

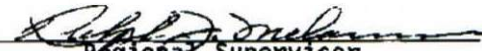
CERTIFICATION-DETERMINATION

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 Supervisor of the Minerals Management Service, I do hereby:

- A. Approve the attached Agreement for the development and operation of the Main Pass Block 69 Unit, Gulf of Mexico Outer Continental Shelf, offshore Louisiana.
- B. Certify and determine that the Unit Plan of Development and Operation contemplated in the attached Agreement is in the interest of conservation.

DATED:

July 20, 1993


Regional Supervisor
Production and Development
Minerals Management Service
Gulf of Mexico OCS Region

Contract No. 754393017



**UNIT AGREEMENT FOR OUTER CONTINENTAL SHELF
EXPLORATION, DEVELOPMENT, AND PRODUCTION
OPERATIONS ON THE**

MAIN PASS BLOCK 69 UNIT

BLOCKS 69 AND 70

MAIN PASS AREA

OFFSHORE LOUISIANA

CONTRACT NO. 754393017

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UNIT AGREEMENT

WITNESSETH:

WHEREAS, Section 5(a) of the Act authorizes the Secretary of 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 250.190 *et seq.*, it is deemed to be in the interest of conservation, prevention of waste, or the protection of correlative rights to unitize the oil and gas interest in the Unit Area; and

WHEREAS, it is deemed to be necessary in the interest of conservation, for the prevention of waste, or for the protection of correlative rights 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

1.1 The following definitions of terms shall apply to this Agreement:

(a) *Act* means the Outer Continental Shelf (OCS) Lands Act of 1953, as amended, 43 U.S.C. 1331, *et seq.*

(b) *Agreement* means this Unit Agreement approved by the Regional Supervisor for conducting exploration, development, and production operations within the Unit Area.

1 (c) A *Basic Subdivision* means that $\frac{1}{4}$ - $\frac{1}{4}$ - $\frac{1}{4}$ Block (whole or fractional)
2 within which a well is completed as a producible well having a producing
3 interval in that part of the well bore underlying such $\frac{1}{4}$ - $\frac{1}{4}$ - $\frac{1}{4}$ Block. A
4 well may have more than one Basic Subdivision.

5 (d) *Block* means an area designated as a block on a U.S. Official Leasing
6 Map or Protraction Diagram for an area of the OCS.

7 (e) *Participating Area* is that part of the Unit Area that is comprised of
8 each subdivision of unitized land qualifying as either a Basic Subdivision
9 or a Selected Subdivision as defined under Articles I and XI of this
10 Agreement.

11 (f) *Paying Quantities* as used herein means the production of oil and/or
12 gas in quantities sufficient to yield a return in excess of operating costs.

13 (g) *Regional Supervisor* means the Regional Supervisor of the Minerals
14 Management Service, Department of the Interior (DOI), or a designee,
15 authorized and empowered to regulate and approve unit operations.

16 (h) *Regulations* means all rules prescribed or adopted pursuant to the Act.
17 They include all Regulations prescribed or amended at any time to provide
18 for the prevention of waste, conservation of natural resources of the OCS
19 and the protection of correlative rights therein.

20 (i) A *Selected Subdivision* means all $\frac{1}{4}$ - $\frac{1}{4}$ - $\frac{1}{4}$ Blocks (whole or fractional)
21 surrounding (immediately adjoining or cornering) a Basic Subdivision.

1 (j) *Reservoir* means an underground porous, permeable medium
2 containing an accumulation of oil or gas or both. Each zone of a general
3 structure containing such an accumulation that is separated from any other
4 accumulation of oil or gas or both in the structure is a separate Reservoir.

5 (k) *Unit Area* means the area of the OCS which is made subject to this
6 Agreement and described in Article III.

7 (l) *Unit Operating Agreement* means an agreement made among the
8 Working Interest Owners and the Unit Operator providing for the
9 apportionment of costs and liabilities incurred in conducting operations
10 pursuant to this Agreement and the establishment of such other rights and
11 obligations as they deem appropriate.

12 (m) *Unit Operator* means the person, association, partnership,
13 corporation, or other business entity designated by the Working Interest
14 Owners and approved by the Regional Supervisor to conduct operations
15 within the Unit Area in accordance with plans of operation approved
16 pursuant to the Act, applicable Regulations, and this Agreement.

17 (n) *Unitized Substances* means oil and/or gas within the Reservoir(s) that
18 underlie the unitized lands and which are recovered or produced by
19 operations pursuant to this Agreement.

20 (o) *Working Interest* means an interest in the Unit Area held by virtue of
21 a lease, operating agreement, or other contractual arrangement under
22 which, except as otherwise provided in this Agreement, the rights or
23 authority to explore for, develop, and produce oil and gas are conferred.
24 The rights delegated to the Unit Operator by this Agreement are not a
25 Working Interest.

1 (p) *Working Interest Owner* means a Party to this Agreement that owns a
2 Working Interest.

3 ARTICLE II - INCORPORATION

4 2.1 All provisions of the Act, the Regulations, other applicable laws, and
5 the Leases covering OCS lands within the Unit Area are made a part of this Agreement.

6 ARTICLE III - UNIT AREA AND EXHIBITS

7 3.1 The following described offshore area as shown on the Outer
8 Continental Shelf Leasing Map, Louisiana Map No. 10, is subject to valid leases and
9 constitutes the Unit Area.

10 3.2 Exhibit "A" which is attached to this Agreement and made a part
11 hereof, is a plat identifying the Unit Area and component Blocks and Leases.

12 3.3 Exhibit "B" which is attached to this Agreement and made a part
13 hereof, is a schedule listing the component Leases and the ownership of each.

14 3.4 Exhibit "C", which will be submitted in accordance with the
15 provisions of this Agreement and will be made part hereof, is a schedule listing the
16 component parts of the Participating Area(s) by Lease and the percentage of oil or gas, or
17 both, that is to be allocated to each Lease.

18 3.5 Exhibits "A", "B" and "C" shall be revised by the Unit Operator
19 whenever changes in the Unit Area, changes in the Participating Area, changes in the
20 ownership of one or more Leases, or changes in the percentages of oil or gas, or both,
21 allocated to the individual Leases render such changes necessary. Four copies of the revised
22 exhibits shall be submitted to the Regional Supervisor for approval.

1 ARTICLE IV - DESIGNATION OF UNIT OPERATOR

2 4.1 Chevron U.S.A. Inc. is designated as the Unit Operator and agrees to
3 accept the rights and obligations of the Unit Operator to explore for, develop, and produce
4 oil and/or gas as provided in this Agreement.
5

6 4.2 Except as otherwise provided in this Agreement and subject to the
7 terms and conditions of approved plans of operation, the exclusive rights and obligations of
8 the owners of Working Interests to conduct unit operations to explore for, develop, and
9 produce oil and/or gas in the Unit Area are delegated to and shall be exercised by the Unit
10 Operator. This delegation neither relieves a lessee of the obligation to comply with all Lease
11 terms nor transfers title to any Lease or operating agreement.

12 ARTICLE V - RESIGNATION OR REMOVAL OF UNIT OPERATOR

13 5.1 The Unit Operator shall have the right to resign at any time. Such
14 resignation shall become effective at 7:00 a.m. on the first day of the month following a
15 period of ninety (90) days after written notice of an intention to resign has been delivered by
16 the Unit Operator to the Working Interest Owners and the Regional Supervisor and until all
17 platforms, artificial islands, installations, and other devices, including wells used for
18 conducting operations in the Unit Area, are placed in a condition satisfactory to the Regional
19 Supervisor for the transfer of operations, or, if no successor Unit Operator has been
20 designated, for suspension or abandonment of operations. If a successor Unit Operator is
21 designated and approved as provided in Article VI, the resignation shall be effective upon the
22 designation and approval of the successor Unit Operator.

23 5.2 The Unit Operator may be subject to removal pursuant to the Unit
24 Operating Agreement. This removal shall not be effective until the Working Interest Owners
25 notify the Regional Supervisor and the Unit Operator and until the Regional Supervisor
26 approves the designation of a successor Unit Operator.

1 5.3 The resignation or removal of the Unit Operator shall not release the
2 Unit Operator from liability for any failure to meet any obligations which accrued before the
3 effective date of resignation or removal.

4 5.4 The resignation or removal of the Unit Operator shall not terminate
5 any right, title, or interest as the owner of a Working Interest or other interest in the Unit
6 Area. However, when the resignation or removal of the Unit Operator becomes effective,
7 the Unit Operator shall relinquish to the successor Unit Operator all wells, platforms,
8 artificial islands, installations, devices, records, and any other assets all owned solely by the
9 unit joint account.

10 ARTICLE VI - SUCCESSOR UNIT OPERATOR

11 6.1 Whenever the Unit Operator tenders its resignation as Unit Operator
12 or is removed as provided in Article V, a successor Unit Operator may be designated by (a)
13 an affirmative vote pursuant to the Unit Operating Agreement and (b) the successor Unit
14 Operator's acceptance in writing of the rights and obligations of the Unit Operator. The
15 successor Unit Operator shall file with the Regional Supervisor four executed copies of the
16 designation of successor. However, the designation shall not become effective until approved
17 by the Regional Supervisor.

18 6.2 If no successor Unit Operator is designated as herein provided within
19 ninety (90) days following notice to the Regional Supervisor of the Unit Operator's intent to
20 resign or removal of a Unit Operator, the Regional Supervisor may elect to designate one of
21 the Working Interest Owners other than the Unit Operator as successor Unit Operator or may
22 declare this Agreement terminated.

1 ARTICLE VII - UNIT OPERATING AGREEMENT

2 7.1 The owners of Working Interests and the Unit Operator shall enter
3 into a Unit Operating Agreement which shall describe how all costs and liabilities incurred in
4 maintaining or conducting operations pursuant to this Agreement shall be apportioned and
5 assumed. The Unit Operating Agreement shall also describe how the benefits which may
6 accrue from operations conducted on the Unit Area shall be apportioned.

7 7.2 The owners of Working Interests and the Unit Operator may establish
8 by means of one or more Unit Operating Agreements such other rights and obligations as
9 they deem necessary or appropriate. However, no provision of the Unit Operating
10 Agreement shall be deemed to modify the terms and conditions of this Agreement or to
11 relieve the Working Interest Owners or the Unit Operator of any obligation set forth in this
12 Agreement. In case of any inconsistency or conflict between this Agreement and a Unit
13 Operating Agreement, the terms of this Agreement shall prevail.

14 7.3 Three copies of the Unit Operating Agreement, executed pursuant to
15 the first section of this Article, shall be attached to this Agreement when it is filed with the
16 Regional Supervisor with a request for approval. Three copies of all other Unit Operating
17 Agreements and any amendments thereto also shall be filed with the Regional Supervisor
18 within 30 days of final execution.

19 ARTICLE VIII - APPEARANCES AND NOTICES

20 8.1 The Unit Operator shall, after notice to other Parties affected, have
21 the right to appear on behalf of all Working Interest Owners before the DOI or any other
22 body legally empowered to issue decisions concerning orders or Regulations of the DOI and
23 to appeal from these decisions. The expense of these appearances shall be
24 paid and apportioned as provided in the Unit Operating Agreement. However, any affected
25 Working Interest Owner shall have the right at its own expense to be heard in any
26 proceeding.

1 8.2 Any order or notice relating to this Agreement which is given to the
2 Unit Operator by the Regional Supervisor shall be deemed given to all Working Interest
3 Owners of the Unit Area. All notices required by this Agreement to be given to the Unit
4 Operator or the owners of Working Interests shall be deemed properly given if given in
5 writing and delivered personally or sent by prepaid registered or certified mail to the
6 addresses set forth below or to such other addresses as may have been furnished in writing to
7 the Party sending the notice.

8 ARTICLE IX - PLAN OF OPERATION

9 9.1 The Unit Operator shall submit plans of operation which are consistent
10 with the requirements for Exploration Plans or Development and Production Plans as
11 required by the Act, Subpart B of 30 CFR Part 250, and other sections of the Regulations.
12 All operations within the Unit Area shall be conducted in accordance with an approved plan.

13 9.2 When no oil or gas is being produced in Paying Quantities from the
14 Unit Area and when all or part of the area is subject to one or more Leases beyond the
15 primary term, a continuous drilling or well reworking program shall be maintained with
16 lapses of no more than 90 days per lapse between such operations unless a suspension of
17 production or other operation has been ordered or approved by the Regional Supervisor or
18 unless extended by the Director pursuant to 30 CFR 250.13(b). Plans may call for a
19 cessation of drilling operations for a reasonable period of time after the discovery and
20 delineation of a Reservoir when such a pause in drilling activities is warranted to permit the
21 design, fabrication, and erection of platforms and other installations needed for development
22 and production operations, provided a suspension of production or other operation has been
23 ordered or approved by the Regional Supervisor.

24 9.3 Acceptable initial plans of operation shall be submitted at the time that
25 this Agreement is filed for the Regional Supervisor's approval. Each plan of operation shall
26 expire on the date specified in the plan. At least 60 days before the scheduled expiration of
27 any plan, unless the Regional Supervisor grants an extension for good cause, the Unit

1 Operator shall file an acceptable subsequent plan of operation for approval in accordance
2 with this Article.

3 ARTICLE X - REVISION OF UNIT AREA

4 10.1 The Unit Area may be further revised by additions necessary for unit
5 operations or for the inclusion of an area capable of producing oil and/or gas in Paying
6 Quantities whenever such action appears proper to include additional lands or may be further
7 revised by the contraction of the Unit Area when such contraction is necessary or advisable
8 to conform with the purposes of this Agreement. Such additions or contractions shall be
9 effected by the Unit Operator on its own motion after preliminary concurrence of the
10 Regional Supervisor or on demand of the Regional Supervisor. The effective date of any
11 expansion or contraction of the Unit Area shall be the first of the month following the date of
12 approval of the expansion or contraction by the Regional Supervisor, provided, however, that
13 a more appropriate effective date may be used if justified by the Unit Operator and approved
14 by the Regional Supervisor.

15 10.2 The Unit Area shall not be reduced on account of the depletion of the
16 Unitized Substances for which it was established, but the Unit Area established under the
17 provisions of this Article shall terminate automatically whenever operations are permanently
18 abandoned in the unit.

19 ARTICLE XI - PARTICIPATING AREAS

20 11.1 Prior to the commencement of production of Unitized Substances, or
21 as soon thereafter as required by the Regional Supervisor, the Unit Operator shall submit to
22 the Regional Supervisor, a plat showing the initial Participation Area and, as Exhibit "C", a
23 schedule showing percentages of participation between Leases based on the subdivisions
24 qualifying under this Article for the purpose of establishing the initial Participating Area.
25 Said schedule shall set forth the percentage of Unitized Substances to be allocated to each
26 unitized Lease in the Participating Area so established, and shall govern the allocation of unit
27 production from and after the date the Participating Area becomes effective. Unitized

1 Substances produced prior to the effective date of the initial Participating Area shall not be
2 allocated. All lands in said schedule, upon approval thereof by the Regional Supervisor,
3 shall constitute the initial Participating Area. The Participating Area shall be comprised of
4 each subdivision qualifying as either a Basic Subdivision or as a Selected Subdivision. A
5 $\frac{1}{4}$ - $\frac{1}{4}$ - $\frac{1}{4}$ Block may be a Basic Subdivision as to a given well and a Selected Subdivision as
6 to either the same well or another well completed in a producing interval underlying another
7 Basic Subdivision.

8 11.2 The Participating Area so established shall be revised by submittal of
9 similar application, not more than thirty (30) days after the effective date for participation
10 and subject to like approval, to include newly qualified subdivisions. The effective date of
11 any revision shall be the anniversary of the effective date of the initial Participating Area
12 next following the date of qualification. The Regional Supervisor shall be notified within
13 thirty (30) days, unless such period is extended by him, after completion of a well, of the
14 qualifying subdivisions believed by Unit Operator to be attributable thereto.

15 11.3 The foregoing rules for participation are subject to the condition that
16 if, at the expiration of the first anniversary of the effective date of the initial Participating
17 Area or any successive one-year period, or at the time of any adjustment pursuant to Article
18 XIII hereof, Unit Operator considers that the then Participating Area selected under the
19 foregoing provisions does not constitute a logical Participating Area, such Participating Area
20 may, with the approval of the Regional Supervisor, be appropriately revised to include
21 intervening subdivisions and subdivisions then reasonably determined to be productive in
22 whole or in part. Nothing herein contained shall be
23 construed as requiring any retroactive adjustment for production obtained prior to the
24 effective date of the revision of the Participating Area. No land shall be excluded from the
25 Participating Area on account of depletion of the Unitized Substances.

1 ARTICLE XII - ALLOCATION OF PRODUCTION

2 12.1 The Unit Operator shall make deliveries of oil and gas which are
3 payments of royalties taken-in-kind or which, pursuant to the Act, are purchased by the
4 United States. All Unitized Substances produced from the Unit Area shall be allocated on a
5 surface acreage basis to the Leases or portion of Leases within the Participating Area(s) in
6 effect at the time of production. Oil and/or gas produced from the Unit Area prior to the
7 effective date of this Agreement shall not be allocated under this Agreement. The royalty
8 payments under Leases subject hereto shall be based and calculated upon the production
9 allocated to the Leases as specifically provided herein and the royalty due thereon shall be
10 paid or caused to be paid by the respective owners of Working Interest. The oil and gas
11 saved, removed, or sold from a Unit Area shall be allocated in this manner, regardless of
12 where any well is drilled and produced in the Unit Area.

13 12.2 For the purpose of determining royalty obligations, Unitized
14 Substances on which royalty has been paid and which are used for repressuring, stimulation
15 of production, or increasing ultimate recovery from the Unit Area, in conformity with
16 approved plans of operation, may be deemed to be a portion of the gas and liquid
17 hydrocarbon substances subsequently saved, removed, or sold from the Unit Area. In such
18 instances, a like amount of gas and liquid hydrocarbon substances similar to that previously
19 used may be saved, removed, or sold from the Unit Area without paying a royalty thereon.
20 However, as to dry gas, only dry gas and not products extracted therefrom may be saved,
21 removed, or sold royalty-free. The royalty-free withdrawal shall be accomplished in
22 accordance with an approved plan of operation, and the amounts of gas and liquid
23 hydrocarbon substances withdrawn that are to be recognized as free of royalty charges shall
24 be computed in accordance with a formula approved or prescribed by the Regional
25 Supervisor. Any withdrawal of royalty-free gas or liquid hydrocarbon substances shall
26 terminate upon the termination of this Agreement, unless otherwise permitted. For the
27 purposes of this paragraph, liquid hydrocarbon substances include natural gasoline and liquid
28 petroleum gas fractions.

1 ARTICLE XIII - AUTOMATIC ADJUSTMENT OF UNIT AREA

2 13.1 Any Lease(s) not entitled to receive an allocation of unit production
3 on the fifth anniversary of the effective date of the initial Participating Area established under
4 this Agreement, shall be eliminated automatically from the Unit Area as of said fifth
5 anniversary; and thereafter, the Unit Area shall only be comprised of the Participating
6 Area(s) subject to the provisions of Articles X and XVII.

7 13.2 If a Lease is no longer subject to this Agreement in accordance with
8 the provisions of this Article, that Lease shall only be maintained and continued in force and
9 effect in accordance with the terms and provisions contained in the Act, Regulations, and the
10 Lease.

11 ARTICLE XIV - RELINQUISHMENT OF LEASES

12 14.1 Pursuant to the provisions of the Leases and applicable Regulations,
13 a lessee of record shall, subject to the provisions of the Unit Operating Agreement, have the
14 right to relinquish any of its interests committed hereto, in whole or in part; provided that no
15 relinquishment shall be made of any interests within a Participating Area without the prior
16 approval of the Regional Supervisor. In the event such relinquishments result in the
17 leasehold interest of only one Lease remaining committed hereto, this Agreement shall
18 terminate automatically effective as of the date that only one Lease remains subject to this
19 Agreement.

20 ARTICLE XV - RENTALS AND MINIMUM ROYALTIES

21 15.1 Rentals or minimum royalties due on Leases committed hereto shall
22 be paid by the Working Interest Owners responsible therefor at the time and rate(s) specified
23 in their respective Lease from the United States unless such rental or minimum royalty is
24 suspended, or reduced by law or by approval of the Secretary.

1 15.2 If there is production from the Unit Area during the Lease year, the
2 amount of royalty paid for production allocated to a Lease during the Lease year shall be
3 credited against the minimum royalty obligation of the Lease.

4 ARTICLE XVI - EFFECTIVE DATE AND TERMINATION

5 16.1 This Agreement shall be effective on July 1, 1993, and shall
6 terminate when oil and/or gas is no longer being produced from the Unit Area and drilling or
7 well-reworking operations are no longer being conducted in accordance with the provisions
8 of Article IX of this Agreement. If the Regional Supervisor has ordered or approved a
9 suspension of operations or production on all or part of the Unit Area pursuant to the
10 Regulations, this Agreement shall be continued in force and effect for the period of time
11 equal to the length of the authorized suspension and thereafter so long as operations are being
12 conducted in accordance with the provisions of Article IX herein.

13 16.2 This Agreement may be terminated, with the approval of the
14 Regional Supervisor, at any time by an affirmative vote of the owners of a majority of the
15 Working Interests in each Lease or portion thereof committed to this Agreement or as
16 otherwise specified in the Unit Operating Agreement.

17 16.3 A well shall be commenced on Federal Lease OCS-G 9703, Block
18 70, Main Pass Area, on or before June 30, 1994, to evaluate sands found to be productive in
19 the OCS-0372 Well No. 3. If such well is not commenced as specified herein this
20 Agreement shall terminate automatically.

21 ARTICLE XVII - LEASES AND CONTRACTS CONFORMED AND EXTENDED

22 17.1 The terms, conditions, and provisions of all Leases, subleases, and
23 other contracts relating to exploration, drilling, development, or production operations for oil
24 or gas on lands committed to this Agreement are hereby modified and amended only to the

1 extent necessary to make the same conform to the provisions hereof but otherwise shall
2 remain in force and effect.

3 17.2 The Regional Supervisor, by his approval hereof, does hereby
4 establish, alter, suspend, change, or revoke the drilling, production, rental, minimum
5 royalty, and royalty requirements of the Federal Leases committed hereto, to conform said
6 requirements to the provisions of this Agreement, and without limiting the generality of the
7 foregoing, all Leases, subleases, and contracts are particularly modified in accordance with
8 the following:

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

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

18 (c) Suspension of drilling or producing operations on less than all unitized
19 lands, pursuant to direction or consent of the Secretary or a duly
20 authorized representative, shall be deemed to constitute such suspension
21 pursuant to such direction or consent only as to unitized lands specified in
22 the document providing direction or consent.

23 (d) Each Lease committed hereto shall continue in force as to all lands
24 covered thereby for the term so provided therein, or as extended by law,
25 and so long thereafter as gas or oil and/or condensate is produced from a

1 unit well in Paying Quantities, drilling or well-reworking operations
2 pursuant to the Regulations are conducted within the Unit Area, or
3 operations are suspended hereunder as provided herein and operations are
4 being conducted pursuant to the provisions of Article IX of this
5 Agreement. This subsection shall not operate to continue in force any
6 whole Lease excluded from the Unit Area by adjustment pursuant to
7 Article X or Article XIII.

8 17.3 Upon termination of this Agreement, the Leases committed hereto
9 may be continued in force and effect in accordance with the terms and conditions contained
10 in the Act, the Regulations, and the Leases.

11 ARTICLE XVIII - COUNTERPARTS

12 18.1 This Agreement may be executed in any number of counterparts, no
13 one of which needs to be executed by all Parties. If this Agreement is executed in
14 counterparts, all counterparts taken together shall have the same effect as if all Parties had
15 signed the same instrument.

16 ARTICLE XIX - SUBSEQUENT JOINDER

17 19.1 The Regional Supervisor may order or, upon request, approve a
18 subsequent joinder to this Agreement pursuant to the expansion provisions of Article X. A
19 request for a subsequent joinder shall be accompanied by a signed counterpart to this
20 Agreement and shall be submitted by the Unit Operator at the time a notice of proposed
21 expansion is submitted pursuant to Article X. A subsequent joinder shall be subject to the
22 requirements which may be contained in the Unit Operating Agreement, if any, except that
23 the Regional Supervisor may require modifications of any provision in a Unit Operating
24 Agreement which would prevent a subsequent joinder.

1 ARTICLE XX - REMEDIES

2 20.1 The failure of the Unit Operator to conduct operations in accordance
3 with an approved plan of operation, to timely submit an acceptable plan for approval by the
4 Regional Supervisor, or to comply with any other requirement of this Agreement in a timely
5 manner, after notice of default to the Unit Operator with copies to all Working Interest
6 Owners by the Regional Supervisor and after failure of the Unit Operator to remedy any
7 default within a reasonable time as determined by the Regional Supervisor, shall result in
8 automatic termination of this Agreement effective as of the first day of the default.

9 20.2 This remedy is in addition to any remedy which is prescribed in the
10 Act, the Regulations, or a Lease committed to this Agreement or any action which may be
11 brought by the United States to compel compliance with the provisions thereof.

12 ARTICLE XXI - NO WAIVER OF CERTAIN RIGHTS

13 21.1 Nothing contained in this Agreement shall be construed as a waiver
14 by any Party hereto of the right to assert any legal or constitutional right or defense
15 pertaining to the validity or invalidity of any law of the United States, or Regulations issued
16 thereunder, in any way affecting such Party or as a waiver by any such Party of any right
17 beyond such Party's authority to waive.

18 ARTICLE XXII - COVENANTS RUN WITH THE LAND

19 22.1 The covenants herein shall be construed to be covenants running with
20 the land with respect to the interest of the Parties hereto and their successors in interest until
21 this Agreement terminates, and any grant, transfer, or conveyance of interest in land or
22 Leases subject hereto shall be and hereby are conditioned upon the assumption of all
23 privileges and obligations hereunder by the grantee, transferee, or other successor in interest.

24 22.2 No assignment or transfer of any Working Interest or other interest
25 subject hereto shall be binding upon Unit Operator until the first day of the calendar month

1 after Unit Operator is furnished with the original, photostatic, or certified copy of the
2 instrument of transfer.

IN WITNESS WHEREOF, the Working Interest Owners and the Unit
Operator have caused this Agreement to be executed as follows:

ACCEPTANCE OF RIGHTS AND OBLIGATIONS BY UNIT

OPERATOR

I hereby accept and assume all rights and obligations of the Unit Operator as set forth above.

Dated: July 8, 1993

Authorized Signature: GF Cain

Name: G.R. Cain

Title: ASSISTANT SECRETARY

Corporation: Chevron U.S.A. Inc.

Address: 935 Gravier New Orleans, LA 70112

Subscribed and sworn to me this 8th day of July 1993.

Notary Public: [Signature]

My Commission Expires: AT DEATH

APPROVAL BY WORKING INTEREST OWNER

As an owner of a Working Interest in the Unit Area, I hereby agree to the terms and
conditions as set forth in this Agreement.

Dated: July 8, 1993

Authorized Signature: GF Cain

Name: G.R. Cain

Title: ASSISTANT SECRETARY

Corporation: Chevron U.S.A. Inc.

Address: 935 Gravier New Orleans, LA 70112

Subscribed and sworn to me this 8th day of July 1993.

Notary Public: [Signature]

My Commission Expires: AT DEATH

EXHIBIT A
MAIN PASS BLOCK 69 UNIT AREA OUTLINE
OFFSHORE LOUISIANA

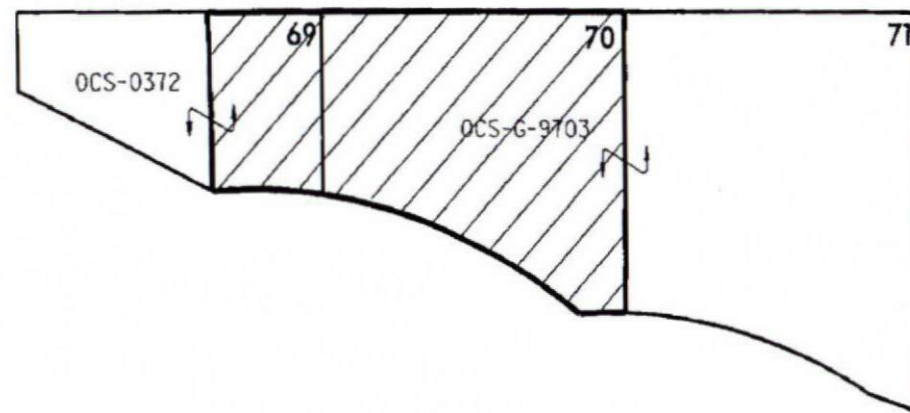


EXHIBIT B
LEASES AND OWNERSHIP OF EACH
MAIN PASS AREA, BLOCKS 69 AND 70
OFFSHORE LOUISIANA

Lease	Block Number	Effective Lease Date	Expiration Date	Amount of Acreage	Royalty Rate	Lease Ownership
OCS-0372	69	6-17-55*	HBP	489.65	1/8th	Chevron 100%
OCS-G 9703	70	8-01-88	7-31-93	1745.44	1/6th	Chevron 100%
TOTAL				2235.09		

*This was originally a portion of Louisiana State Lease 1278 dated August 5, 1947. The date of validation by the BLM of the Department of the Interior in its Decision Letter is June 17, 1955.

EXHIBIT C
TRACT PARTICIPATION IN PARTICIPATING AREA
MAIN PASS AREA, BLOCKS 69 AND 70
OFFSHORE LOUISIANA

Tract Number	Lease	Number of Acres Committed to Unit	Number of Surface Acres in Participating Area	Percent Unit Participation
1	OCS-0372	489.65	489.65	100.00
2	OCS-G 9703	1745.44	0.00	0.00
	TOTALS	2235.09	489.65	100.00