

EXHIBIT "C"

NONDISCRIMINATION CLAUSE

Attached to and made a part of the  
Pitas Point Unit Agreement  
Channel Islands Area  
Outer Continental Shelf, Offshore California

Unless exempt by rules, regulations or orders of the United States Secretary of Labor, issued pursuant to Section 204 of Executive Order 11246, dated September 24, 1965, during the performance of this contract, the Unit Operator agrees as follows:

"(1) The Unit Operator will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Unit Operator will take affirmative action to ensure that applicants are employed and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Unit Operator agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the agency contracting officer setting forth the provisions of this nondiscrimination clause.

"(2) The Unit Operator will, in all solicitations or advertisements for employees placed by or on behalf of the Unit Operator, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

"(3) The Unit Operator will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Unit Operator's commitments under section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

"(4) The Unit Operator will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

"(5) The Unit Operator will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

"(6) In the event of the Unit Operator's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated or suspended in whole or in part and the Unit Operator may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of

September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

"(7) The Unit Operator will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Unit Operator will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, That in the event the Unit Operator becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Unit Operator may request the United States to enter into such litigation to protect the interests of the United States."

**PITAS POINT UNIT  
PLATFORM HABITAT  
OCS-P 0234**

**Texaco Exploration and Production Inc.  
Subsequent Plan of Operation  
April 1, 1992 to March 31, 1993**

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**1992 Facilities Projects:**

**Turbine Compressor Project** - Plans are to continue hookup and commissioning the compressor and the associated support skids. [Reverse osmosis unit and condensate desalter]. Following commissioning, the compressor and support skids will be started up and run as necessary to performance test within the warranty periods. It is anticipated that the current reciprocating compressor will fulfill the platform compression needs for the subject operating period.

**Hazop** - Plans are to continue with the evaluation and implementation phase of this project which consists of evaluating the items which were identified in the study and implementing those which are deemed necessary. This phase will be ongoing throughout the year.

**Electrical System Upgrade**- Will continue efforts in replacing degraded conduit with CLX cable and upgrading all electrical systems as necessary.

**Produced Water System Upgrades** - A permanent active carbon filter is being installed to replace a rental unit. Additional produced water system equipment is being evaluated to remove solids with recyclable filter media to replace the current disposable cartridge filter system.

**1992 Production Operations**

Platform gas production is expected to decline from the present 40 MMSCF per day rate during the plan period. Compression capacity will increase through the period as producing well pressures decline. Compressor suction pressure will be dropped as necessary to maintain production from the lower pressured reservoirs.

Surface pressure build-ups will be run on all wells throughout the period to provide the necessary data for proper reservoir management.

No additional development work is planned for the period.

**This plan will expire on March 31, 1993**



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 Director of the Geological Survey, I do hereby:

- A. Approve the attached Agreement for the development and operation of the Pitas Point Unit Area, Channel Islands Area, Outer Continental Shelf, Offshore California.
- B. Certify and determine that the unit plan of development and operation contemplated in the attached Agreement is in the interest of conservation.

DATED:

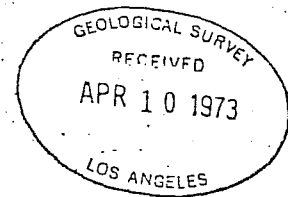
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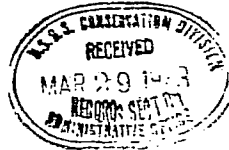
*Henry W. Coulter*

Acting Director, United States Geological Survey

Cont#

14-08-0001-12370





UNIT AGREEMENT FOR THE DEVELOPMENT AND  
OPERATION OF THE PITAS POINT UNIT AREA  
CHANNEL ISLANDS AREA  
OUTER CONTINENTAL SHELF, OFFSHORE CALIFORNIA

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UNIT AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE  
PITAS POINT UNIT AREA  
CHANNEL ISLANDS AREA  
OUTER CONTINENTAL SHELF, OFFSHORE CALIFORNIA

THIS AGREEMENT, entered into as of the 27<sup>th</sup> day of January,  
1968, by and between the parties subscribing, ratifying, or consenting  
hereto, and herein referred to as the "parties hereto",

WITNESSETH:

WHEREAS, Texaco et al OCS P-0234 #1 well has discovered oil and  
gas in paying quantities; and

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 parties hereto hold sufficient interest in oil and  
gas leases covering the Submerged Lands hereinafter described to effectively  
control operations thereunder; and

WHEREAS, it is deemed 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 so as to conserve the natural resource prevent  
waste, and reduce to a minimum the structures and facilities necessary to  
discover and develop oil and gas capable of being produced in paying  
quantities;

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 among them-  
selves 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 exploration, development, and operations for the production of oil and gas without regard to separate leasehold ownerships.

(b) Director: The Director of the United States Geological Survey.

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

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

(f) Unitized land: The submerged lands in the Unit Area which are committed to this Agreement, and are subject to leases which provide for exploration, development, and production of oil and gas and which were awarded by the Department to the parties hereto.

(g) Unitized Substances: All deposits of oil and gas within any and all formations of the Unitized Land, and recovered or produced by operations under and pursuant to this Agreement.

(h) Participating Area: That part of the Unitized Lands which is determined to be capable of producing oil and gas in paying quantities from the horizon or deposit for which the Participating Area is established and to which Unitized Substances produced hereunder will be allocated in the manner described in Article XII of this Agreement.

(i) 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.

(j) 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.

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

(l) Unit Operator: The person, association, partnership, corporation, or other business entity designated in this Agreement or in a 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.

(m) 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.



(n) Paying Quantities: That quantity of Unitized Substances which would pay a profit to the Unit Operator, if he operated the well and marketed the product.

#### ARTICLE III

##### UNIT AREA AND EXHIBITS

3.1 The following described submerged land as shown on the United States Official Leasing Map for the Channel Islands Area, Map No. 6B, shall constitute the Unit Area.

<u>LEASE NO.</u>	<u>AREA AND BLOCK NUMBER</u>	<u>ACREAGE</u>
OCS P-0233	6B All block 50N 63W	5,760
OCS P-0234	6B All block 50N 64W	5,760
Unleased	6B All block 50N 65W	5,760
	(Total)	17,280

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

3.3 Exhibit "B", attached hereto and made a part hereof, is a schedule showing, to the extent known to the Unit Operator, the acreage and percentage of 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 four (4) copies shall be filed with the Supervisor.

#### ARTICLE IV

##### CONTRACTION AND EXPANSION OF UNIT AREAS

4.1 The Unit Area as described above shall, when practicable, be expanded to include therein any additional submerged lands or shall be contracted to exclude such lands whenever either expansion or contraction

is necessary or advisable to conform with the purposes of this Agreement.

4.2 Unless otherwise specified herein, the expansion and/or contraction shall be effected in the following manner:

(a) Unit Operator, on its own motion after preliminary concurrence of the Director or on demand of the Director, shall prepare a notice of proposed expansion and/or contraction 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 that 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/or contraction 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.

4.3 The leases, insofar as they cover any lands which are excluded from the Unit Area under the provisions of this Article IV, may be maintained and continued in force and effect in accordance with the terms, provisions, and conditions contained in the Act, regulations, and the lease or leases. Operations and/or production or a suspension of operations and/or production under this Agreement shall not serve to maintain or continue in force and effect the excluded portion of a lease.

#### ARTICLE V

##### UNIT OPERATOR

5.1 Texaco Inc., a Delaware corporation, 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 six (6) months 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 effective designation of the successor Unit Operator.

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 may be selected by affirmative vote of the owners of a majority of the Working Interests, based on their respective shares of the acreage subject to this Agreement. Four (4) executed copies of the designation of successor Unit Operator shall be filed with the Supervisor.

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.

7.2 If no successor Unit Operator is selected and qualified as herein provided, the Director, 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 in conjunction with this Agreement and compatible with the provisions of this Agreement shall be filed with the Supervisor not later than thirty (30) days after the effective date of this Agreement. Three (3) true copies of any amendment to the Unit Operating Agreement shall be filed with 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. Upon request by the Unit Operator, acceptable evidence of any party's title to said rights shall be deposited by that party with said Unit Operator, and together with this Agreement shall constitute and define the rights, privileges and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to 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.

PLANS OF OPERATION

10.1 Unit Operator shall submit Plans of Operation for approval by the Supervisor which shall provide for exploration or development or both of the Unitized Land and for the determination of land capable of producing Unitized Substances in paying quantities. Such plans shall include the information required under 30 CFR § 250.34 for exploratory drilling and development plans for a lease and shall be as complete and adequate as the Supervisor determines to be necessary for timely exploration or development or both and to ensure the protection of the environment and the proper conservation of the oil and gas or other natural resources of the Unit Area. When approved by the Supervisor, a Plan of Operation shall constitute the exploratory or development drilling obligations or both of the Unit Operator under this Agreement during the period covered by such Plan.

10.2 Within ninety (90) days of the effective date of this Agreement, or such longer period as the Supervisor may approve, Unit Operator shall submit a Plan of Operation for approval by the Supervisor which shall provide for the drilling of a well at a location approved by the Supervisor to test the Monterey sands unless at a lesser depth Unitized Substances shall be discovered which can be produced in paying quantities or the Unit Operator shall at any time establish to the satisfaction of the Supervisor that further drilling of said well would be unwarranted or impractical; provided, however, that Unit Operator shall in no event be required to drill said well to a depth in excess of 18,500 feet KB.

Unit Operator shall commence drilling said well not later than six (6) months following the approval of the Plan of Operation. The initial Plan of Operation shall expire not later than six (6) months following the completion of said well.

10.3 When warranted by unforeseen circumstances the Supervisor may grant extension of any or all of the critical dates for the commencement of specific operations prescribed in Plan of Operation.

10.4 No exploratory or development drilling operations shall be conducted on the Unitized Lands other than as provided in an approved Plan of Operation. Prior to the expiration of any existing Plan of Operation Unit Operator shall submit for approval by the Supervisor a Plan of Operation proposing further operations on the Unitized Land during the period specified therein.

10.5 Until there is actual production of Unitized Substances, the failure of Unit Operator to timely drill any of the wells provided for in a Plan of Operation approved under this Article X or to timely submit a Plan of Operation for approval by the Supervisor or in any other way to timely comply with the requirements of this Agreement, shall, after notice of default or notice of prospective default to Unit Operator by the Supervisor and after failure of Unit Operator to remedy any actual default within a reasonable time (as determined by the Supervisor), result in automatic termination of this Agreement effective as of the first day of the default.

10.6 Separate Plans of Operation may be submitted for separate productive zones, subject to the approval of the Supervisor. Also subject to the approval of the Supervisor, Plans of Operation shall be modified or supplemented when necessary to meet changed conditions or to protect the interest of the United States or of the parties to this Agreement.

ARTICLE XI

PARTICIPATING AREAS

11.1 Prior to the commencement of production of Unitized Substances, the Unit Operator shall submit for approval by the Supervisor a schedule (or schedules) of all land then regarded as capable of production in paying quantities from the pool (or pools) discovered or developed; all lands in said schedule (or schedules), on approval of the Supervisor, shall constitute a Participating Area (or Areas) effective as of the date such production commences or the effective date of this Agreement, whichever is later. Said schedule (or schedules) shall also set forth the percentage of Unitized Substances to be allocated, as provided in Article XII, to each Tract or portion thereof of Unitized Land in the Participating Area (or Areas) so established and shall govern the allocation of production commencing with the effective date of the controlling Participating Area.

11.2 A separate Participating Area may be established for each separate pool 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, on approval of the Supervisor. The effective date of any Participating Area established after the commencement of actual production of Unitized Substances shall be the first day of the month in which the knowledge or information on which the establishment of that Participating Area is predicated, is obtained.

11.3 Any Participating Area (or Areas) established under Section 11.1 or 11.2 above shall, subject to the approval of the Supervisor, be revised from time to time to include additional lands then regarded as capable of production in paying quantities from the pool for which the Participating Area was established, or to exclude lands then regarded as



not capable of production from the pool or pools for which the Participating Area was established and the schedule (or schedules) of allocation percentages shall be revised accordingly. The effective date of any revision of a Participating Area established under Sections 11.1 or 11.2 shall be the first of the month in which the knowledge or information on which such revision is predicated, is obtained; Provided, however, that a more appropriate effective date may be used if justified by the Unit Operator and approved by the Supervisor.

11.4 No land shall be excluded from a Participating Area on account of depletion of the Unitized Substances, except that any Participating Area established under the provisions of this Article XI shall terminate automatically whenever all operations are abandoned in the pool or pools for which the Participating Area was established.

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

## ARTICLE XII

### ALLOCATION OF UNITIZED SUBSTANCES

12.1 All Unitized Substances produced from a Participating Area established under this Agreement, except any part thereof used in conformity with good operating practices on Unitized Land for drilling, operating, and other production or development purposes, for repressuring, stimulating production, or increasing ultimate recovery in accordance with a Plan of Operation approved by the Supervisor, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of Unitized Land within the Participating Area established for such production.

12.2 For the purpose of determining the allocation of royalty accruing under this Agreement, each Tract of Unitized Land shall have

allocated to it such percentage of the production from the Participating Area as the number of acres of the Tract included in said Participating Area bears to the total number of acres of Unitized Land in said Participating Area and the royalty due thereon shall be paid by the Unit Operator.

12.3 Allocation of production hereunder for purposes other than for settlement of the royalty obligations of the respective Working Interest Owners, shall be on the basis prescribed in the Unit Operating Agreement whether in conformity with the basis of allocation set forth above or otherwise.

12.4 The Unitized Substances produced from a Participating Area shall be allocated as provided herein regardless of whether any well or wells are drilled on any particular part or Tract of said Participating Area.

12.5 Gas produced from one Participating Area and used for repressuring stimulation of production, or increasing ultimate recovery from another Participating Area in conformity with a Plan of Operation approved by the Supervisor, shall be deemed to be the first gas withdrawn for sale from the last-mentioned Participating Area. Until a volume of gas equal to that transferred has been produced and sold, such gas shall be allocated to the Participating Area from which initially produced as such Participating Area is defined at the time of production and sale.

12.6 If gas obtained from lands or formations not subject to this Agreement is introduced into a reservoir which underlies Unitized Land for use in repressuring, stimulation of production, or increasing ultimate recovery, in conformity with a Plan of Operation approved by the Supervisor, a like amount of gas, less appropriate deduction for loss or depletion from any cause, may be withdrawn from that reservoir, royalty free as to dry gas, but not as to the products extracted therefrom; Provided, that such withdrawal shall be performed at such a time as may be set forth in the approved Plan of Operation or as may otherwise be approved by the Supervisor as conforming to good petroleum engineering practice, and pursuant to such conditions and formulas as may be prescribed or approved by the Supervisor; and Provided Further, that such royalty free withdrawal shall terminate upon the termination of this Agreement.

12.7 If natural gasoline, liquid petroleum gas fractions, or other liquid hydrocarbon substance obtained from lands or formations not subject to this Agreement is introduced into a reservoir which underlies Unitized land, in conformity with a Plan of Operations approved by the Supervisor, a like amount of similar liquid hydrocarbon substance may be withdrawn from that reservoir royalty free; Provided, that such withdrawal shall be at such time as may be set forth in the approved Plan of Operation or as may otherwise be approved by the Supervisor as conforming to good petroleum engineering practice, and pursuant to such conditions and formulas as may be prescribed or approved by the Supervisor; and Provided Further, that such royalty free withdrawal shall terminate upon the termination of this Agreement.

#### 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 a Participating Area without the prior approval of the 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 of the last relinquishment.

#### ARTICLE XIV

##### RENTALS AND MINIMUM ROYALTIES

14.1 Rentals are payable in advance on or before the anniversary date of each lease made subject hereto. Minimum royalties accrue at the beginning of each lease year and are payable on or before the last day of said lease year.

14.2 Beginning with the lease year commencing on or after March 1, 1973, and for each lease year thereafter, rentals and minimum royalty payments shall be made on the following basis:

- (a) An advance annual rental of \$3.00 an acre or fraction thereof, in no event creditable against production royalties, shall be paid for all Unitized Lands which are not within a Participating Area.

(b) A minimum royalty shall accrue at the beginning of each lease year of \$3.00 an acre, or fraction thereof, for all Unitized Lands within a Participating Area as of the beginning of the lease year.

If there is production during the lease year, the deficit, if any, between the actual royalty paid and the minimum royalty prescribed herein shall be paid within 30 days following the expiration of the lease year.

#### ARTICLE XV

##### AUTOMATIC CONTRACTION OF UNIT AREA

15.1 Each quarter-quarter (1/4 1/4) block of land, no part of which is entitled to be within a Participating Area on the tenth anniversary of the effective date of the initial Participating Area established under this Agreement, shall be eliminated automatically from this Agreement effective as of said tenth anniversary, and such lands shall no longer be a part of the Unit Area and shall no longer be subject to this Agreement unless diligent drilling operations are in progress on Unitized Lands not within a Participating Area on said tenth anniversary, in which event all such lands shall remain subject hereto for as long as such drilling operations are continued diligently with not more than six (6) months time elapsing between the completion of one well and the commencement of the next well.

15.2 Diligent drilling operations shall be deemed to be "in progress on Unitized Lands not entitled to participating" if on said tenth anniversary actual drilling operations are in progress on a well located on land within a Participating Area but approved for completion at a bottom hole location which is outside of a Participating Area, or if Unit Operator has completed an exploratory well drilled during the six (6) months immediately preceding said tenth anniversary on Unitized Lands not entitled to participation, under an approved Plan of Operation, provided drilling operations are commenced on lands not entitled to participating within six (6) months after the completion of said well.

15.3 With prior approval of the Supervisor, a period of time in excess of six (6) months may, when warranted, be allowed to elapse between the completion of one exploratory well and the commencement of the next exploratory well without the automatic elimination of non-participating acreage.

15.4 Unitized Lands found to be capable of production in paying quantities by drilling operations which serve to delay automatic elimination of lands under this Article XV shall be incorporated into a Participating Area (or Areas) in the same manner as such lands would have been incorporated into such areas had such lands been found to be capable of production in paying quantities prior to said tenth anniversary.

15.5 In the event non-participating lands are retained under this Agreement after the tenth anniversary of the initial Participating Area as a result of diligent drilling operations on lands not entitled to participation, each quarter-quarter (1/4 1/4) block of land no part of which is entitled to be within a Participating Area shall be eliminated automatically as of the 181st day, or such later date as may be established by the Supervisor, following the completion of the last exploratory well recognized as delaying such automatic elimination beyond the tenth anniversary of the initial Participating Area established under this Agreement.

15.6 The leases as to any lands excluded from this Agreement in accordance with this Article XV shall automatically terminate as to such eliminated lands as of the date of exclusion.

ARTICLE XVI

LEASES AND CONTRACTS CONFORMED AND EXTENDED

16.1 The terms, conditions, and provisions of all leases, subleases, and other contracts relating to exploration, drilling, development, or 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.

16.2 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 wells specifically situated on the lands 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, as to the Unitized Lands, 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. This subsection shall not operate to extend any lease or portion thereof as to any lands excluded from this Agreement by the contraction of the Unit Area. 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 XVII

EFFECTIVE DATE AND TERM

17.1 This Agreement shall be effective March 31, 1973, upon approval by the Secretary or his duly authorized representative, and shall terminate five (5) years from said effective date unless:

(a) Such date of expiration is extended by the Director;

or

(b) Unitized Substances are produced from well drilled hereunder, in which event this Agreement shall remain in effect so long as Unitized Substances may be produced in quantities sufficient to pay operating costs, or drilling or well reworking operations pursuant to 30 CFR 250.35 are being conducted hereunder; or

(c) It is terminated as provided in this Agreement; or

(d) Operations are delayed or postponed due to causes set forth in Articles XX and XXI, in which event the term of this Agreement shall be extended for a period of time equal to the period of creditable time allowed under Section 20.3 or the period of postponement permitted pursuant to Section 21.1.

17.2 This Agreement may be terminated at any time by affirmative vote of the owners of a majority of the Working Interests, based on their respective shares of the acreage subject to this Agreement, with the approval of the Supervisor. Notice of any such approval shall be given by the Unit Operator to all parties hereto.

ARTICLE XVIII

APPEARANCES

18.1 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, the expense of such appearance, appeal, or application for relief to be paid and apportioned as provided in Section 8.1; Provided, however, that any interested party shall also have the right at its own expenses to be heard in any such proceeding.



ARTICLE XIX

NO WAIVER OF CERTAIN RIGHTS

19.1 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 XX

UNAVOIDABLE DELAY

20.1 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.

20.2 No obligation which is prevented under Section 20.1 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.

20.3 Determination of creditable "Unavoidable Delay" time shall be made by the Unit Operator subject to approval of the Director.

ARTICLE XXI

POSTPONEMENT OF OBLIGATIONS

21.1 Notwithstanding any other provisions of this Agreement, the Director, 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 XXII

NONDISCRIMINATION

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

ARTICLE XXIII

COUNTERPARTS

23.1 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 XXIV

SUBSEQUENT JOINDER

24.1 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.

24.2 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.

24.3 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 XXV

##### COVENANTS RUN WITH THE LAND

25.1 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.

25.2 No assignment or 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 XXVI

NOTICES

26.1 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.

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

WITNESSES:

UNIT OPERATOR  
(AS UNIT OPERATOR & AS WORKING  
INTEREST OWNER)

\_\_\_\_\_  
TEXACO INC.

By *[Signature]*  
Its Attorney in Fact  
Date: March 29, 1973  
WORKING INTEREST OWNERS

WITNESSES:

\_\_\_\_\_  
By \_\_\_\_\_

\_\_\_\_\_  
By \_\_\_\_\_

CONSENT AND RATIFICATION

UNIT AGREEMENT FOR THE DEVELOPMENT  
AND OPERATION OF THE PITAS POINT UNIT AREA

CHANNEL ISLANDS AREA

OUTER CONTINENTAL SHELF, OFFSHORE CALIFORNIA

Receipt is hereby acknowledged of a copy of the Unit Agreement for the Development and Operation of the Pitas Point Unit Area, duly executed by Texaco Inc. as Unit Operator.

NOW, THEREFORE, pursuant to Article XXIII of said Unit Agreement for the Development and Operation of the Pitas Point Unit Area, the undersigned hereby joins, consents to, ratifies and commits its leasehold interests to the Unit Agreement for the Development and Operation of the Pitas Point Unit Area as said interests are described in Exhibit "B" thereto, the same to become effective as of the date of approval by the Secretary of the Interior or his duly authorized representative.

Union Oil Company of California

BY

Herbert J. Harris  
ITS ATTORNEY-IN-FACT

Date

March 28 1973

CONSENT AND RATIFICATION

UNIT AGREEMENT FOR THE DEVELOPMENT  
AND OPERATION OF THE PITAS POINT UNIT AREA

CHANNEL ISLANDS AREA

OUTER CONTINENTAL SHELF, OFFSHORE CALIFORNIA

Receipt is hereby acknowledged of a copy of the Unit Agreement for the Development and Operation of the Pitass Point Unit Area, duly executed by Texaco Inc. as Unit Operator.

NOW, THEREFORE, pursuant to Article XXIII of said Unit Agreement for the Development and Operation of the Pitass Point Unit Area, the undersigned hereby joins, consents to, ratifies and commits its leasehold interests to the Unit Agreement for the Development and Operation of the Pitass Point Unit Area as said interests are described in Exhibit "B" thereto, the same to become effective as of the date of approval by the Secretary of the Interior or his duly authorized representative.

NORTH OIL CORPORATION

By *[Signature]*  
Attorney-in-Fact

Date 29 March, 1973

CONSENT AND RATIFICATION

UNIT AGREEMENT FOR THE DEVELOPMENT  
AND OPERATION OF THE PITAS POINT UNIT AREA

CHANNEL ISLANDS AREA

OUTER CONTINENTAL SHELF, OFFSHORE CALIFORNIA

Receipt is hereby acknowledged of a copy of the Unit Agreement for the Development and Operation of the Pitas Point Unit Area, duly executed by Texaco Inc. as Unit Operator.

NOW, THEREFORE, pursuant to Article XXIII of said Unit Agreement for the Development and Operation of the Pitas Point Unit Area, the undersigned hereby joins, consents to, ratifies and commits its leasehold interests to the Unit Agreement for the Development and Operation of the Pitas Point Unit Area as said interests are described in Exhibit "B" thereto, the same to become effective as of the date of approval by the Secretary of the Interior or his duly authorized representative.

GULF OIL CORPORATION

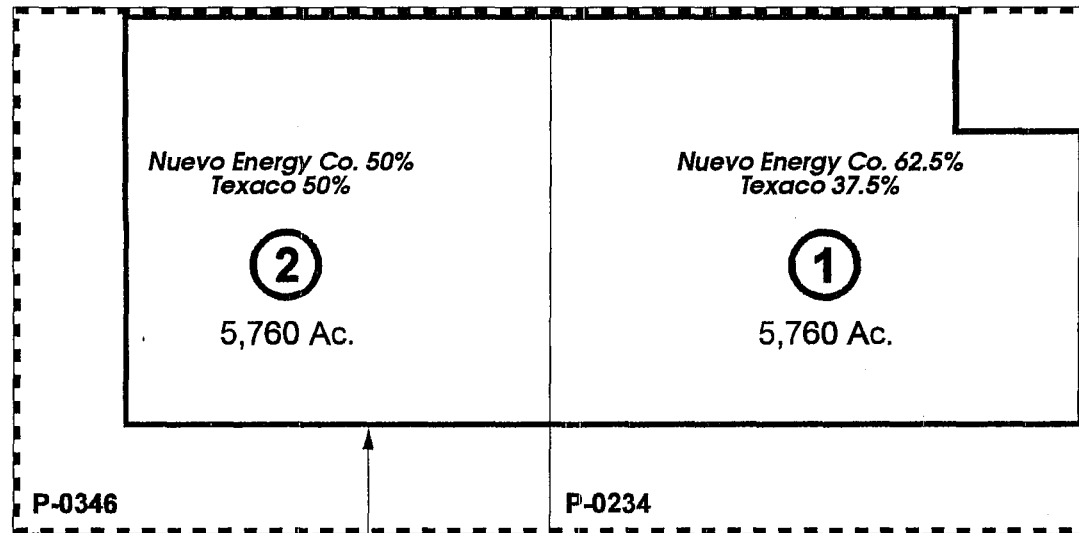
By 1. [Signature]  
Attorney-in-Fact

Date March 29, 1973

EXHIBIT "A"

# PITAS POINT UNIT OPERATING AGREEMENT

Outer Continental Shelf, California  
Ownership of Oil and Gas Interests



PARTICIPATING AREA

----- Unit Boundary

----- Participating Area

① Tract Number

1 MILE



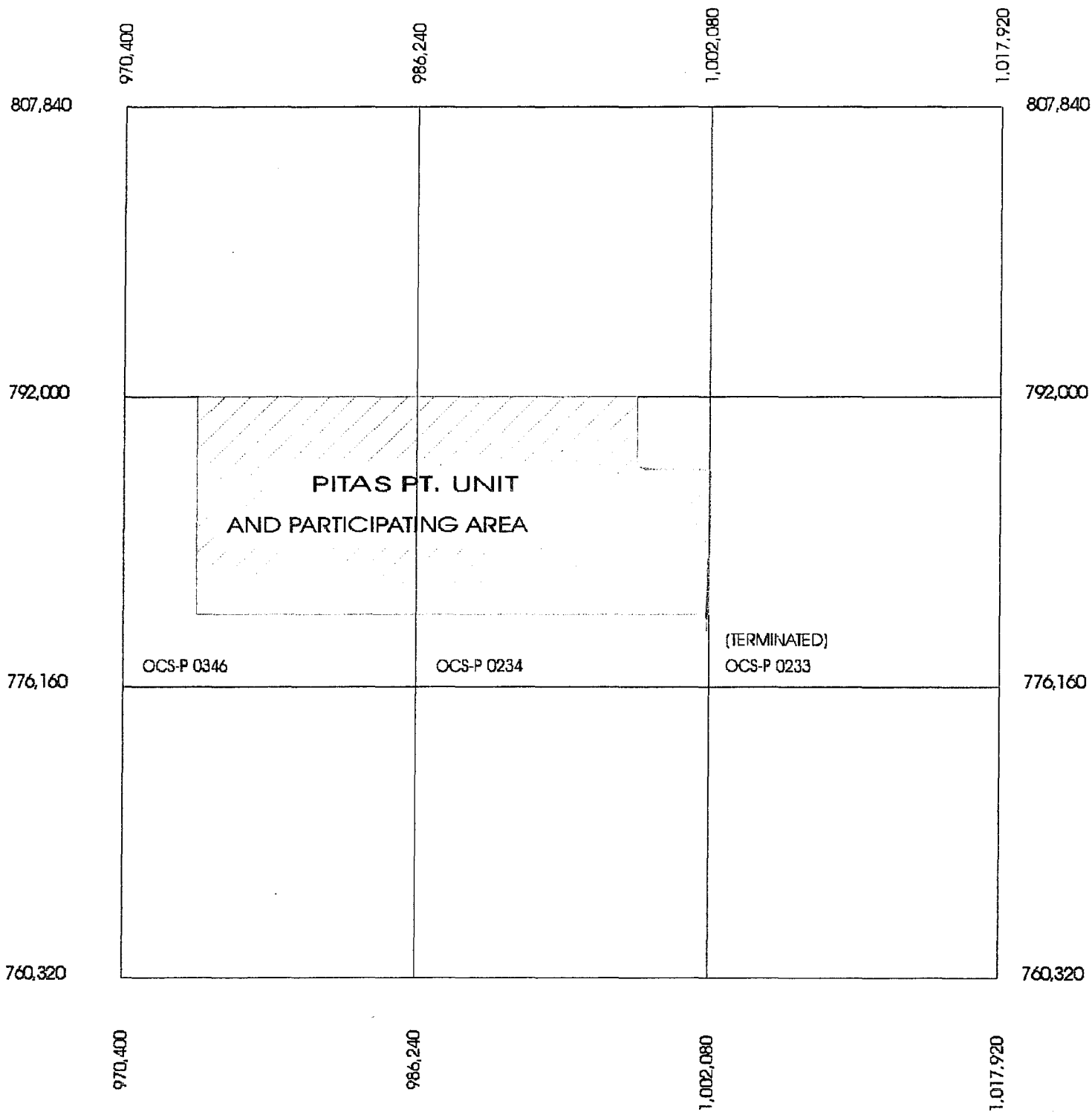


EXHIBIT "B"  
(Revised 12/31/90)

PITAS POINT UNIT

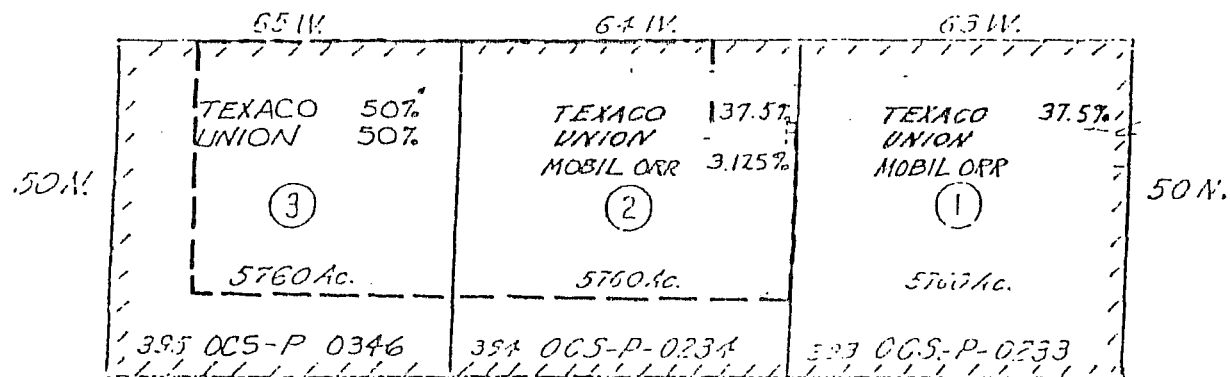
CHANNEL ISLAND AREA 6B

OUTER CONTINENTAL SHELF - OFFSHORE CALIFORNIA

Description of Land and Tract Number	Number of Acres	Serial No. & Contraction Date of Unit	Basic Royalty and Ownership Percentage	Lessee of Record	Overriding Royalty and Percentage	Working Interest and Percentage
50N 63W: All (1)	5,760.00	OCS-P 0233 Contraction Date: 12-14-93 15 DHP	U.S.A.: All	Texaco  Mobil ..... Union	3.125%	Texaco 37.5% Mobil 0 Union 62.5%
50N 64W: All (2)	5,760.00	OCS-P 0234 Contraction Date: 12-14-93 15 DHP	U.S.A.: All	Texaco  Mobil ..... Union	3.125%	Texaco 37.5% Mobil 0 Union 62.5%
50N 65W: All (3)	5,760.00	OCS-P 0346 Contraction Date: 12-14-93 15 DHP	U.S.A.: All	Texaco Union	None	Texaco 50% Union 50%

Federal Tracts 17,280.00 Acres and 100% of Unit Area

EXHIBIT "A"  
Revised 12/31/90

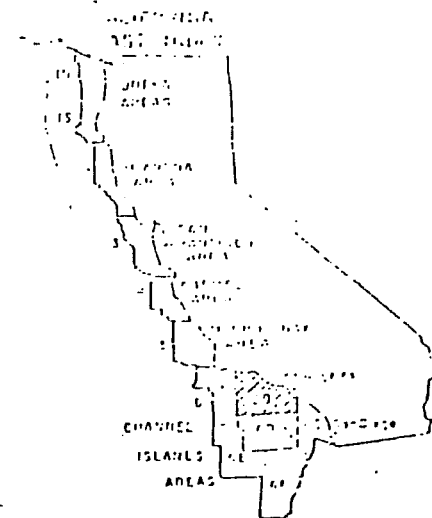


Contraction Date: 12/14/93  
Initial Participating Area: 7200 Acres  
OCS-P 0346: 3240 Acres  
OCS-P 0234: 3960 Acres

Legend

- TT - Unit Area
- Participating Area
- (2) - Tract Number

Source: United States Official Leasing  
for the Channel Island Area 6B.



Revised 12/31/90  
TEXACO, Inc.  
PROD. DEPT. US (11) Los Angeles, C  
EXHIBIT "A"  
Pitas Point Unit

**PITAS POINT UNIT  
PLATFORM HABITAT  
OCS-P 0234**

**Texaco Exploration and Production Inc.  
Subsequent Plan of Operation  
April 1, 1993 to March 31, 1994**

---

**1993 Facilities Projects:**

**Gas Compressor** - Plans are to start up and run the new turbine compressor to performance/emission test the unit. This compressor will be run to allow maintenance and restaging of the existing reciprocating compressor. It is anticipated the restaged reciprocating compressor will fulfill the platform compression needs for the remainder of the subject operating period.

**HAZOP** - Plans are to continue the evaluation and implementation phase of the project which consists of evaluating the items which were identified in the study and implementing those which are deemed necessary.

**Platform Painting** - Painting of the platform will continue with the 3rd year of the 4 year program.

**1993 Production Operations**

Platform production from the existing completions is expected to increase slightly from the present 33 MMSCFPD rate with the return of A-21 to production. Following this increase, the wells will decline through the remainder of the period. Additional opportunities to increase production using through tubing salvage perforating techniques are being reviewed and will be presented on a case by case basis via the Sundry Notice approval process. Compression capacity will increase through the period as producing well pressures decline. Compression suction pressure will be dropped as necessary to maintain production from the lower pressure reservoirs.

**1993 Reservoir Studies**

The reservoir modeling efforts which began in January, 1993 will continue throughout the period. The modeling work will enhance the current reservoir management efforts to determine additional reserves recovery potential.

No additional development work is planned for the period.

**This plan will expire on March 31, 1994**

7200

March 21, 1994

Mr. Michael N. Murray  
Texaco Exploration and Production Inc.  
P.O. Box 46513  
Denver, CO 80201-6513

Re: Amendment No. 1  
Contract No. 14-08-0001-12370  
Pitas Point Unit Agreement  
Offshore California

Dear Mr. Murray:

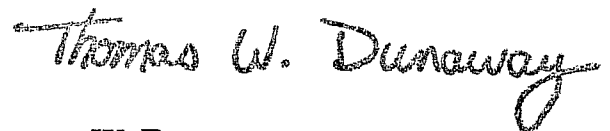
In a letter dated March 8, 1994, Texaco Exploration and Production Inc. (TEPI), as the operator of the Pitas Point Unit and on behalf of its only partner Union Oil Company of California (UNOCAL), requested that the Minerals Management Service (MMS) approve Amendment No. 1 to the Pitas Point Unit Agreement, Contract No. 14-08-0001-12370.

We have completed our review of your request for modifying the Pitas Point Unit Agreement and agree with the proposed language and the reasons for it as stated in the amendment.

We hereby approve Amendment No. 1 to the Pitas Point Unit Agreement, effective as of December 15, 1993. An original signed copy of the approved amendment is enclosed. We are also providing Mr. Patrick Moran, UNOCAL, a duplicate original of this document.

Please note that except as herein modified, the Participating Area and the Pitas Point Unit Agreement remain in full force and effect. Should you have any questions, please contact Mr. Allan Shareghi at (805) 389-7573.

Sincerely,



Thomas W. Dunaway  
Regional Supervisor  
Development, Operations and Safety

AMENDMENT TO PITAS POINT UNIT AGREEMENT  
CHANNEL ISLANDS AREA  
OUTER CONTINENTAL SHELF, OFFSHORE CALIFORNIA

This Amendment to the Unit Agreement is made and entered into this 15<sup>th</sup> day of DEC., 1993, by and between the parties subscribing, ratifying and consenting hereto, and herein referred as the "parties hereto".

W I T N E S S E T H

WHEREAS, the parties hereto entered into that certain Unit Agreement for the Development and Operation of the Pitas Point Area, Channel Islands Area, Outer Continental Shelf, Offshore California, dated March 29, 1973 hereinafter referred to as "said Unit Agreement"; and

WHEREAS, the parties hereto desire to enter into this Amendment to said Unit Agreement for the purpose of conforming to current regulations by modifying the language in Articles 14 and 15 of said Unit Agreement, so that the Unit Area (described in the Unit Agreement) will contract to whole leases.

NOW THEREFORE, in consideration of the mutual covenants and promises of the parties hereto and other good and valuable consideration, the parties hereto agree as follows:

- Article 14 - Section 2(A)  
Replacement of the phrasing "Unitized Lands which are not" with the wording "leases no part of which is"
- Article 14 - Section 2(B)  
Replacement of the phrasing "Unitized Lands" with the wording "leases any part of which is"
- Article 15 - Sections 1 and 5  
Replacement of the phrasing "Each quarter-quarter (1/4 1/4) block of land" with the words "Any lease(s)"
- Article 15 - Section 6  
Delete the section in its entirety. Replace the section's contents with the following: "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."

Enclosure

cc: Mr. Patrick T. Moran (w/original signed amendment)  
Union Oil Company of California  
P.O. Box 6176  
Ventura, CA 93006

bcc: Ms. Sinda Scroggs (w/copy of amendment)  
Minerals Management Service  
Data Management Division  
P.O. Box 5760, MS 3113  
Denver, CO 80217-5760

File: 1703-02(a)(1) Pitas Point Unit-General Corresp. (w/copy of amendment)  
1703-02(a)(1) Pitas Point Unit Agreement (w/original signed amendment)  
1101-02(a)(2) Leases OCS-P 0234 and 0346 (w/o encl.)

RD (w/o encl.)  
Chron (w/o encl.)  
DS, CAM (w/original signed amendment)  
RS, OEE (attn: Ann Copsey)(w/copy of amendment)  
Chief, DUS (w/copy of amendment)  
A.Shareghi (w/copy of amendment)

DOS: EAShareghi:bh:wp51:ltr:EAS\AMEND1.PPU.3-21-94

Unocal Energy Resources Division  
Unocal Corporation  
2323 Knoll Drive, P.O. Box 6176  
Ventura, California 93006  
Telephone (805) 650-4505  
Facsimile (805) 650-2441



*EMC*  
JAN 12 1994

Jeffery S. Attebery  
Land Manager  
Coastal California

January 11, 1994

Ms. Joan Barminski  
Pacific OCS Region  
Minerals Management Service  
770 Paseo Camarillo  
Camarillo, CA. 93010-6064

RE: PITAS POINT UNIT  
California Federal Offshore

Amendment to Pitas Point  
Unit Agreement, original  
Agreement dated 3-29-73

Union's File Ref. -  
BEAR PROSPECT/Pitas Point  
2nd Floor (-001457)

Dear Ms. Barminski,

Enclosed is AMENDMENT TO PITAS POINT UNIT AGREEMENT dated December 15, 1993 executed on behalf of Texaco Exploration & Production Inc. and Union Oil Company of California.

Upon approval by the Minerals Management Service please provide a duplicate original to the aforementioned interest owners.

Should you have any questions or comments please give me a call at (805) 650-4508.

Very Truly Yours,

Union Oil Company of California  
dba UNOCAL

*Patrick T. Moran*  
Patrick T. Moran  
Land Advisor

ptpoint.amd  
PTM

cc: Mike Murray  
Texaco Exploration & Production, Inc.



All other terms and conditions of said Unit Agreement shall remain in full force and effect unless previously amended.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment of Unit Agreement as of the day and year first above written, but this Amendment shall be effective the 15th day of December, 1993.

TEXACO EXPLORATION AND PRODUCTION INC.

By: H. K. Pures  
Title: Attorney-in-Fact

UNION OIL COMPANY OF CALIFORNIA

By: J. S. Attebery  
Title: ITS ATTORNEY-IN-FACT

LEGAL	<u>MEW</u>
CONTR	
REGION	
DIST	
AREA	<u>PTM</u>
DESCRIP	

APPROVAL

Pursuant to the authority vested in the Secretary of the Interior under the Act approved August 7, 1953, 67 Stat. 462, 43 U.S.C. 1331, et seq., as amended, and delegated to the Director of the Minerals Management Service and redelegated to the Regional Manager, Pacific OCS Region, I do hereby approve this Amendment to the Pitas Point Unit Agreement to be effective as of the 15th day of December, 1993.

[Signature]

Date: 3-21-94

Contract No. 14-08-0001-12370



Texaco Exploration and Production Inc

P O Box 46513  
Denver CO 80201-6513  
4601 DTC Boulevard  
Denver CO 80237

March 8, 1994

COR-EXT

Ca252358 - USL 0234,0346

Pitas Point Unit

Channel Islands Area

Offshore California

Noted - Dunaway

Noted - Wolfson

Minerals Management Service

Regional Supervisor

Office of Development, Operations and Safety

770 Paseo Camarillo

Camarillo, Ca. 93010-6064

Texaco Exploration and Production Inc. (TEPI), as Operator of the Pitas Point Unit, Offshore California, Channel Islands Area, hereby submits for your approval, an Amendment to Pitas Point Unit Agreement pertaining to the automatic contraction of the Pitas Point Unit Area. As you will note, said Amendment has been duly executed by TEPI and its partner, Union Oil Company of California.

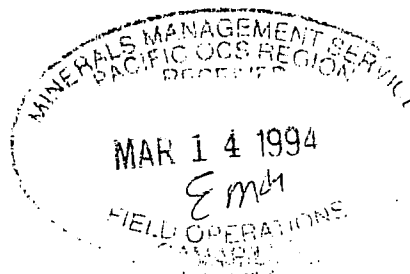
It is our understanding that OCS-P 0233 has in its entirety been contracted out of the unit and terminated as per Article 15.6 of the Unit Agreement. However, by your approval of this submitted Amendment, the entirety of OCS-P leases 0234 and 0346 shall remain in full force and effect and the Unit boundary of said unit will remain without contraction.

If anything further is needed in this regard, please do not hesitate to call me at (303)-793-4658,

Respectfully,

Michael N. Murray

mnm/ppamd



SCHULLY, ROBERTS, SLATTERY, JAUBERT & MARINO

A PROFESSIONAL LAW CORPORATION  
ENERGY CENTRE

1100 POYDRAS STREET, SUITE 1800  
NEW ORLEANS, LOUISIANA 70163-1800  
TELEPHONE (504) 585-7800  
TELEFAX (504) 585-7890  
EMAIL: firm@schullyroberts.com

J. FOERSTER SCHULLY III  
F. NEELIS ROBERTS  
GERALD F. SLATTERY, JR.  
LISA S. JAUBERT  
ANTHONY C. MARINO  
ANDREW R. THOMAS  
PAUL J. GOODWINE  
DAVID R. DYER  
STEPHEN B. PANUS  
JANET H. ASCHAFFENBURG

August 23, 1999

**VIA FEDERAL EXPRESS**

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

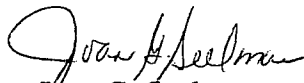
Re: Pitas Point Unit  
Our File No. 5934.1384

Dear Allan:

Enclosed please find (i) four (4) originals of Exhibit A to the Pitas Point Unit Agreement, (ii) four (4) originals of Exhibit B to the Pitas Point Unit Agreement, (iii) four (4) originals of Exhibit A to the Pitas Point Unit Operating Agreement, (iv) four (4) originals of Exhibit B to the Pitas Point Unit Operating Agreement. We have not executed Ratifications and Joinders to the Unit Operating Agreement or Unit Agreement since Nuevo Energy Company now owns 100% record title interest in OCS-P 0234 and 0346. Please file stamp one original of each of the Exhibits and return same to me.

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

Very truly yours,



Joan G. Seelman  
Legal Assistant

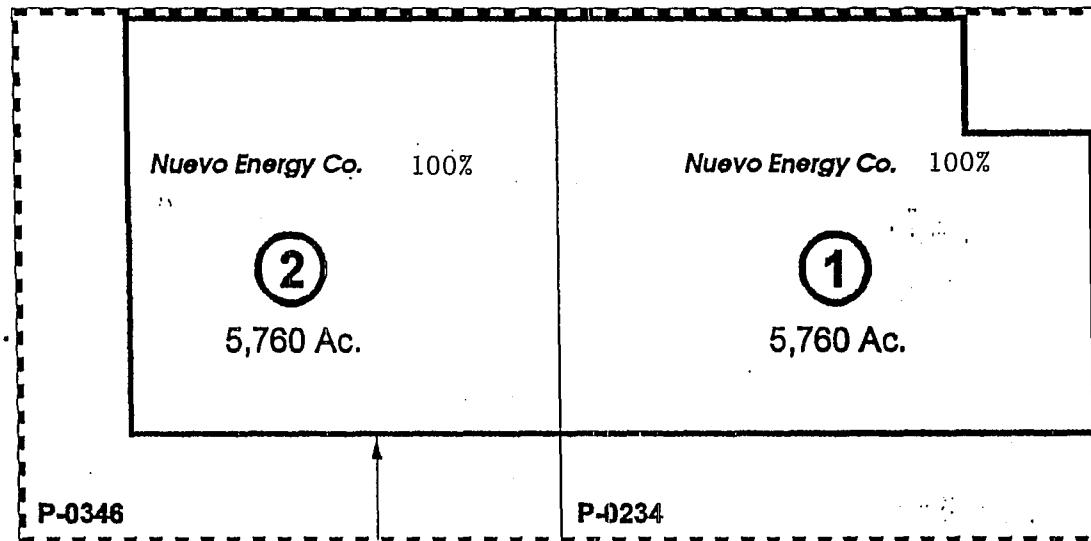
enclosures:

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

EXHIE "A"

# PITAS POINT UNIT AGREEMENT

Outer Continental Shelf, California  
Ownership of Oil and Gas Interests



PARTICIPATING AREA

----- Unit Boundary

———— Participating Area

① Tract Number

1 MILE

REVISED DATE  
June 25, 1999

**NUEVO**  
ENERGY COMPANY

REVISED  
EXHIBIT "B"  
Pitas Point Unit Agreement

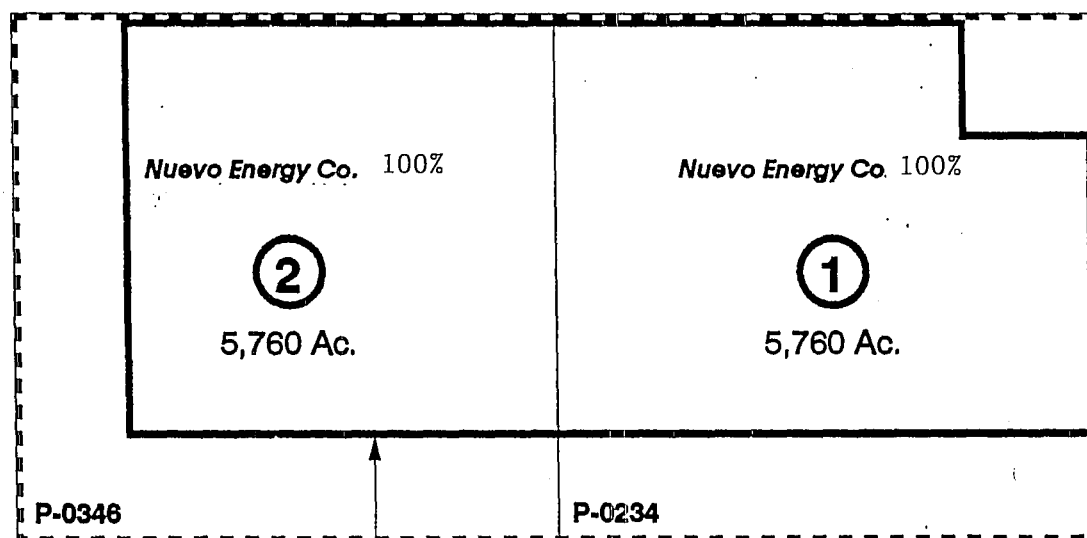
Outer Continental Shelf, California  
Ownership of Oil and Gas Interests

<u>Tract Number</u>	<u>Description of Land</u>	<u>Number of Acres</u>	<u>Lease Serial Number</u>	<u>Basic Royalty Ownership</u>	<u>Lessee Interests</u>		<u>ORR and Net Profits</u>
1	50N 64W: All	5,760.00	OCS-P 0234	U.S.A. 16 2/3	Nuevo	100%	Mobil 3.125%
2	50N 65W: All	<u>5,760.00</u>	OCS-P 0346	U.S.A. 16 2/3	Nuevo	100%	None
TOTAL		17,280.00					

EXHIBIT "A"

# PITAS POINT UNIT OPERATING AGREEMENT

Outer Continental Shelf, California  
Ownership of Oil and Gas Interests



PARTICIPATING AREA

----- Unit Boundary

———— Participating Area

① Tract Number

1 MILE

REVISED  
EXHIBIT "B"  
Pitas Point Unit Operating Agreement

Outer Continental Shelf, California  
Ownership of Oil and Gas Interests

<u>Tract Number</u>	<u>Description of Land</u>	<u>Number of Acres</u>	<u>Lease Serial Number</u>	<u>Basic Royalty Ownership</u>	<u>Lessee Interests</u>		<u>ORR and Net Profits</u>
1	50N 64W: All	5,760.00	OCS-P 0234	U.S.A. 16 2/3	Nuevo	100%	Mobil 3.125%
2	50N 65W: All	<u>5,760.00</u>	OCS-P 0346	U.S.A. 16 2/3	Nuevo	100%	None
TOTAL		17,280.00					

# SCHULLY, ROBERTS, SLATTERY & JAUBERT

A PROFESSIONAL LAW CORPORATION

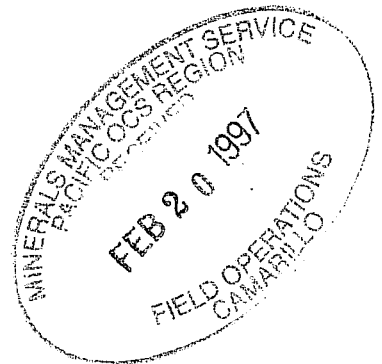
ENERGY CENTRE

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



February 19, 1997

## VIA FEDERAL EXPRESS

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

Re: Designation of Nuevo Energy Company as Operator  
for the Pitas Point Unit  
Our File No.: 5934.0986

Dear Allan:

Enclosed please find the following documents executed by Texaco Exploration and Production Inc. ("TEPI") and Nuevo Energy Company ("Nuevo") regarding Nuevo being appointed Operator for the Pitas Point Unit. The documents are as follows:

- 1) One (1) original and Two (2) copies of a letter to Mr. Thomas W. Dunaway, with the Minerals Management Service, from Alan A. Kleier, with Texaco Exploration and Production Inc. dated February 3, 1997, regarding Notice of Resignation of Unit Operator and Designation of Successor Unit Operator;
- 2) Four (4) originals of the Acceptance of Rights and Obligations of the Unit Operator executed by Nuevo wherein Nuevo accepts and assumes all rights and obligations as unit operator under the Pitas Point Unit Agreement, dated effective February 4, 1997;
- 3) Five (5) originals of the Minerals Management Service Designation of Unit Operator Form for the Pitas Point Unit executed by TEPI dated February 4, 1997.

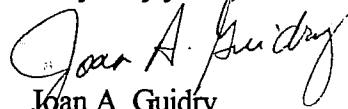


Mr. Allan Shareghi  
February 19, 1997  
Page 2

Please return one (1) file stamped copy of each of the above referenced documents 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  
Legal Assistant

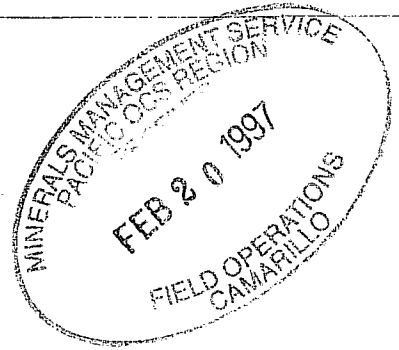
Enclosures:

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



Texaco Exploration  
and Production Inc

Box 5197X  
Bakersfield CA 93388  
805 392 2200  
FAX 805 392 2202



February 3, 1997

Mr. Thomas W. Dunaway  
Minerals Management Service  
Pacific OCS Region  
770 Paseo Camarillo  
Camarillo, California 93010

RE: **Pitas Point Unit, Federal OCS, Offshore California**  
**Resignation of Unit Operator**  
**Designation of Successor Unit Operator**

Dear Mr. Dunaway:

Under the terms and conditions of Article VI of the Unit Operating Agreement for the Pitas Point Unit [dated March 29, 1973], Texaco Exploration and Production Inc. [TEPI] hereby resigns as the Pitas Point Unit Operator. Simultaneously with TEPI's resignation, the Pitas Point Unit Working Interest Owners hereby designate Nuevo Energy Company as the Successor Unit Operator, in accordance with Article VII of the Unit Agreement. Enclosed are four (4) original documents evidencing the acceptance of the rights and obligation by Nuevo Energy Company as Unit Operator.

The resignation of TEPI as Unit Operator and the designation of Nuevo Energy Company as Successor Unit Operator will be effective upon the approval of the Regional Director, Pacific OCS Region, Mineral Management Service.

Very truly yours,

Alan A. Kleier  
Western California Business Unit Manager

**ACCEPTANCE OF RIGHTS AND OBLIGATIONS  
OF THE UNIT OPERATOR**

NUEVO ENERGY COMPANY, a Delaware corporation, hereby accepts and assumes all rights and obligations as unit operator under the Pitas Point Unit Agreement, Channel Islands Area, Offshore California, effective as of February 4, 1997 (Pacific Time).

Dated: \_\_\_\_\_

2/3/97

Authorized  
Signature: \_\_\_\_\_

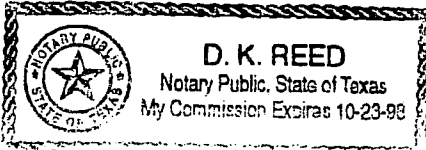
*[Handwritten Signature]*

Name: Sue Ann Craddock

Title: Vice President

Corporation: Nuevo Energy Company

Subscribed and sworn before me on this 3<sup>rd</sup> day of February 1997



Notary Public: \_\_\_\_\_

D. K. Reed

My Commission Expires: \_\_\_\_\_

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: Pitas Point  
Unit Agreement No.: 14-08-0001-12370  
Regional Office: Pacific OCS Region

and hereby designates

Name: Nuevo Energy 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.

2-4-97

(Date)

Texaco Exploration and Production Inc.  
(Working Interest Owner)

By: Alan A. Kleier  
Name: Alan A. Kleier  
Title: Assistant Regional Manager

# EXPRESS

## Federal Express

# The World

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

Joan A. Guidry  
SCHULLY ROBERTS & SLATTERY  
1100 POYDRAS ST STE 1800  
NEW ORLEANS LA 701631118  
(504)585-7800

SHIP DATE: 19FEB97  
ACCOUNT # 142224917  
MAN-MGT:1 LBS

TO: Elverlene WmsFlatts  
WMS - Pacific OCS Region  
770 Paseo Camarillo  
Camarillo CA 93010

( ) -

2/20/97  
328 2618 631

FedEx. POWERSHIP 3

328 2618 631

REF: 5934.0986

STANDARD OVERNIGHT

THU  
AA

CAD # 76161

19FEB97

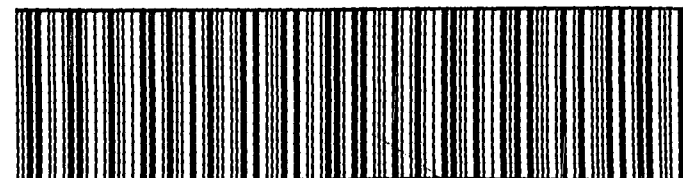
Trk# 328 2618 631

FedEx Letter

DROP  
93010-CA-US

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## RATIFICATION AND JOINDER OF UNIT OPERATING AGREEMENT

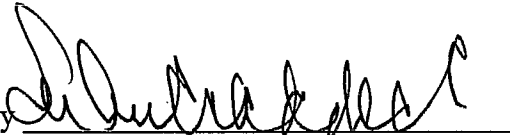
In consideration of the execution of the Unit Operating Agreement for Outer Continental Shelf Exploration, Development, and Production Operations on the Pitas Point Unit, Channel Islands Area, Offshore, California, effective March 31, 1973, in a form approved on behalf of the Secretary of the Interior, 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 1st day of April, 1996

**NUEVO ENERGY COMPANY**

By   
Sue Ann Craddock  
Vice President

## RATIFICATION AND JOINDER OF UNIT AGREEMENT

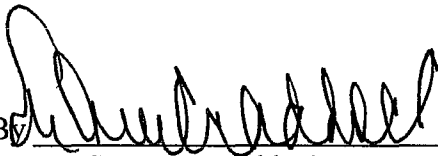
In consideration of the execution of the Unit Agreement for Outer Continental Shelf Exploration, Development, and Production Operations on the Pitas Point Unit, Channel Islands Area, Offshore, California, effective March 31, 1973, in a form approved on behalf of the Secretary of the Interior, the undersigned 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 1st day of April, 1996.

**NUEVO ENERGY COMPANY**

By   
Sue Ann Craddock  
Vice President

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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: Pitas Point  
Unit Agreement No.: 14-08-0001-12370  
Regional Office: Pacific OCS Region

and hereby designates

Name: Texaco Exploration and Production, Inc.  
Address: P.O. Box 206  
Ventura, California 93002

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.

April 9, 1996  
(Date)

Nuevo Energy Company  
(Working Interest Owner)

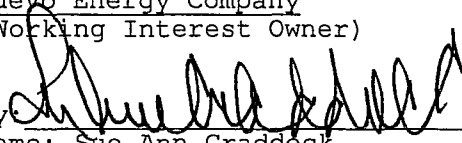
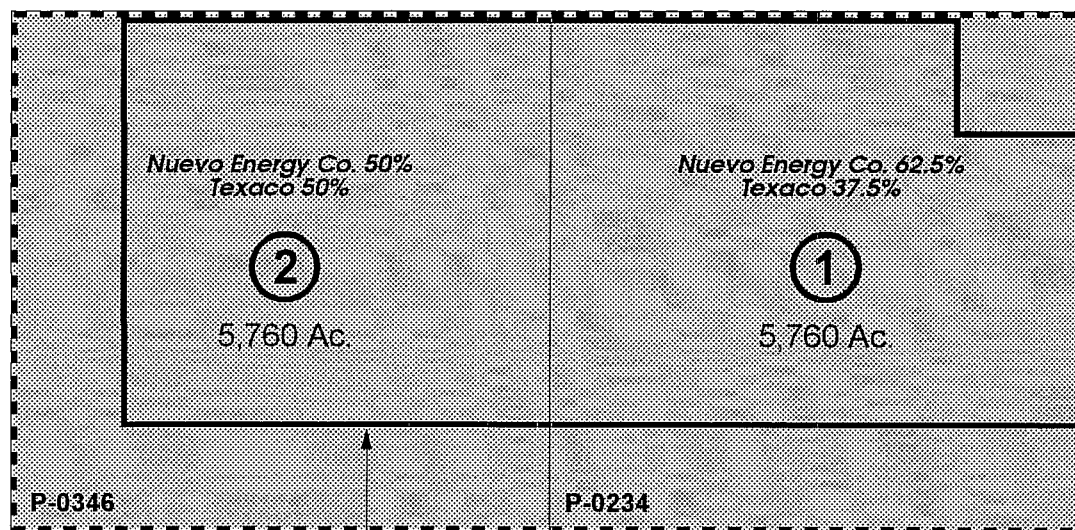
By:   
Name: Sue Ann Craddock  
Title: Vice President



EXHIBIT "A"

# PITAS POINT UNIT AGREEMENT

Outer Continental Shelf, California  
Ownership of Oil and Gas Interests



PARTICIPATING AREA

- Unit Boundary
- Participating Area
- ① Tract Number
- 1 MILE

REVISED  
EXHIBIT "B"  
Pitas Point Unit Agreement

Outer Continental Shelf, California  
Ownership of Oil and Gas Interests

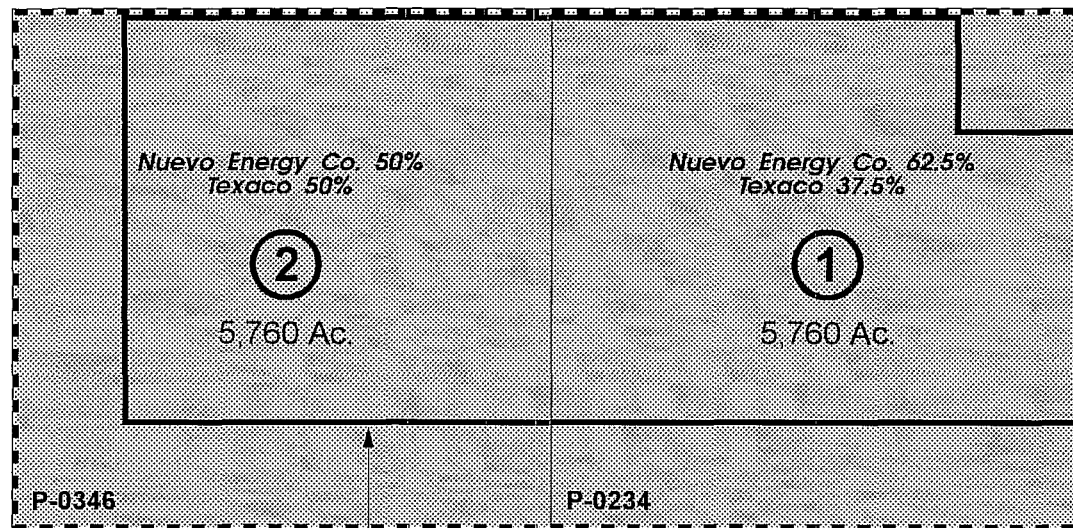
<u>Tract Number</u>	<u>Description of Land</u>	<u>Number of Acres</u>	<u>Lease Serial Number</u>	<u>Basic Royalty Ownership</u>	<u>Lessee Interests</u>		<u>ORR and Net Profits</u>
1	50N 64W: All	5,760.00	OCS-P 0234	U.S.A. 16 2/3	Texaco E&P Nuevo Energy Co.	37.5% 62.5%	Mobil 3.125%
2	50N 65W: All	<u>5,760.00</u>	OCS-P 0346	U.S.A. 16 2/3	Texaco E&P Nuevo Energy Co.	50% 50%	None
TOTAL		17,280.00					

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EXHIBIT "A"

# PITAS POINT UNIT OPERATING AGREEMENT

Outer Continental Shelf, California  
Ownership of Oil and Gas Interests



PARTICIPATING AREA

----- Unit Boundary

———— Participating Area

① Tract Number

1 MILE

REVISED  
EXHIBIT "B"  
Pitas Point Unit Operating Agreement

Outer Continental Shelf, California  
Ownership of Oil and Gas Interests

<u>Tract Number</u>	<u>Description of Land</u>	<u>Number of Acres</u>	<u>Lease Serial Number</u>	<u>Basic Royalty Ownership</u>	<u>Lessee Interests</u>		<u>ORR and Net Profits</u>
1	50N 64W: All	5,760.00	OCS-P 0234	U.S.A. 16 2/3	Texaco E&P Nuevo Energy Co.	37.5% 62.5%	Mobil 3.125%
2	50N 65W: All	<u>5,760.00</u>	OCS-P 0346	U.S.A. 16 2/3	Texaco E&P Nuevo Energy Co.	50% 50%	None
TOTAL		17,280.00					

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# 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  
Pitas Point Unit, 14-08-0001-12370  
Leases OCS-P 0234 and 0346  
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 VI of the Pitas Point Unit Agreement, Nuevo Energy Company resigned as operator of the Pitas Point Unit. Simultaneously, under the terms and conditions of Article VII of the Pitas Point 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 Pitas Point Unit (see enclosure).

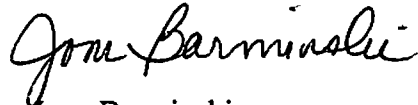
In accordance with the terms of Article VII of the Pitas Point Unit Agreement, MMS hereby approves Plains Exploration & Production Company as successor Unit Operator. MMS hereby accepts Nuevo Energy Company's resignation as Pitas Point Unit Operator. Documents designating PXP as the Unit Operator have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

**TAKE PRIDE<sup>®</sup>  
IN AMERICA** 

Copies of the approved unit operator documents will be attached to and made a part of the Pitas Point Unit Agreement and Unit Operating Agreement. Resignation of Nuevo Energy Company as Unit Operator of Pitas Point 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,



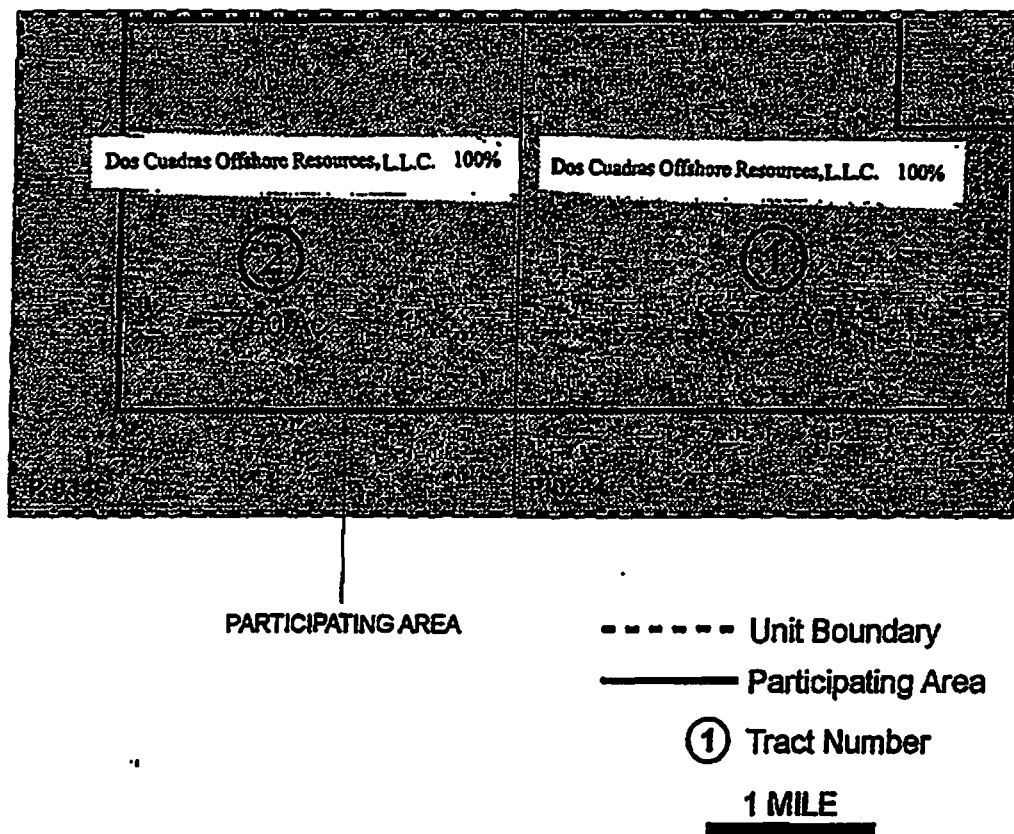
Joan Barminski  
Chief, Office of Reservoir Evaluation and  
Production

- cc: Mr. Anthony C. Marino (w/copies)  
Schully, Roberts, Slattery, Jaubert & Marino  
1100 Poydras Street, Suite 1800  
New Orleans, Louisiana 70163
- cc: Mr. Steve Rusch  
Plains Exploration & Production Company  
5640 South Fairfax Avenue  
Los Angeles, CA 90056
- cc: 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

**EXHIBIT "A"**

# **PITAS POINT UNIT OPERATING AGREEMENT**

**Outer Continental Shelf, California  
Ownership of Oil and Gas Interests**



REVISED DATE: MARCH 2, 2005  
EFFECTIVE DATE: DECEMBER 1, 2004

**REVISED  
EXHIBIT "B"  
TO  
PITAS POINT UNIT OPERATING AGREEMENT  
OUTER CONTINENTAL SHELF, CALIFORNIA  
OWNERSHIP OF OIL AND GAS LEASE INTERESTS**

Tract No.	Description of Lands in the Unit Area	Number of Acres	U.S.A. Lease Serial Number	Basic Royalty Ownership	Lessees of Record	Lessee Interests	ORR & Net Profits
1	50N 64W: All	5,760	OCS-P 0234	USA 16 2/3	Dos Cuadras Offshore Resources, L.L.C.	100%	Mobil 3.125%
2	50N 65W: All	5,670	OCS-P 0346	USA 16 2/3	Dos Cuadras Offshore Resources, L.L.C.	100%	None
	Total	17,280.00					

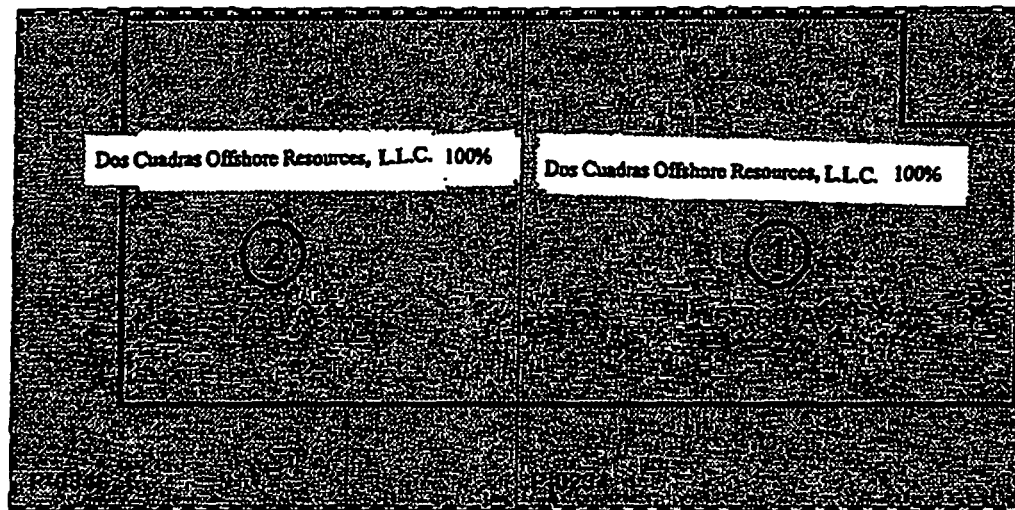
Pitas Point Unit Operating Agreement  
Effective Date: December 1, 2004  
Revised Date: March 2, 2005



**EXHIBIT "A"**

# **PITAS POINT UNIT AGREEMENT**

**Outer Continental Shelf, California  
Ownership of Oil and Gas Interests**



**PARTICIPATING AREA**

----- **Unit Boundary**

———— **Participating Area**

① **Tract Number**

**1 MILE**

**REVISED DATE: MARCH 2, 2005  
EFFECTIVE DATE: DECEMBER 1, 2004**

**REVISED  
EXHIBIT "B"  
TO  
PITAS POINT UNIT AGREEMENT  
OUTER CONTINENTAL SHELF, CALIFORNIA**

**OWNERSHIP OF OIL AND GAS LEASE INTERESTS**

Tract No.	Description of Lands in the Unit Area	Number of Acres	U.S.A. Lease Serial Number	Basic Royalty Ownership	Lessees of Record	Lessee Interests	ORR & Net Profits
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2	50N 65W: All	5,670	OCS-P 0346	USA 16 2/3	Dos Cuadras Offshore Resources, L.L.C.	100%	None
	Total	17,280.00					

Pitas Point Unit Agreement  
Effective Date: December 1, 2004  
Revised Date: March 2, 2005

**REVISED  
EXHIBIT "B"  
TO  
PITAS POINT UNIT AGREEMENT  
OUTER CONTINENTAL SHELF, CALIFORNIA**

**OWNERSHIP OF OIL AND GAS LEASE INTERESTS**

Tract No.	Description of Lands in the Unit Area	Number of Acres	U.S.A. Lease Serial Number	Basic Royalty Ownership	Lessees of Record	Lessee Interests	ORR & Net Profits
1	50N 64W: All	5,760	OCS-P 0234	USA 16 2/3	Dos Cuadras Offshore Resources, L.L.C.	100%	Mobil 3.125%
2	50N 65W: All	5,670	OCS-P 0346	USA 16 2/3	Dos Cuadras Offshore Resources, L.L.C.	100%	None
	Total	17,280.00					

Pitas Point Unit Agreement  
Effective Date: December 1, 2004  
Revised Date: March 2, 2005

**REVISED  
EXHIBIT "B"  
TO  
PITAS POINT UNIT OPERATING AGREEMENT  
OUTER CONTINENTAL SHELF, CALIFORNIA  
OWNERSHIP OF OIL AND GAS LEASE INTERESTS**

Tract No.	Description of Lands in the Unit Area	Number of Acres	U.S.A. Lease Serial Number	Basic Royalty Ownership	Lessees of Record	Lessee Interests	ORR & Net Profits
1	50N 64W: All	5,760	OCS-P 0234	USA 16 2/3	Dos Cuadras Offshore Resources, L.L.C.	100%	Mobil 3.125%
2	50N 65W: All	5,670	OCS-P 0346	USA 16 2/3	Dos Cuadras Offshore Resources, L.L.C.	100%	None
	Total	17,280.00					

Pitas Point Unit Operating Agreement  
Effective Date: December 1, 2004  
Revised Date: March 2, 2005



## United States Department of the Interior

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

7100

March 22, 2005

Mr. Andrew L. Prestridge, Vice President  
Dos Cuadras Offshore Resources, LLC  
Suite 750  
8750 N. Central Expressway  
Dallas, Texas 75231

Re: Acceptance of Resignation of Unit Operator  
Designation of Successor Unit Operator  
Pitas Point Unit, 14-08-0001-12370  
Leases OCS-P 0234 and 0346  
Offshore California

Dear Mr. Prestridge:

The Minerals Management Service received Plains Exploration & Production Company's (PXP) letters of December 20, 2004, and the supporting documentation wherein, in accordance with Article VI of the Pitas Point Unit Agreement, PXP resigned as operator of the Pitas Point Unit. Simultaneously, under the terms and conditions of Article VII of the Pitas Point Unit Agreement, Dos Cuadras Offshore Resources, LLC ("DCOR") submitted to MMS appropriate documents dated March 9, 2005, and has met all of MMS's regulatory requirements to become the successor Unit Operator of the Pitas Point Unit.

In accordance with the terms of Article VII of the Pitas Point Unit Agreement, MMS hereby approves DCOR as successor Unit Operator. MMS hereby accepts PXP's resignation as Pitas Point Unit Operator. Documents designating DCOR 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 Pitas Point Unit Agreement and Unit Operating Agreement.



Copies of the approved unit operator documents will be attached to and made a part of the Pitas Point Unit Agreement and Unit Operating Agreement. Resignation of PXP as Unit Operator of Pitas Point Unit and designation of DCOR as successor Unit Operator for the subject unit is effective March 22, 2005.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Brickey".

Mike Brickey  
Acting Chief, Office of Reservoir  
Evaluation and Production

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

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