

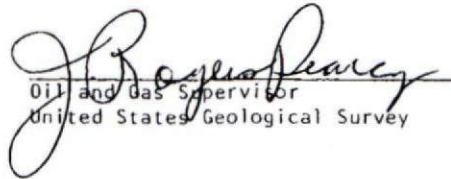
CERTIFICATION-DETERMINATION

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., and delegated to the Oil and Gas Supervisor of the Geological Survey, I do hereby:

- A. Approve the attached Agreement for the development and operation of the "L" Sand, Reservoir "G", Eugene Island Block 330 Field, Gulf of Mexico, off the Louisiana Coast.
- B. Certify and determine that the Unit Plan of Development and Operation contemplated in the attached Agreement is in the interest of Conservation.

DATED:

June 27, 1980


Oil and Gas Supervisor
United States Geological Survey

CONTRACT NO. 14-08-0001-16941

UNIT AGREEMENT

L RC SU

EUGENE ISLAND BLOCK 330 FIELD

GULF OF MEXICO

OFFSHORE, LOUISIANA

EUGENE ISLAND BLOCK 330 FIELD
L SAND, RESERVOIR G
UNIT AGREEMENT
EUGENE ISLAND AREA SOUTH ADDITION
NO. _____

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EUGENE ISLAND BLOCK 330 FIELD

L SAND, RESERVOIR G

UNIT AGREEMENT

EUGENE ISLAND AREA, SOUTH ADDITION

OUTER CONTINENTAL SHELF, OFFSHORE, LOUISIANA

NO. _____

THIS AGREEMENT, entered into as of the first day of October 1976 by and between the parties, subscribing, ratifying, or consenting hereto, and herein referred to as the "parties hereto,"

WITNESSETH:

WHEREAS the parties hereto are the owners of working or other interests in or pursuant to oil and gas leases on the Unitized Lands which are the subject of this Agreement; and

WHEREAS the Outer Continental Shelf Lands Act of August 7, 1953, 67 Stat. 462; 43 U.S.C. 1331 et seq., hereinafter referred to as the "Act", authorizes the Secretary of the Interior, in the interest of conservation, to provide for unitization, pooling, and drilling agreements; and

WHEREAS, the rules and regulations prescribed by the Secretary of the Interior pursuant to the authority granted by the Act governing the conduct of mineral operations and development in the Outer Continental Shelf provide that such agreements may be initiated by lessees or, in the interest of conservation, may be required by the Director, U.S. Geological Survey; and

WHEREAS, the parties hereto hold sufficient interest in the submerged lands which comprise the Unit Area and which overlies the Unitized Reservoir, all of which are hereinafter described, to give reasonably effective control of operations therein; and

WHEREAS, it has been determined by the Conservation Manager, under the provisions of OCS Order No. 11, to be in the interest of conservation to unitize oil and gas interests in the Unit Area under the provisions of Section 5(a)(1) of the Act; and

WHEREAS, the lessees, in Section 5 of their lease agreements have agreed within 30 days after demand, to subscribe to and operate under such cooperative or unit plan for the development and operation of the area, field or pool, or part thereof, as the Secretary may determine to be practicable and necessary or advisable in the interest of conservation; and

NOW, THEREFORE, in consideration of the premises and promises herein contained, the parties hereto commit to this Agreement their respective interests in the below-defined Unit Area and agree severally among themselves as follows:

ARTICLE I
ENABLING ACT AND REGULATIONS

1.1 The Act and all valid and pertinent regulations promulgated by the Secretary thereunder pursuant to his authority under Section 5(a)(1) of the Act to prescribe such rules and regulations as may be necessary to carry out the provisions of that Act and to prescribe and amend at any time such rules and regulations as may be necessary and proper in order to provide for the prevention of waste and conservation of the natural resources of the Outer Continental Shelf, and the protection of correlative rights therein shall be deemed incorporated herein and, by reference, made a part of this Agreement.

ARTICLE II
DEFINITIONS

2.1 For the purpose of this Agreement, the following terms and expressions as used herein shall mean:

(a) Unit Area: The submerged lands described in this Agreement, and recognized as logically subject to consolidated development, and operations for the production of oil and gas without regard to separate leasehold ownerships, and which is defined by the productive limits of the reservoir being unitized.

(b) Department: The Department of the Interior of the United States of America.

(c) Secretary: The Secretary of the Interior of the United States of America, or any person duly authorized to exercise the powers vested in the Secretary of the Interior.

(d) Director: The Director of the United States Geological Survey or his duly authorized representative.

(e) Manager: The Conservation Manager of the Conservation Division, U.S. Geological Survey, having jurisdiction over lands made subject to this Agreement.

(f) Supervisor: The Oil and Gas Supervisor of the United States Geological Survey having jurisdiction over oil and gas operations in the area being unitized.

(g) Unitized Land: The submerged lands in the Unit Area which are made subject to this Agreement and which are subject to outstanding leases which provide for exploration, development, and production of oil and gas.

(h) Unitized Substances: Deposits of oil and gas within Unitized Reservoir that underlie the Unitized Land, and which are recovered or produced by operations pursuant to this Agreement.

(i) Outside Substances: Gaseous and liquid substances produced from lands or formations not subject to this Agreement.

(j) Working Interest: The interest held in Unitized Land by virtue of an oil and gas lease, operating agreement, or other contractual arrangement under which, except as otherwise provided in this Agreement, the owner of such interest is vested with the right or authority to explore for, develop, and produce oil and gas. The right delegated to the Unit Operator as such by this Agreement is not to be regarded as a Working Interest.

(k) Working Interest Owner: The owner of a Working Interest. The term Working Interest Owner, when used herein, shall include the Unit Operator when such an interest is owned by it.

(l) Tract: A parcel of land given a "Tract Number" and described as a separate Tract in Exhibit B.

(m) Unit Operator: The person, association, partnership, corporation, or other business entity designated in this Agreement or in an approved designation of Successor Unit Operator to explore for and develop the oil and gas resources and to conduct operations for the production of Unitized Substances as specified in the Unit Operating Agreement.

(n) Unit Operating Agreement: Any agreement or agreements (whether one or more) entered into (separately or collectively) by and between the Unit Operator and the Working Interest Owners as provided in Article VIII of this Agreement for the development and production of oil and gas from the Unitized Land with an allocation of costs and benefits on a basis defined in said Agreement.

(o) Paying Quantities: That quantity of Unitized Substances which if the well were operated and the product marketed would generate an income greater than the cost of operating the well.

ARTICLE III

UNIT AREA AND EXHIBITS

3.1 The Unit Area consists of the submerged lands as shown on the United States Official Leasing Map for the Eugene Island Area, South Addition and as particularly delineated and described in Exhibit "A" and Exhibit "B", attached hereto and made a part hereof.

3.2 Exhibit "A" is a plat showing the Unit Area and the boundaries and identity of the blocks and leases in said area to the extent known to the Unit Operator.

3.3 Exhibit "B" is a schedule showing, to the extent known to the Unit Operator, the acreage, percentage and kind of ownership of oil and gas interests in the submerged lands in the Unit Area.

3.4 Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the Unit Area or changes in the ownership of oil and gas interests render such revision necessary, and three (3) copies shall be filed with the Supervisor.

ARTICLE IV

EXPANSION OF UNIT AREA

4.1 The Unit Area shall be expanded to include therein any additional land whenever expansion is necessary or advisable to conform with the purposes of this Agreement if additional geological data obtained as a result of drilling subsequent to the effective date of this Agreement clearly establishes that the productive limits of the Unitized Reservoir hereinafter defined underlies such acreage.

4.2 Unless otherwise specified herein, the expansion shall be effected in the following manner:

(a) Unit Operator, on its own motion after preliminary concurrence of the Supervisor or on demand of the Supervisor, shall prepare a notice of proposed expansion describing the contemplated changes in the boundaries of the Unit Area, the reasons therefor, and the proposed effective date thereof, preferably the first day of the month subsequent to the date of notice.

(b) Said notice shall be delivered to the Supervisor, and copies thereof mailed to the last known address of each Working Interest Owner and lessee whose interest is affected, advising 30 days will be allowed for submission to the Unit Operator of any objections.

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the

Supervisor evidence of mailing of the notice of expansion and a copy of any objections thereto which have been filed with the Unit Operator, together with an application in sufficient number for approval of the proposed revision of the Unit Area with such joinders and consents as may be appropriate.

(d) Upon approval by the Supervisor, the proposed revision of the Unit Area shall become effective as of the date prescribed in the notice thereof.

ARTICLE V

UNIT OPERATOR

5.1 Shell Oil Company is hereby designated as Unit Operator, and by signature hereto as Unit Operator agrees and consents to accept the duties and obligations of Unit Operator, for the exploration, development, and production of Unitized Substances as herein provided. Whenever reference is made herein to Unit Operator, such reference means the Unit Operator acting in that capacity and not as an owner of a Working Interest or other interest in Unitized Substances when such an interest is owned by it.

ARTICLE VI

RESIGNATION OF UNIT OPERATOR

6.1 Unit Operator shall have the right to resign at any time, but such resignation shall not become effective as to release Unit Operator from the duties and obligations of Unit Operator or terminate Unit Operator's rights as such for a period of ninety (90) days

after written notice of intention to resign has been given by Unit Operator to the Working Interest Owners, and the Supervisor, and until all wells are placed in a condition satisfactory to the Supervisor for suspension, or abandonment, unless a successor Unit Operator shall have taken over and assumed the duties and obligations of Unit Operator as provided in Article VII prior to the effective date of such resignation in which instance the resignation shall be effective upon the designation of the successor Unit Operator becoming effective.

6.2 The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

6.3 The Unit Operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of Working Interests as provided in Article VII for the selection of a successor Unit Operator. Such removal shall be effective upon notice thereof to the Supervisor.

6.4 The resignation or removal of Unit Operator under this Agreement shall not terminate its right, title or interest as the owner of a Working Interest or other interest in Unitized Substances, but upon the resignation or removal of Unit Operator becoming effective, possession of all wells, equipment, books and records, materials, appurtenances, and any other assets used in connection with the unit operations shall be delivered to the duly qualified successor Unit Operator to be used for the purpose of conducting operations hereunder.

ARTICLE VII

SUCCESSOR UNIT OPERATOR

7.1 Whenever the Unit Operator shall tender its resignation as Unit Operator or shall be removed as provided in Article VI, a successor Unit Operator shall be designated by the owners of the

Working Interests. If the removed Operator fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of the owners of the Working Interests after excluding the interest of the removed Operator. Three (3) executed copies of the designation of successor Unit Operator shall be filed with the Supervisor.

7.2 Such designation shall not become effective until, (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection has been approved by the Supervisor.

7.3 If no successor Unit Operator is selected and qualified as herein provided, the Manager, at his election, may declare this Agreement terminated.

ARTICLE VIII

ACCOUNTING PROVISIONS AND UNIT OPERATING AGREEMENT

8.1 Costs and expenses incurred by Unit Operator in conducting operations hereunder shall be paid, apportioned among, and borne by the Working Interest Owners in accordance with the Unit Operating Agreement.

8.2 The Unit Operating Agreement shall also provide the manner in which the Working Interest Owners shall be entitled to receive their respective proportionate and allocated share of the benefits accruing from operations hereunder in conformity with their leases and any other underlying operating agreements or contracts and such other rights and obligations between Unit Operator and the Working Interest Owners as may be agreed upon by them.

8.3 Neither the Unit Operating Agreement nor any amendment thereto shall be deemed either to modify any of the terms and conditions of this agreement or to relieve the Unit Operator of any right, duty, or obligation established under this Agreement.

In case of any inconsistency or conflict between this Agreement and the Unit Operating Agreement, the terms of this Agreement shall prevail.

8.4 Three (3) true copies of a Unit Operating Agreement executed pursuant to this Article shall be filed with the Supervisor on or prior to the date required of the lessees to subscribe to and operate under this Agreement. Three (3) true copies of any amendment to the Unit Operating Agreement shall be filed with and reviewed by the Supervisor prior to the effective date of said amendment.

ARTICLE IX

RIGHTS AND OBLIGATIONS OF UNIT OPERATOR

9.1 Except as otherwise specifically provided herein, and subject to the terms and conditions of an approved Plan of Operations, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for exploring for, developing, producing, storing, allocating, and distributing the Unitized Substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. The rights and obligations of Unit Operator also include, though not by way of limitation, the right, subject to applicable governmental regulations and prior approval of a Plan of Operation by the Supervisor, to institute and conduct pressure maintenance and secondary recovery operations and to inject Unitized Substances or other gaseous and liquid substances, including water or any combination thereof, into the Unitized Reservoir as Unit Operator may deem advisable in conformity with good operating practices. Nothing herein, however, shall be construed to transfer title to any land or any lease or operating agreement, it being understood that under this Agreement the Unit Operator, in its capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

ARTICLE X
PLANS OF OPERATION

10.1 The Unitized Reservoir is now believed to be fully developed; nonetheless the Unit Operator concurrently herewith and prior to the expiration of an approved plan of operation shall submit for the approval of the Supervisor an acceptable Plan of Operation for the Unitized Reservoir, which, when approved by the Supervisor, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein. All Plans of Operation filed by the Unit Operator shall be as complete and adequate as the Supervisor may determine necessary to provide for timely development, for prudent operation and for proper conservation of the oil, gas and condensate resources of the Unit Area. Each such plan shall, (a) specify the period it covers; (b) specify the number and general location of each well, platform or other structure, including the surface and projected bottom hole location for directionally drilled wells; (c) specify the proposed order and time for drilling each well; (d) to the extent practicable, specify the operating practices regarded as necessary and advisable for proper conservation of natural resources and protection of the environment, and (e) when deemed necessary by the Supervisor, present documented evidence of further negotiations and/or contract arrangements which have a direct bearing on the diligent prosecution of said plan.

10.2 Reasonable diligence shall be exercised in complying with the obligations of an approved Plan of Operations. The Supervisor is authorized to grant a reasonable extension of any or all of the critical dates cited in the Plans of Operations where such action is justified because of unusual conditions or circumstances.

ARTICLE XI
UNITIZED RESERVOIR

11.1 The Unitized Reservoir is defined as that sub-surface portion of the Unit Area commonly known as follows:

The L Sand Reservoir G, in the 314 and 331 Blocks, Eugene Island 330 Field, found on the electric log of the Shell OCS-G 2116 Well No. B-3 between the measured depths of 7,586 feet and 7,818 feet, said well being located 5,279.44 feet East of the West line and 1,892.76 feet South of the North line of Eugene Island Block 331, the Lambert Coordinates of which are X = 1,870,080 and Y = -152,459.

ARTICLE XII
ALLOCATION OF UNITIZED SUBSTANCES

12.1 Unitized Substances shall be allocated to the Unitized Lands on the basis of equivalent net acre-feet of hydrocarbon bearing sand as of original conditions credited to the respective tracts committed hereto. Oil and gas produced from the Unit Area prior to the effective date of this Agreement shall not be allocated under this Agreement.

The royalty payments under leases subject hereto shall be based and calculated upon the production allocated to the tracts as specifically provided herein.

12.2 The Unit Area may be expanded from time to time, subject to appropriate approvals, whenever such action appears proper as a result of further drilling operations or otherwise to include additional lands. The effective date of any expansion of the Unit Area shall be the first of the month following the date of acquisition of new physical data on which such expansion is predicated; provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Supervisor.

12.3 In the event any lands are added to the Unit Area, a reasonable and fair participation shall be allocated to the new lands. The determination of the equivalent net acre-feet creditable to such lands shall be made in the same manner and using the same procedures used to determine the tract percentages of participation shown on Exhibit "C".

If the Unit Area is expanded, there shall be a determination of the total number of equivalent net acre-feet in the unitized reservoir, as expanded, as of the effective date of expansion. There shall also be a redetermination of the total number of equivalent net acre-feet in the reservoir underlying the original Unit Area as of the effective date of expansion and a determination of the equivalent net acre-feet in that portion of the reservoir which underlies the area to be added to the

Unit, as of the effective date of expansion. Equities as among the tracts participating in the original unitized reservoir or Unit Area will remain unchanged. Each tract in the original Unit Area will be allocated that percentage of the unitized substances produced, determined by multiplying its participating percentage, prior to expansion of the Unit Area, by a fraction, whose numerator is the number of equivalent net acre-feet, as redetermined, in that portion of the unitized reservoir underlying the original Unit Area, as of the effective date of expansion, and whose denominator is the total number of equivalent net acre-feet determined to be in the unitized reservoir underlying the expanded Unit Area, as of the effective date of expansion. Thereafter, the tracts in the area added to the Unit shall be allocated that percentage of produced unitized substances determined by the ratio of the number of equivalent net acre-feet determined to be in the unitized reservoir underlying such tract, as of the effective date of expansion, to the total number of equivalent net acre-feet determined to be in the unitized reservoir, underlying the expanded Unit Area, as of the effective date of expansion.

12.4 Exhibit "C", attached hereto and made a part hereof, is a schedule setting out the number of equivalent net acre-feet of sand under original conditions credited to each tract and the percent of unit participation creditable thereto. Exhibit C-1 is the net oil sand isopachous map used in the determination of equivalent net oil acre-feet under original conditions. Exhibit C-2 is the net gas sand isopachous map used in the determination of equivalent net gas acre-feet under original conditions. The percents of unit participation shown on Exhibit "C" are based on the ratio of equivalent net acre-feet

underlying each tract to the total equivalent net acre-feet underlying all unitized tracts. The number of equivalent net acre-feet and the percent of unit participation shown on Exhibit "C" are accepted and approved by the Supervisor; provided, however, that Exhibit shall be revised to show revised equivalent net acre-feet figures and percents of unit participation when necessary to show changes which result from an expansion of the Unit Area.

12.5 Except as otherwise specifically provided herein, Unit Operator shall have the right, privilege and duty of exercising any and all rights which are necessary for producing, storing, handling, allocating and distributing Unitized Substances including, though not by way of limitation, the right, subject to the applicable governmental regulations and prior approval of a Plan of Operation by the Supervisor, to institute and conduct pressure maintenance and secondary recovery operations and to inject Unitized Substances and other gaseous and liquid substances, or any combination thereof, into the Unitized Reservoir as Unit Operator and the Supervisor may deem advisable and in conformity with good operating practices.

12.6 In the event Unitized Substances are reinjected into Unitized Reservoir, no royalties shall be due thereon at that time. However, royalties shall be due on such Unitized Substances if and when the same are later produced.

12.7 If Outside Substances are injected into the Unitized Reservoir, such Outside Substances, with appropriate deduction for loss and depletion from any cause, may be recovered royalty free pursuant to such conditions and formulas as may be prescribed or approved by the Supervisor.

ARTICLE XIII
RELINQUISHMENT OF LEASES

13.1 Pursuant to the provisions of the leases and 43 CFR 3306.1, 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 the Unit Area without the prior approval of the Supervisor. Upon such relinquishment the Unit Area shall be contracted automatically to exclude the relinquished land, as of the date of relinquishment. 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 of the last relinquishment.

ARTICLE XIV
RENTALS AND MINIMUM ROYALTIES

14.1 Rental or minimum royalties due on leases committed hereto shall be paid by the Working Interest Owners responsible therefor at the time and rate or rates specified in their respective lease from the United States unless such rental or minimum royalty is waived, suspended, or reduced by law or by approval of the Secretary.

ARTICLE XV
ROYALTY SETTLEMENT

15.1 Royalty due the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all Unitized Substances at the time and rate or rates specified in the respective leases.

15.2 Any Royalty Owner who is entitled to take in kind a share of the substances now unitized hereunder shall hereafter be entitled to the right to take in kind its share of the Unitized Substances, such entitlements to be delivered in conformity with

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 Supervisor, by his 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 and the regulations in respect thereto, 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 Tract of Unitized Lands will be accepted and deemed to be performed upon and for the benefit of each and every Tract of Unitized Land, and no lease shall be deemed to expire by reason of failure to drill or produce a well specifically situated on any tract of land therein embraced.

(b) Suspension of drilling or producing operations on all Unitized Lands pursuant to direction or consent of the Secretary, or his duly authorized representative, shall be deemed to constitute such suspension pursuant to such direction or consent as to each and every Tract of Unitized Land; however, a suspension of drilling and/or producing operations on specified lands shall be applicable only to such lands.

(c) Any lease committed hereto shall continue in force for the term so provided therein, or as extended by law, and so long thereafter as oil or gas may be produced from Unitized Land in paying quantities, or drilling or well reworking operations, pursuant to 30 CFR 250.35 are conducted hereunder. Upon termination of this Agreement, the leases covered hereby may be maintained and

continued in force and effect in accordance with the terms, provisions, and conditions of the lease or leases.

ARTICLE XVIII
EFFECTIVE DATE AND TERM

18.1 This Agreement shall become binding upon each party upon approval by the Secretary or his duly authorized representative, but shall be retroactively effective as of October 1, 1976, and shall continue in force for so long as Unitized Substances may be produced in paying quantities or drilling or well reworking operations as approved by the Supervisor are being conducted hereunder.

18.2 Should operations hereunder be delayed or postponed due to causes set forth in Articles XXI and XXII, this Agreement shall remain in effect during such periods.

18.3 Should new evidence support that unitization is no longer necessary, the Supervisor may approve termination of this Agreement upon application by the owners of a majority of the working interest in each tract committed to this Agreement. An application for termination under this paragraph shall be accompanied by evidence of the giving of at least thirty (30) days notice of the proposed termination to all parties having an interest in this Agreement. Notice of an approved termination hereunder shall be given by the Unit Operator to all parties having an interest in this Agreement.

18.4 If not otherwise granted by the leases or the instruments affecting the Unitized Land, Royalty Owners hereby grant Working Interest Owners a period of one year after the effective date of termination of this Agreement within which to salvage and remove Unit Property.

ARTICLE XIX
APPEARANCES

19.1 Unit Operator shall, after notice to other parties affected, have the right to appear for and on behalf of any

and all interests affected hereby before the Department of the Interior, and to appeal from orders issued under the regulations of said Department, or to apply for relief from any of said regulations or in any proceedings relative to operations before the Department of the Interior or any other legally constituted authority; provided, however, that any interested party shall also have the right at its own expense to be heard in any such proceeding.

ARTICLE XX

NO WAIVER OF CERTAIN RIGHTS

20.1 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 his or its authority to waive.

ARTICLE XXI

UNAVOIDABLE DELAY

21.1 Compliance with obligations imposed on each party by this Agreement, except for the payment of rental and royalty, shall not be required for the period of time that such compliance, despite the exercise of due diligence, is prevented by labor dispute, fire, war, civil disturbance, or act of God, or by Federal, State, or municipal law, or by unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of Unit Operator, whether similar to matters listed herein or not. Where compliance is prevented only in part by one or more of the causes listed above, compliance with obligations shall be excused to a comparable extent.

21.2 No obligation which is prevented under this Article shall become due less than thirty (30) days after it has been

determined that the reason for such inability to comply is no longer applicable.

21.3 Determination of the existence of an "Unavoidable Delay" situation and of creditable "Unavoidable Delay" time shall be made by the Unit Operator subject to approval of the Supervisor.

ARTICLE XXII

POSTPONEMENT OF OBLIGATIONS

22.1 Notwithstanding any other provisions of this Agreement, the Manager, on his own initiative or upon appropriate justification by Unit Operator, may postpone for such period of time as may be warranted any obligation under this Agreement to commence or continue drilling or to operate on or produce Unitized Substances from lands covered by this Agreement.

ARTICLE XXIII

NONDISCRIMINATION

23.1 In connection with the performance of work under this Agreement, the Operator agrees to comply with all of provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319), as amended, which are hereby incorporated by reference in this Agreement:

ARTICLE XXIV

COUNTERPARTS

24.1 This Agreement may be executed in any number of counterparts no one of which needs to be executed by all parties, or may be ratified or consented to by separate instruments in writing specifically referring hereto, and shall be binding upon all parties who have executed such a counterpart, ratification, or consent hereto, with the same force and effect as if all such parties had signed the same document.

ARTICLE XXV
SUBSEQUENT JOINDER

25.1 Any oil and gas interests in lands within the Unit Area not committed hereto prior to approval of this Agreement may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this Agreement, and, if the interest is a Working Interest, by the owner of such interest also subscribing to the Unit Operating Agreement.

25.2 The right of subsequent joinder, as provided in this Article by a Working Interest Owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the Unit Operating Agreement. Joinder to this Agreement by a Working Interest Owner, at any time, must be accompanied by appropriate joinder to the Unit Operating Agreement, if more than one committed Working Interest Owner is involved, in order for the interest to be regarded as committed to this Agreement.

25.3 Except as may otherwise herein be provided, subsequent joinders to this Agreement shall be effective as of the first day of the month following the filing with the Supervisor of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this Agreement unless objection to such joinder is duly made within sixty (60) days by the Supervisor.

ARTICLE XXVI
COVENANTS RUN WITH THE LAND

26.1 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 conveyances, of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest.

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

ARTICLE XXVII

NOTICES

27.1 All notices required to be given or rendered by this Agreement to an official of the Department or the parties hereto shall be deemed properly given if in writing and personally delivered or sent by postpaid registered or certified mail, addressed as set forth in connection with the signatures hereto or to the ratification or consent hereof, or to such other address as may have been furnished in writing to the party sending the notice.

ARTICLE XXVIII

SEVERANCE

28.1 All lease and well equipment, materials, and other facilities heretofore or hereafter placed by any of the Working Interest Owners on the Unitized Land shall be deemed to be and shall remain personal property belonging to and may be removed by Working Interest Owners, subject to necessary regulatory approvals. The rights and interests therein as among Working Interest Owners are set forth in the Unit Operating Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and have set opposite their respective names the date of execution.

UNIT AGREEMENT EFFECTIVE OCTOBER 1976

L RG SU

EUGENE ISLAND BLOCK 330 FIELD

WITNESSES: DATE EXECUTED WORKING INTEREST OWNER

Kirkland H. Spitznagel June 27, 1980

SHELL OIL COMPANY

Floyd B. Cuddeback, Jr.

BY

[Signature]
D. L. FAULKNER

Joanna S. Tuttle June 18, 1980

EXXON CORPORATION

Cedwyn G. Bessinger

BY

[Signature]


Form D. K. [initials]
Trade D. K. [initials]
Accounting D. [initials]
Operations M. [initials]

STATE OF LOUISIANA
PARISH OF ORLEANS

BEFORE ME, the undersigned authority, on this day personally appeared D. K. GALTNEY to me personally known, who, being by me duly sworn, did depose and say:

That he is the Attorney-in-Fact of Shell Oil Company, and that the foregoing instrument was signed in behalf of said corporation by authority of its Board of Directors, and acknowledged said instrument to be the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 27th day of JUNE, 1980.


Notary Public
JAMES A. MUNDIE, JR.
Notary Public, Parish of Orleans, State of Louisiana
My Commission is issued for life.

STATE OF Texas
County OF Tarrant

BEFORE ME, the undersigned authority, on this day personally appeared L. H. Roxburgh to me personally known, who, being by me duly sworn, did depose and say:

That he is the Agent and Attorney-in-Fact of Eppan Company, L.P.A., and that the foregoing instrument was signed in behalf of said corporation by authority of its Board of Directors, and acknowledged said instrument to be the free act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 18th day of June, 1980.

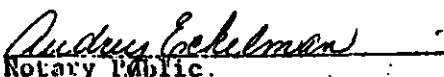
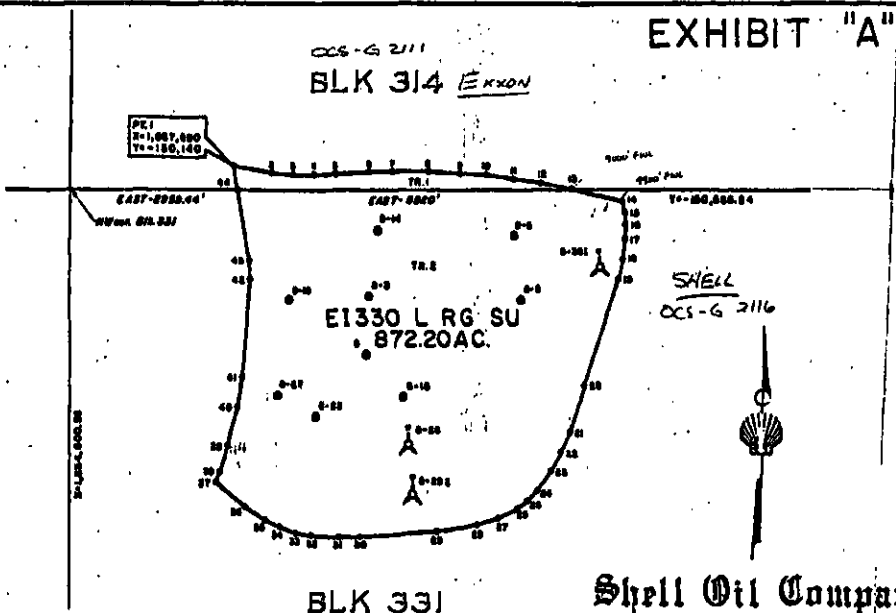

Notary Public.
AUDREY ECKEL
Notary Public for State of Texas
My Commission Expires May 30, 1984

EXHIBIT "A"

CCS-G 2111
BLK 314 EXXON



BLK 331

Shell Oil Company

L RESERVOIR G SAND UNIT
872.20 AC.

EUGENE ISLAND BLOCK 330 FIELD
OFFSHORE, LOUISIANA

SCALE IN FEET
2000 1000 0 2000

ALL BEARINGS AND COORDINATES ARE
BASED ON THE LOUISIANA LAURENT
PLANE GRID COORDINATE SYSTEM
(SOUTH ZONE)

REG. LAND FILE 614.53

UNIT BOUNDARY

1-2	N 70° 41' 43" E - 678.82'	23-24	E 34° 04' 30" W - 410.46'
2-3	S 23° 50' 43" E - 382.10'	24-25	S 45° 00' 00" W - 284.06'
3-4	N 64° 20' 43" E - 388.18'	25-26	S 02° 37' 11" W - 230.02'
4-5	N 05° 27' 33" E - 388.18'	26-27	N 02° 01' 14" W - 368.33'
5-6	N 85° 07' 17" E - 891.31'	27-28	S 74° 14' 55" W - 488.23'
6-7	N 87° 30' 13" E - 438.46'	28-29	N 09° 24' 25" W - 728.07'
7-8	S 09° 09' 20" E - 830.04'	29-30	N 55° 32' 13" W - 1344.04'
8-9	S 07° 59' 03" E - 849.88'	30-31	WEST - 870.00'
9-10	S 05° 14' 11" E - 461.66'	31-32	N 00° 33' 00" W - 848.00'
10-11	S 02° 32' 30" E - 463.74'	32-33	N 01° 18' 14" W - 263.04'
11-12	S 09° 32' 18" E - 468.32'	33-34	N 79° 04' 23" W - 388.76'
12-13	S 77° 03' 59" E - 862.15'	34-35	N 00° 48' 04" W - 288.33'
13-14	S 77° 34' 00" E - 861.04'	35-36	N 00° 34' 14" W - 421.00'
14-15	S 14° 44' 21" E - 198.47'	36-37	N 51° 04' 21" W - 688.43'
15-16	S 02° 48' 05" E - 318.24'	37-38	N 01° 18' 00" W - 109.12'
16-17	S 02° 32' 00" W - 288.18'	38-39	N 11° 16' 53" E - 471.21'
17-18	S 08° 42' 33" W - 348.54'	39-40	N 14° 02' 18" E - 788.33'
18-19	N 11° 00' 13" W - 388.74'	40-41	N 08° 28' 37" E - 848.38'
19-20	S 77° 04' 36" W - 1878.40'	41-42	N 04° 18' 26" E - 1724.31'
20-21	S 10° 18' 36" W - 864.00'	42-43	N 01° 41' 00" W - 348.18'
21-22	S 20° 40' 01" W - 371.00'	43-44	N 08° 12' 00" W - 1248.37'
22-23	S 28° 11' 51" W - 388.48'	44-1	N 00° 18' 34" W - 461.00'

L RG SU

TR. NO.	FEE	OPERATOR	COMPASS BOXES
1	063-9-2111	EXXON	36.77
2	063-9-2112	SHELL	836.43
TOTAL			873.20

I CERTIFY THE ABOVE PLAY TO BE CORRECT

H. J. ...
STATE OF LOUISIANA REGISTERED
LAND SURVEYOR NUMBER 548

THIS PLAY WAS MADE IN ACCORDANCE WITH PROD.
DEPT. AUTHORITY NO. 75-401, DATED MARCH 8, 1978.

EXHIBIT "B"

L RG SU
EUGENE ISLAND BLOCK 330

<u>OWNER</u>	<u>LEASE</u>	<u>PARTICIPATION</u>
Shell Oil Company	OCS-G 2116 100% W.I.	96.05000%
Exxon Corporation	OCS-G 2111 100% W.I.	3.95000%

EXHIBIT C
EUGENE ISLAND BLOCK 330 FIELD
L RG SU

UNIT PARTICIPATIONS

<u>TRACT</u>	<u>LEASE</u>	<u>EQUIVALENT NET ACRE FEET</u>	<u>PERCENT OF TOTAL</u>	<u>PERCENT UNIT PARTICIPATION</u>
1	OCS-G-2111	865.40	3.95000	3.95000
2	OCS-G-2116	<u>21,043.38</u>	<u>96.05000</u>	<u>96.05000</u>
	TOTALS	21,908.78	100.00000	100.00000

44

BEST AVAILABLE COPY.

EXHIBIT "C-1"

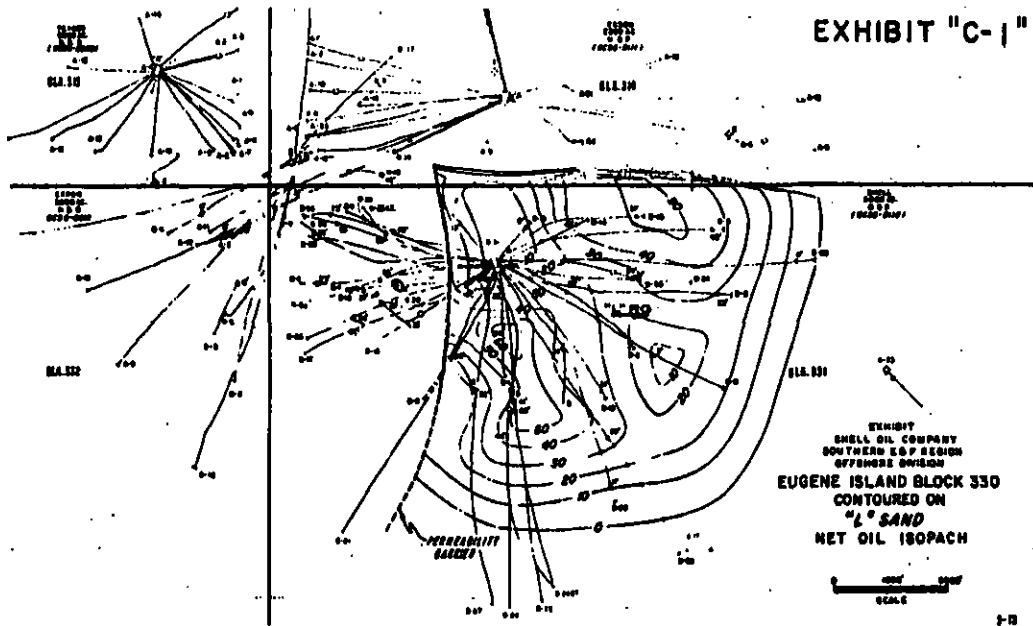
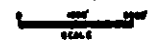


EXHIBIT
SHELL OIL COMPANY
SOUTHERN E & P REGION
OFFSHORE DIVISION
EUGENE ISLAND BLOCK 330
CONTOURED ON
"L" SAND
NET OIL ISOPACH



1-11

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EXHIBIT "C-2"

