

well file

GULF FEDERAL #1

C-13-22-7

DIVISION ORDER

TO: CHACE OIL COMPANY, INC.
313 Washington, S.E.
Albuquerque, New Mexico 87108

EFFECTIVE AS OF THE 30th DAY
OF September, 19 75.

We the undersigned, certify that we are the legal owners of, and hereby warrant title to, our respective interest as set out below in the proceeds derived from the sale of oil and/or distillate, and gas components thereof, produced from and/or attributable to the following described lands in
Sandoval County, State of New Mexico, to wit:

GULF OIL CORP. Lease NM 0556258 E $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 13, T22N, R7W 80 acres
KIRBY PETROLEUM CORP., et al. Lease NM 0554433
W $\frac{1}{2}$ NW $\frac{1}{4}$ Sec. 13, T22N, R7W 80 acres

This Assignment covers the Oil and Gas Mineral Rights from surface down to 4014 feet.

CREDIT TO

DIVISION OF INTEREST

ADDRESS

The division of interest applying to this division order is set out in Supplemental Schedule "A", consisting of three pages (3), attached hereto and made a part hereof,



1. Each of the undersigned authorizes you to sell the natural gas and components thereof produced from and/or attributable to the above described land at the price specified by the effective gas purchase contract applicable to the undersigned's interest and agrees that such natural gas and components thereof shall become your property as soon as the same is received into your custody or that of any pipeline company designated by you.

2. Each of the undersigned further authorizes you to purchase or sell the oil and/or distillate produced from and/or attributable to the above described land and agrees that in the event you purchase such oil and/or distillate it shall become your property as soon as the same is received into your custody or that of any pipeline company designated by you. In the event you sell such oil and/or distillate it shall become the property of the party to whom it is sold as soon as it is received by such party into its custody. Settlement for oil and/or distillate purchased by Chace Oil Company, Inc. shall be made to the owners of such oil, and/or distillate, their assigns or successors in interest, in proportion to their respective interest, as shown herein, at the current posted market price per barrel, paid by Chace Oil Company, Inc. as of the date such oil and/or distillate is run into the pipeline or into storage tanks. It being understood that in making settlement for oil and/or distillate delivered under the terms of this agreement, Chace Oil Company will make deductions for dirt, sediment, artificial heat above normal temperature, and/or other adjustments, all to be made in accordance with the rules, regulations, and/or customs prevailing at the time and place of delivery, and oil and/or distillate may be steamed when necessary to make it marketable. Settlement for oil and/or distillate sold by Chace Oil Company, Inc. shall be made to the owners of such oil and/or distillate, their assigns or successors in interest, in proportion to their respective interests, as shown herein, at the price received by Chace Oil Company, Inc. for such oil and/or distillate at the well.

3. Settlement shall be made within forty-five (45) days after the month during which the oil and/or distillate, and components thereof, is produced or the month in which payment is received by Chace Oil Company, Inc. for oil and/or distillate and gas and components thereof, sold to purchasers other than Chace Oil Company, Inc. such settlement to be made by mailing or delivering to each of the undersigned owners, or the assigns and successors in interest of such owners, a bank check or draft for the amount due. If, at any settlement date, the amount payable to any owner shall be less than Five Dollars (\$5.00) Chace Oil Company, Inc. may withhold payment until the amount payable to such owner equals that sum, in which event payment shall be made at the next regular settlement date. Upon permanent cessation of production, payment shall be made of any amount due.

4. It is understood and agreed that in case of adverse claim of title to any lands or the leasehold interest herein or adverse claim of title to oil and/or distillate, and natural gas and components thereof purchased or sold, Chace Oil Company, Inc. may retain the payments affected by such claim, without interest, until such adverse claim is fully settled and determined.

5. Each of the undersigned owners agrees to notify you promptly in writing of any change in his fractional interest set forth herein, and such change shall be effective the first day of the month following receipt of such notice.

6. As a matter of accomodation to us, you are hereby authorized to deduct and to pay to the proper taxing authorities, all production and severance taxes required to be paid applicable to the respective interest of the undersigned in the oil and/or distillate, and natural gas and components thereof or their respective interest in the proceeds of oil and/or distillate, and natural gas and components thereof produced from the above described lands.

7. This division order shall become valid and binding on each owner herein named as soon as signed by such owner, regardless of whether or not any of the other owners herein named shall have so signed, and shall be binding upon each of the undersigned owners or the assigns and successors in interest of such owners and shall inure to the benefit of Chace Oil Company, Inc., it's successors and assigns.

WITNESS:

OWNERS:

(Besure your signature is witnessed. If you are married, your wife (or husband) must also sign).

GULF FEDERAL # 1

SCHEDULE "A"

DIVISION ORDER SUPPLEMENT

Lease Number

CREDIT TO

DIVISION OF INTEREST

MAILING ADDRESS AND
TAXPAYER ACCOUNT NO.

Royalties

Kirby Petroleum Company

.9375%

Mr. D.P. Ellsworth
P.O. Box 1745
Houston, Texas 77001

Aquitaine Oil Corp.

.9375%

Mr. Pierre Chaloupe
Suite 1900, Transco T
2700 S. Post Oak Rd.
Houston, Texas 77027

Natural Gas Pipeline of America

.9375%

Mr. J.S. Ramsey
P.O. Box 283
Houston, Texas 77001

Dome Petroleum Corp.

.46875%

1600 Braodway
Denver, Colorado
80202

Trend Exploration

.28125%

600 Capital Life Cent
Denver Colorado
80203

Filon Exploration Corp.

.1875%

Suite 2216
1700 Broadway
Denver, Colorado
80202

GULF FEDERAL # 1

SCHEDULE "A"

DIVISION ORDER SUPPLEMENT

Lease Number

CREDIT TO

DIVISION OF INTEREST

MAILING ADDRESS AND
TAXPAYER ACCOUNT NO.

Royalties

Department of Interior
Bureau of Land Management

12.50%

Drawer 1857
Roswell, New Mexico
88201

Hawthorn Oil Company

2.50%

83-0211880
R.K. O'Connell
P.O. Box 2693
Casper, Wyoming 82601

William Kaiser

.50%

#44 Rincon Loop
Tijeras, New Mexico
87059

Gulf Oil Corporation

2.50%

P.O. Box 1150
Midland, Texas
79701

Del-Lea

2.50%

24.25%

P.O. Box 1889
Hobbs, New Mexico

DIVISION ORDER SUPPLEMENT

Lease Number

<u>CREDIT TO</u>	<u>DIVISION OF INTEREST</u>		<u>MAILING ADDRESS AND TAXPAYER ACCOUNT NO.</u>
<u>Working Interest Owners</u>	<u>Net</u>	<u>W.I.</u>	
R. R. Rutledge	20.000%	33.333%	<u>P. O. Box 14129 Albuquerque, N.M. 87111</u>
Wilson H. Brown	20.000%	33.333%	<u>3421 Lombardy Lane Dallas, Texas 75220</u>
Horace F. McKay, Jr.	15.000%	20.834%	<u>313 Washington, S.E. Albuquerque, N.M. 87108</u>
Chace Oil Company	17.417%	6.945%	<u>313 Washington, S.E. Albuquerque, N.M. 87108 85-0217902</u>
Melloy Bros.	<u>3.333%</u> 75.75%	<u>5.555 %</u> 100.00%	<u>7707 Lomas Blvd. N.E. Albuquerque, N.M. 87110</u>

NOTE: The above interest held by the working interest owners will be decreased by 12.5% working and 9.4688% net after the well has returned a net 100% of the investors cost. This decrease is due to a back-in working interest agreement with Mr. C. C. Kennedy