 8, 2004.

If you have any questions, please contact Mr. Allan Shareghi at (805) 389-7704.

Sincerely,

Joan Barminski

Joan Barminski
Chief, Office of Reservoir Evaluation and Production

cc: Mr. Anthony C. Marino (w/copies)
Schully, Roberts, Slattery, Jaubert & Marino
1100 Poydras Street, Suite 1800
New Orleans, Louisiana 70163

Mr. Steve Rusch
Plains Exploration & Production Company
5640 South Fairfax Avenue
Los Angeles, CA 90056

Ms. Wendy Krebs (w/copies docs.)
Minerals Management Service/MRM
MS 375B1, Room A-614, Document Processing
Building 85, Denver Federal Center
Denver, CO 80225

Bcc: Files: 1703-02(a)(1) Point Pedernales Unit - General Corresp. (w/copies)
1703-02(a)(1) Point Pedernales Unit Agreement (w/orig. docs.)
1703-02(a)(1) Point Pedernales Unit Operating Agreement (w/orig. docs.)

Chron (w/o copies)

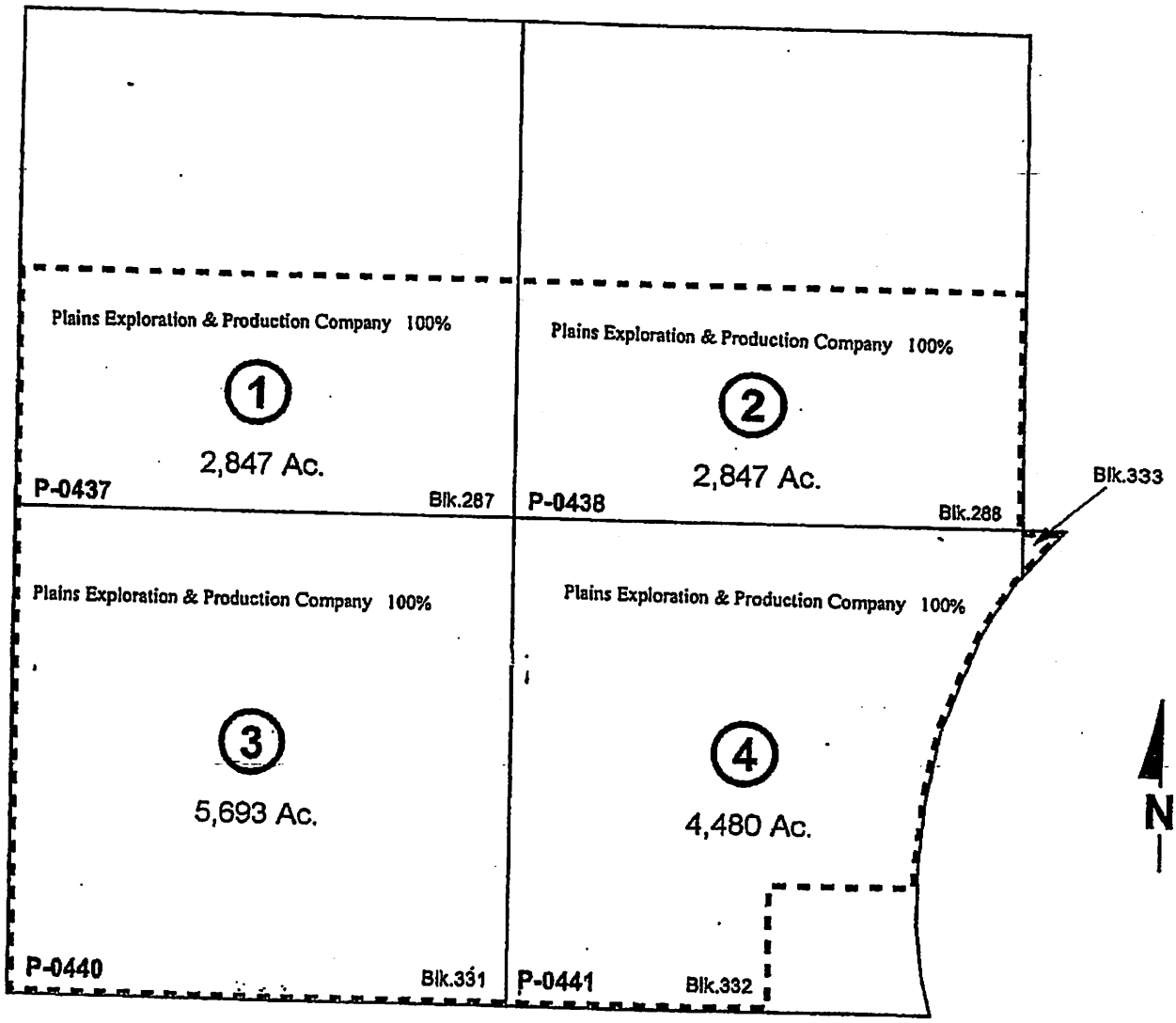
Ecc: DRM (w/o copies)
C/DO (w/o copies)
C/EE (w/o copies)
C/FSE (w/o copies)
C/REP (w/o copies)
A. Shareghi (w/copies)
E.Williams (w/o copies)

OREP:EAS DesigPXP Point ped word doc 11-3-04

EXHIBIT "A"

POINT PEDERNALES UNIT OPERATING AGREEMENT

Unit Area



- - - - - - Unit Boundary

(1) Tract Number

1 MILE

Effective Date: August 5, 2004
Contract No. 14-08-0001-18490

REVISED
EXHIBIT "B"
to
POINT PEDERNALES UNIT OPERATING AGREEMENT
OUTER CONTINENTAL SHELF, CALIFORNIA
Ownership of Oil and Gas Interests

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4	Portions of Block 332 and 333 seaward of three geographical mile line	4,480.00/1813.06	OCS-P 0441	USA 16 2/3-65% Sliding Scale	Plains Exploration & Production Company 100%	See Comment 2
	TOTAL	15,867.00/6421.38				

1) Subject to a Net Profits interest equal to 5% of 5% retained by Phillips Petroleum Company. Applies only to 35% of the total record title interest.

Subject to an overriding royalty interest equal to .31355% reserved by Exxon Corporation.

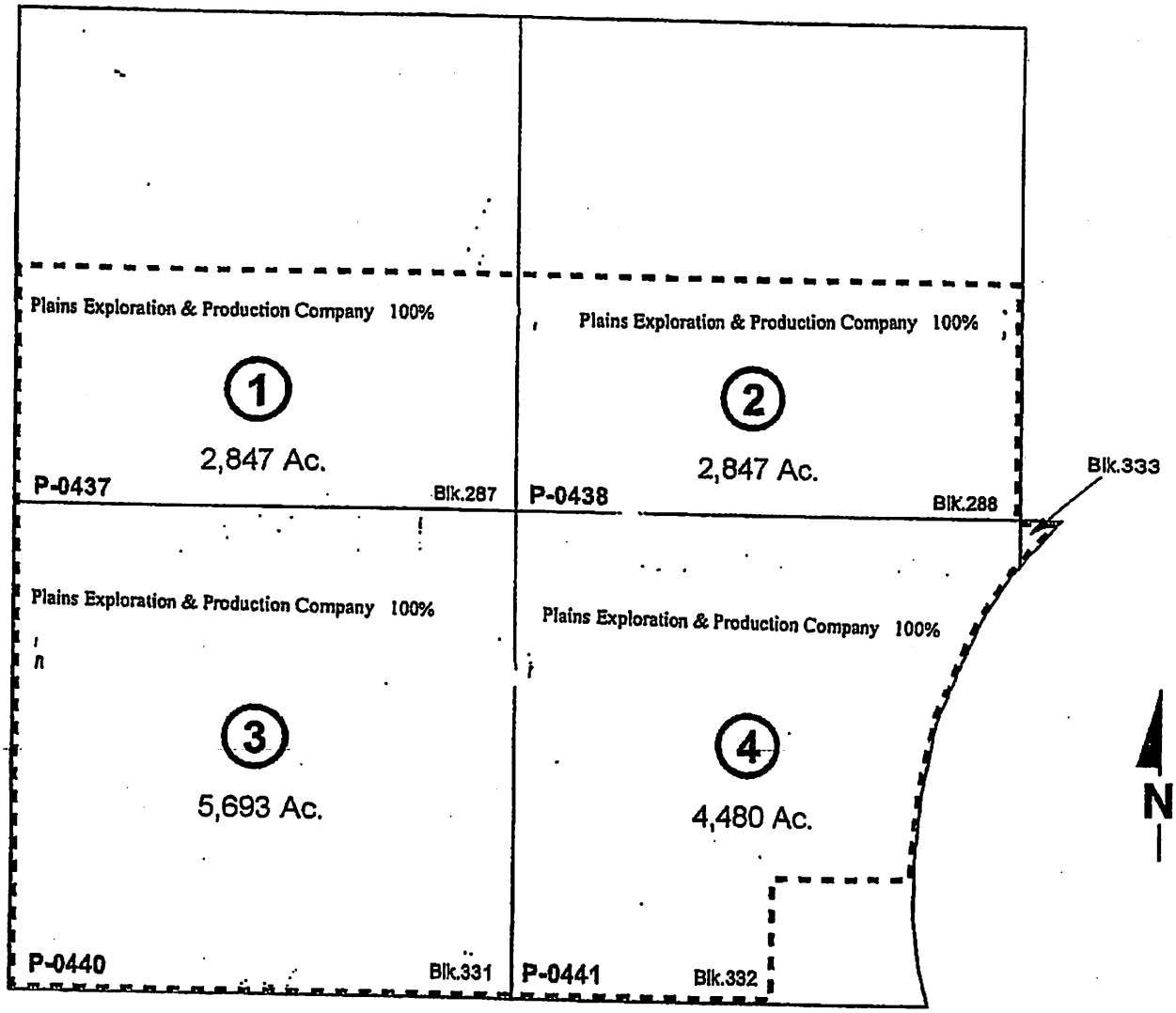
Effective Date August 5, 2004
Contract No. 14-08-0001-18490

ptpedEXB

EXHIBIT "A"

POINT PEDERNALES UNIT AGREEMENT

Unit Area



- - - - - - Unit Boundary

(1) Tract Number

1 MILE

Effective Date: August 5, 2004
Contract No. 14-08-0001-18490

REVISED
EXHIBIT "B"
to
POINT PEDERNALES UNIT AGREEMENT
OUTER CONTINENTAL SHELF, CALIFORNIA
Ownership of Oil and Gas Interests

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2) Subject to an overriding royalty interest equal to .31355% reserved by Exxon Corporation.

Effective Date August 5, 2004
Contract No. 14-08-0001-18490

ptpedEXB