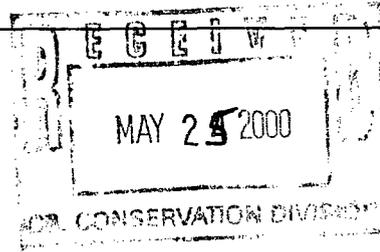


**FASKEN OIL AND RANCH, LTD.**

303 WEST WALL AVENUE, SUITE 1800  
MIDLAND, TEXAS 79701-5116  
(915) 687-1777

NSL 6/14/00

May 23, 2000



New Mexico Oil Conservation Division  
2040 S. Pacheco  
Santa Fe, New Mexico 87505

Attn: Mr. Mike Stogner

Re: Unorthodox Location Exception  
Fasken Oil and Ranch, Ltd.  
El Paso Federal No. 10  
Undesignated Delaware Field  
2105' FSL & 1350' FEL  
Sec. 2, T-21-S, R-26-E  
Eddy County, New Mexico

Dear Mr. Stogner:

Fasken Oil and Ranch, Ltd. respectfully requests your approval for an unorthodox location for the El Paso Federal No. 10. The proposed location does not meet the 330' from the spacing unit boundary as required in Statewide Rule 104.B. El Paso Federal No. 10 is located 1350' from the East line of Section 2, which is the closest unit operating agreement boundary.

This well is a twin to the El Paso Federal No. 9, which is currently producing from the Morrow formation. Well No. 10 is situated 125' North of well No. 9. These wells are located in the Bureau of Reclamation – Carlsbad Project (Avalon Reservoir) where a minimum surface elevation is required for drilling and surface occupancy. The BLM and BOR has requested that Fasken Oil and Ranch, Ltd. position the No. 10 well at this particular location where it will minimize the amount of new location and reserve pits necessary for conducting drilling operations. These two wells are located at the highest ground elevation possible in the Southeast quarter of Section 2.

Attached is the APD, C-102, topographic map of the area for your review. Also enclosed is a copy of the Amendment to the Operating Agreement where Clayton W. Williams, Jr. committed his leased acreage in lots 33, 39 and 40 of Section 2, T-21-S, R-26-E with the remaining leases in this section. Fasken Oil and Ranch, Ltd. is the named operator for this unit.

Yours very truly,  
FASKEN OIL AND RANCH, LTD.

A handwritten signature in cursive script that reads "Tommy E. Taylor".

Tommy E. Taylor  
Drilling and Production Engineer

Attachments  
cc: Well File

UNITED STATES  
DEPARTMENT OF THE INTERIOR  
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK  
 DRILL  DEEPEN

b. TYPE OF WELL  
 OIL WELL  GAS WELL  OTHER   
 SINGLE ZONE  MULTIPLE ZONE

2. NAME OF OPERATOR  
 Fasken Oil and Ranch, Ltd. 131416

5. LEASE DOMINATION AND SERIAL NO.  
 NM-18964

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT AGREEMENT NAME

8. FARM OR LEASE NAME, WELL NO. 18202  
 El Paso Federal No. 10

9. API WELL NO.  
 30-015-31147

10. FIELD AND FOOT, OR WILDCAT  
 Undesignated

11. SEC., T., R., M., OR B.E. AND SURVEY OR AREA  
 Sec. 2, T-21-S, R-26-E

12. COUNTY OR PARISH  
 Eddy

13. STATE  
 NM

22. APPROX. DATE WORK WILL START  
 March 1, 2000

3. ADDRESS AND TELEPHONE NO.  
 303 W. Wall, Suite 1800, Midland, TX 79701 (915) 687-1777

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)  
 At surface 1350'  
 4900' FSL and 4253' FEL  
 At proposed prod. zone

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE  
 5 miles North of Carlsbad

15. DISTANCE FROM PROPOSED LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any)  
 1253'

16. NO. OF ACRES IN LEASE  
 1464.64

17. NO. OF ACRES ASSIGNED TO THIS WELL  
 40

18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT.  
 100'

19. PROPOSED DEPTH  
 4150'

20. ROTARY OR CABLE TOOLS  
 Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)  
 3185' GR

23. PROPOSED CASING AND CEMENTING PROGRAM 400' per David Glatz

SIZE OF HOLE	GRADE SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
17-1/2"	H-40, 13-3/8"	48.00	400'	440 sx, circulated to surface
12-1/2"	J-55, 8-5/8"	24.00	2275'	1000 sx circulated to surface
7 7/8"	K-55, 5-1/2"	15.50	4150'	400 sx TOC @ 2000'

CARLSBAD CONTROLLED WATER BASIN

The operator proposes to drill to a depth sufficient to test the Delaware group. If productive, 5-1/2" casing will be set at TD and cemented back to approximately 2000'. If non-commercial, the well will be plugged and abandoned in accordance with the Federal regulations.

Drilling Program

Surface Use and Operating Plan

Exhibit #1 - Area Map

Exhibit #2 - One-mile Radius Map

Exhibit #3 - Hydrogen Sulfide Drilling Operations Plan

Exhibit #4 - Well Site Layout

Exhibit #5 - Blowout Preventor Equipment

Notify OCD at SPUD & TIME to witness cementing the 8 5/8" casing.

3" choke lines  
Req. on 3m

APPROVAL SUBJECT TO GENERAL REQUIREMENTS AND SPECIAL STIPULATIONS ATTACHED



IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data on present productive zones and proposed new productive zones. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNER Tommy C. Taylor TITLE Drilling & Production Engineer DATE 1/20/00

(This space for Federal or State office use)

PERMIT NO. \_\_\_\_\_ APPROVAL DATE \_\_\_\_\_

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon. CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY ORVILLE JOHN B. BIRNITZ Acting Assistant Field Manager, Lands And Minerals DATE MAY 09 2000

\*See Instructions On Reverse Side

APPROVED FOR 1 YEAR

NICK -

DISTRICT I  
P.O. Box 1980, Hobbs, NM 88240

State of New Mexico  
Energy, Minerals and Natural Resources Department

Form C-102  
Revised February 10, 1994  
Instruction on back  
Submit to Appropriate District Office  
State Lease - 4 Copies  
Fee Lease - 3 Copies

DISTRICT II  
P.O. Drawer DD, Artesia, NM 88210

OIL CONSERVATION DIVISION

DISTRICT III  
1000 Rio Brazos Rd., Artec, NM 87410

P.O. Box 2088  
Santa Fe, New Mexico 87504-2088

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

API Number	Pool Code	Pool Name
		Undesignated
Property Code	Property Name	Well Number
	EL PASO FEDERAL	10
OGRID No.	Operator Name	Elevation
151416	FASKEN OIL & RANCH LTD.	3184'

Surface Location

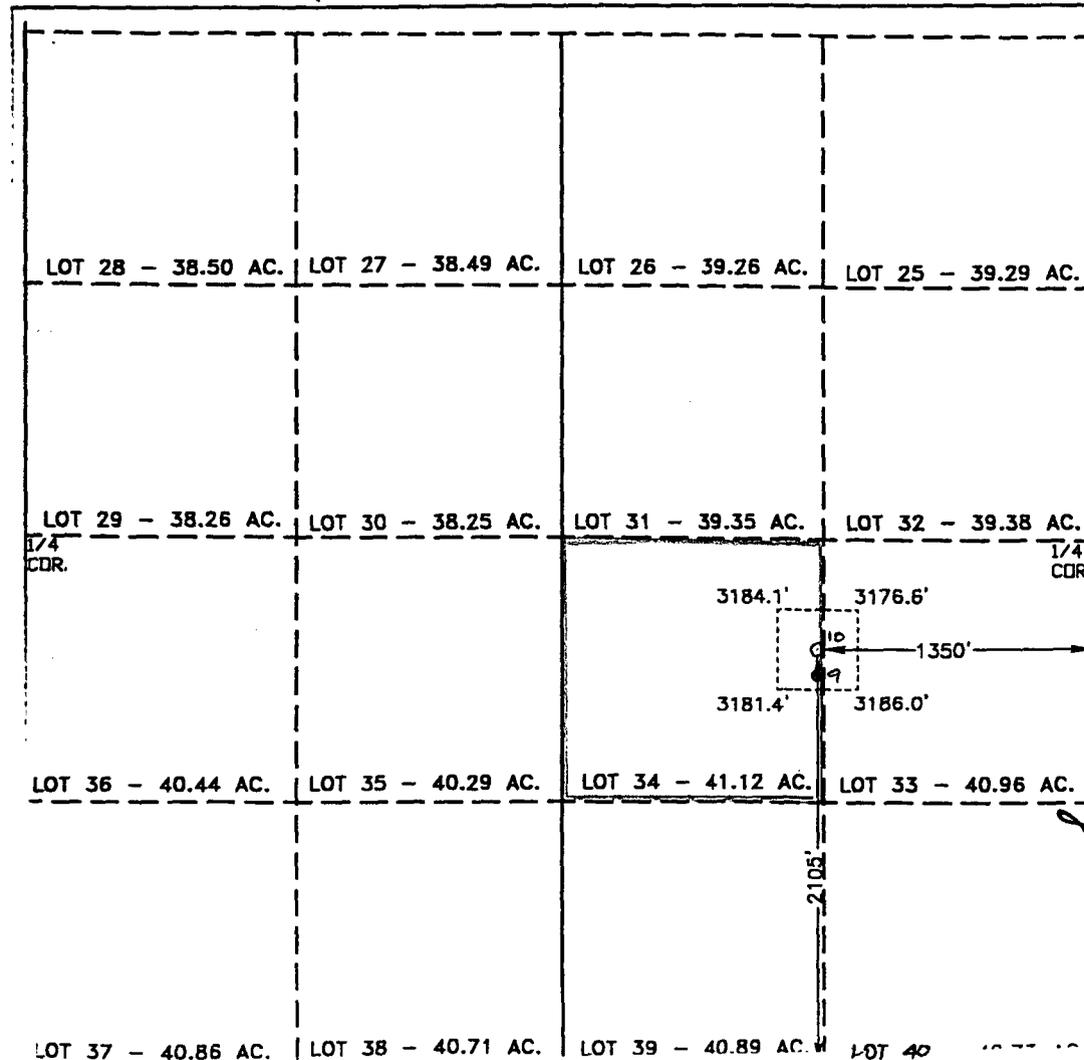
UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
LOT 34	2	21 S	26 E		2105	SOUTH	1350	EAST	EDDY

Bottom Hole Location If Different From Surface

UL or lot No.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
41.12			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION



**OPERATOR CERTIFICATION**

I hereby certify the the information contained herein is true and complete to the best of my knowledge and belief.

Tommy E. Taylor  
Signature

Tommy E. Taylor  
Printed Name

Drilling & Production Engineer  
Title

3/20/00  
Date

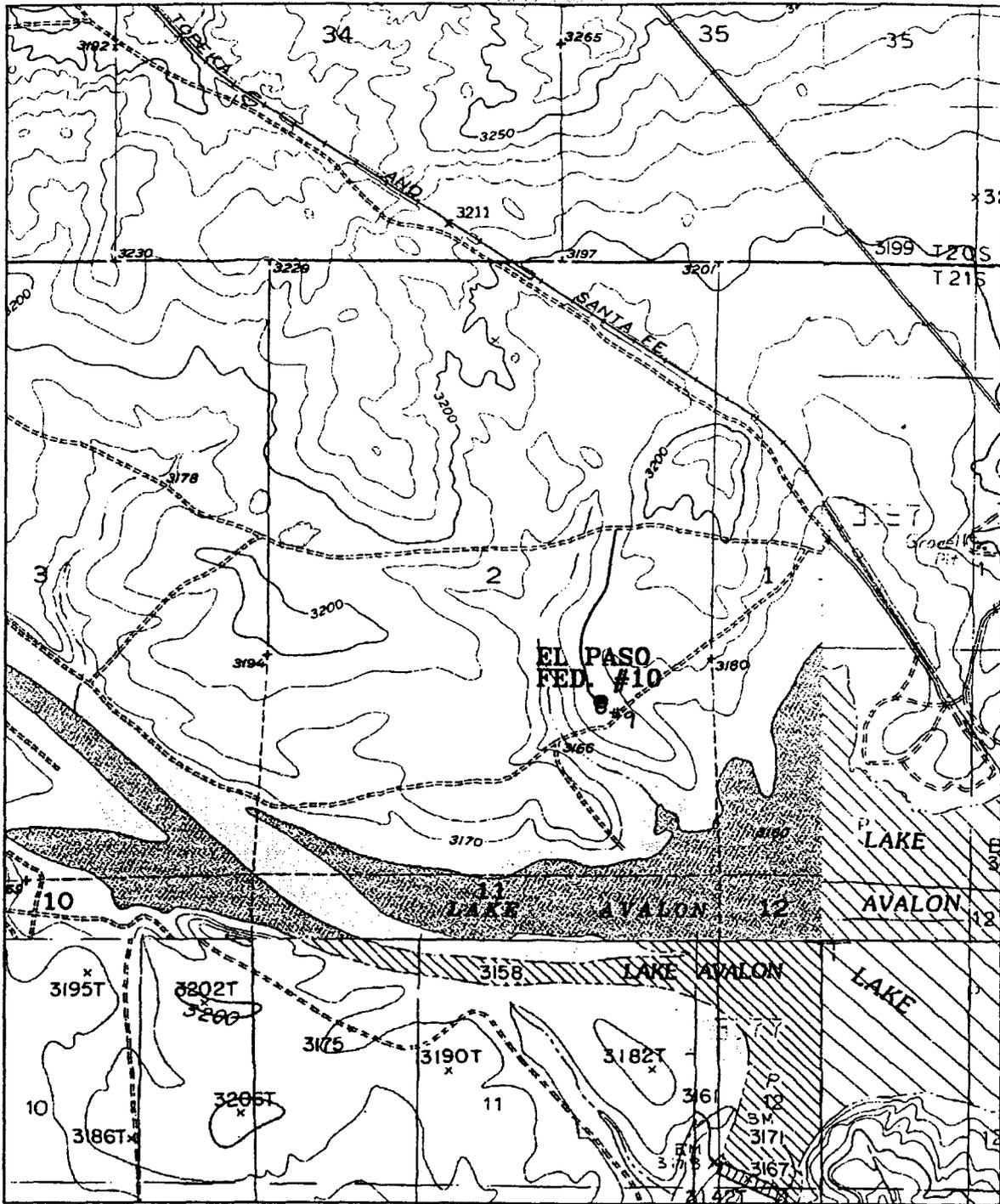
**SURVEYOR CERTIFICATION**

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

March 14, 2000  
Date Surveyed

GARY L JONES  
Signature & Seal of Professional Surveyor

W.O. No. 8135A  
Certificate No. 7977



**EL PASO FEDERAL #10**  
 2105' FNL & 1350' FEL  
 Section 2, Township 21 South, Range 26 East,  
 N.M.P.M., Eddy County, New Mexico.

**basin surveys**  
 focused on excellence  
 in the oilfield

P.O. Box 1786  
 1120 N. West County Rd.  
 Hobbs, New Mexico 88241  
 (505) 393-7316 - Office  
 (505) 392-3074 - Fax  
 basin-surveys.com

W.O. Number:	0135AA - KJG #122
Survey Date:	03-14-2000
Scale:	1" = 2000'
Date:	03-15-2000

**FASKEN OIL & RANCH, LTD.**

AMENDMENT OF OPERATING AGREEMENT

STATE OF NEW MEXICO    X  
                                  X  
COUNTY OF EDDY         X

KNOW ALL MEN BY THESE PRESENTS:

THAT this Amendment of Operating Agreement entered into this 22nd day of December, 1980, by and between David Fasken, Operator, and Maralo, Inc., Erma Lowe, El Paso Natural Gas Company, Western Reserves Oil Company, Gulf Oil Exploration and Production Company, Mobil Production Texas and New Mexico Inc., Inexco Oil Company, The Pecos Irrigation Company, and Clayton W. Williams, Jr.,

W I T N E S S E T H:

1.

The parties hereto, other than Clayton W. Williams, Jr., heretofore entered into an Operating Agreement, March 12, 1973, as amended April 4, 1974, and February 7, 1980, affecting the following described land and United States Oil and Gas Leases situated in Eddy County, New Mexico; to-wit:

- LC-072015C: Township 20 South, Range 27 East, Section 35: All;
  - NM-911: Township 21 South, Range 26 East, Section 1: Lots 5, 6, 7, 8, 9, 10, 11, 12, 15, 16, Section 2: Lots 6, 7, 9, 10, 11, 13, 14, 15, 16, N/2 SW/4, NW/4 SE/4, Section 3: Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 16;
  - NM-A-15461: Township 21 South, Range 26 East, Section 3: Lots 13, 14, NE/4 SW/4, NW/4 SE/4, S/2 SE/4, insofar as said parcels of land are situated on the left or east bank of the Pecos River;
  - NM-19667: Township 21 South, Range 26 East, Section 2: Lots 3, 4, Section 3: Lot 1;
  - NM-017097: Township 21 South, Range 26 East, Section 1: Lots 1, 2, 3, 4;
  - NM-0555283: Township 21 South, Range 26 East, Section 2: Lots 1, 2, 5, 8, Section 3: Lot 2;
  - NM-0558274-B: Township 21 South, Range 26 East, Section 2: S/2 SW/4, Section 3: Lot 12, NE/4 SE/4;
  - NM-3606: Township 21 South, Range 26 East, Section 2: Lot 12, Section 3: W/2 SW/4, SE/4 SW/4; and
- Unleased mineral interest in Township 21 South, Range 26 East, Section 3: Lot 13, NE/4 SW/4, S/2 SE/4, insofar as said parcels lie on the right or west bank of the Pecos River.

The correlative interests of the parties hereto, other than Clayton W. Williams, Jr., pursuant to said Operating Agreement of March 12, 1973, as heretofore amended are as set forth in Exhibit A-1 to the Amendment of February 7, 1980, a copy of which is exhibited herewith for context and confirmation.

2.

The purpose of this Amendment of Operating Agreement is to provide for a Communitized Unit composed of Lease No. NM-911 insofar as same covers Township 21 South, Range 26 East, Section 2: Lots 9, 10, 15, 16, NW/4 SE/4, subject to the Operating Agreement of March 12, 1973, as heretofore amended by agreement of April 4, 1974, and United States Oil and Gas Lease NM-18964 insofar as same covers Township 21 South, Range 26 East, Section 2: NE/4 SE/4, S/2 SE/4, which is held and contributed by Clayton W. Williams, Jr., the additional non-operator joining herein.

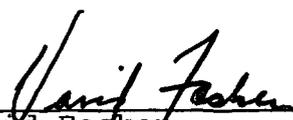
3.

Participation in the Communitized Area defined in Section 2 hereof above shall be as shown in Exhibit A-3 hereto; that is, as to parties to the Operating Agreement of March 12, 1973, as amended April 4, 1974, participation in the aggregate shall be 62.5% of the Communitized Unit distributed proportionately according to Exhibit A-1 hereto and 37.5% participation by Clayton W. Williams, Jr.

4.

Except as amended hereby the Operating Agreement of March 12, 1973, as amended April 4, 1974, is continued in effect and this Agreement is limited to the Communitized Unit defined in Section 2 hereof. The Amendment of February 7, 1980, is not relevant to this Agreement, having been a prior amendment to create a Communitized Unit composed in part of Working Interest Unit land and leases and in part of additional contributed land and leases.

WITNESS OUR HANDS this 22nd day of December, 1980.

  
\_\_\_\_\_  
David Fasken

  
\_\_\_\_\_  
Barbara Fasken

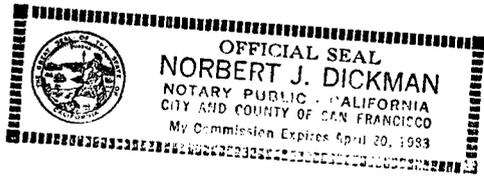
STATE OF CALIFORNIA X  
CITY & COUNTY OF SAN FRANCISCO X

The foregoing instrument was acknowledged before me this  
6<sup>th</sup> day of January, 1981, by David Fasken and  
Barbara Fasken, wife of David Fasken.

My Commission Expires:

April 20, 1983

Norbert J. Dickman  
Notary Public in and for City and  
County of San Francisco,  
California



ATTEST:

*[Signature]*  
ASSISTANT SECRETARY

MARALO, INC.

By *[Signature]*

STATE OF TEXAS       X  
                              X  
COUNTY OF BLANCO   X

The foregoing instrument was acknowledged before me this  
19th day of January, 1981, by Morris Cannan,  
President of Maralo, Inc., a  
Texas corporation, on behalf of said corporation.

My Commission Expires:

October 15, 1984

*[Signature]*  
Notary Public, Blanco County, Texas

Erma Lowe  
Erma Lowe

STATE OF TEXAS       X  
                              X  
COUNTY OF BLANCO    X

The foregoing instrument was acknowledged before me this  
19th day of January, 1981, by Erma Lowe.

My Commission Expires:

October 15, 1984

Cathy M. Brown  
Notary Public, Blanco County, Texas

WESTERN RESERVES OIL COMPANY,  
a Texas Limited Partnership

By *R. C. Beveridge*  
R. C. Beveridge, Sole General  
Partner

STATE OF TEXAS           X  
                                  X  
COUNTY OF MIDLAND    X

The foregoing instrument was acknowledged before me this  
24th day of December, 1980, by R. C. Beveridge,  
Sole General Partner of Western Reserves Oil Company, a Texas  
Limited Partnership, on behalf of said partnership.

My Commission Expires:

January 25, 1981

*Iris L. Mobley*  
Notary Public in and for Midland  
County, Texas

GULF OIL CORPORATION

By *J. M. Thacker*  
Attorney-in-Fact

*WJ EP*  
*PS*  
*142*  
*1981*  
*212*

STATE OF TEXAS           X  
                                  X  
COUNTY OF MIDLAND    X

The foregoing instrument was acknowledged before me this  
10<sup>th</sup> day of February, 1981, by J. M. THACKER  
Attorney-in-Fact for Gulf Oil Corporation, a Pennsylvania  
corporation, on behalf of said corporation.

My Commission Expires:  
July 30, 1984

*Carolyn D. Larson*  
Notary Public in and for Midland  
County, Texas  
CAROLYN D. LARSON, Notary Public

MOBIL PRODUCING TEXAS & NEW MEXICO INC.

HWP  
TLM  
STK

By P E Harrison

Attorney-in-Fact

STATE OF TEXAS       X  
                                  X  
COUNTY OF HARRIS    X

The foregoing instrument was acknowledged before me this  
10<sup>th</sup> day of January, 1981, by \_\_\_\_\_  
P E Harrison of Mobil Producing Texas & New Mexico Inc.,  
a Delaware corporation on behalf of said corporation.

My Commission Expires:  
August 23, 1981

Garland J. Amble  
Notary Public in and for Harris  
County, Texas

INEXCO OIL COMPANY

ATTEST:

*Robert M. King*  
Assistant Secretary

By *William G. Goodwin*  
William G. Goodwin, Vice President *MG*

STATE OF TEXAS           X  
                                  X  
COUNTY OF HARRIS       X

The foregoing instrument was acknowledged before me this  
31st day of December, 1980, by William G. Goodwin,  
Vice President \_\_\_\_\_ of Inexco Oil Company, a  
Delaware corporation, on behalf of said corporation.

My Commission Expires:  
5-8-81

*Laurann Van Cleve*  
Notary Public in and for Harris  
County, Texas

Signature page to the Amendment of Operating Agreement  
only as to lands to be communitized for the drilling of  
the Fasken El Paso Federal No. 6 Well.

THE PECOS IRRIGATION COMPANY

ATTEST:

By *Corina Zugalla*  
Assistant Secretary

By *Don G. McCormick*  
Don G. McCormick, President

STATE OF NEW MEXICO       X  
  X  
COUNTY OF EDDY            X

The foregoing instrument was acknowledged before me this  
*29th* day of *December*, 1980, by Don G. McCormick,  
President of The Pecos Irrigation Company, a New Mexico corporation,  
on behalf of said corporation.

My Commission Expires:  
6-25-83

*Deborah A. Whiteside*  
Notary Public in and for Eddy  
County, New Mexico



OFFICIAL SEAL

Signature *Deborah A. Whiteside*  
DEBORAH A. WHITESIDE  
NOTARY PUBLIC-NEW MEXICO  
NOTARY BOND FILED WITH SECRETARY OF STATE  
My Commission Expires 6-25-83

*Clayton Williams, Jr.*  
~~Clayton Williams, Jr.~~  
Clayton W. Williams, Jr.

STATE OF TEXAS       X  
                              X  
COUNTY OF MIDLAND   X

The foregoing instrument was acknowledged before me this  
12th day of January, 1981, by ~~Clayton Williams,~~  
Clayton W. Williams, Jr.  
Jr.

My Commission Expires:

2/12/84

*Suzanne Oldham*  
Notary Public in and for Midland  
County, Texas

EXHIBIT "A-1"

TO

Amendment of Operating Agreement dated February 7, 1980, for David Fasken-Avalon Working Interest Unit, March 12, 1973, T-20-S, R-27-E, Section 35; T-21-S, R-26-E, Sections 1, 2, 3, Eddy County, New Mexico. The lands, leases, and unleased interests subject to this Operating Agreement are described below in connection with the names and addresses of the Working Interest Owners contributing same to this Unit. This Unit is restricted to formations and depths from the surface to the base of the Barnett Shale Formation. The net acreages contributed by each Working Interest Owner are specified following the name of the owner and the description of the land and leases or unleased interests contributed. The decimal fractional interests of each party are extended in the right hand column following the names and descriptions of land and leases.

NAMES AND ADDRESSES OF  
WORKING INTEREST OWNERS  
AND DESCRIPTION OF LAND  
AND LEASES CONTRIBUTED  
TO THE UNIT

DECIMAL  
INTERESTS

<p>Maralo, Inc. Attn: Don Looney, General Manager 2200 West Loop South, Suite 130 Houston, Texas 77027 One-fourth (1/4) undivided interest in and to United States Oil &amp; Gas Lease No. NM 072015-C insofar as same covers T-20-S, R-27-E, Section 35: All, 160 net acres</p>	<p>.0555930</p>
<p>Erma Lowe c/o Judge A. W. Moursund P. O. Box 1 Round Mountain, Texas 78663 One-fourth (1/4) undivided interest in and to United States Oil &amp; Gas Lease No. NM 072015-C insofar as same covers T-20-S, R-27-E, Section 35: All, 160 net acres</p>	<p>.0555930</p>
<p>El Paso Natural Gas Company Attn: T. W. Bittick P. O. Box 1492 El Paso, Texas 79978 One-half (1/2) undivided interest in and to United States Oil &amp; Gas Lease No. NM 911 insofar as same covers T-21-S, R-26-E, Section 1: Lots 5, 6, 7, 8, 9, 10, 11, 12, 15, 16; Section 2: Lots 6, 7, 9, 10, 11, 13, 14, 15, 16, N/2 SW/4, NW/4 SE/4; Section 3: Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 16, 649.145 net acres</p>	<p>.2255495</p>
<p>Western Reserves Oil Company Attn: R. C. Beveridge Building of the Southwest Midland, Texas 79701 One-half (1/2) undivided interest in and to United States Oil &amp; Gas Lease No. NM-A-15461 insofar as same covers T-21-S, R-26-E, Section 3: Lots 13, 14, NE/4 SW/4, NW/4 SE/4, S/2 SE/4, insofar as said parcels of land are situated on the left or east bank of the Pecos River, 115 net acres; United States Oil &amp; Gas Lease No. NM 19667 insofar as same covers T-21-S, R-26-E, Section 2: Lots 3, 4; Section 3: Lot 1, 89.01 net acres; Total net acres covered by Western Reserves Oil Company contributions 204.01</p>	<p>.0708845</p>

Gulf Oil Exploration & Production Co.

Attn: R. L. Borgan

P. O. Box 1150

Midland, Texas 79702

United States Oil & Gas Lease No. NM 017097 insofar as same covers T-21-S, R-26-E, Section 1: Lots 1, 2, 3, 4, 121.3 net acres

.0421460

Mobil Producing Texas & New Mexico Inc.

Attn: H. C. Patton

Three Greenway Plaza East

Houston, Texas 77046

One-half undivided interest in and to United States Oil & Gas Lease No. NM 0555283 insofar as same covers T-21-S, R-26-E, Section 2: Lots 1, 2, 5, 8; Section 3: Lot 2, 84.73 net acres

.0294400

David Fasken

Attn: Richard S. Brooks

608 First National Bank Bldg.

Midland, Texas 79701

One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM 072015-C insofar as same covers T-20-S, R-27-E, Section 35: All, 320 net acres;

One-half (1/2) undivided interest in and to United States

Oil & Gas Lease No. NM 911 insofar as same covers T-21-S, R-26-E, Section 1: Lots 5<sup>21</sup>, 6<sup>22</sup>, 7<sup>23</sup>, 8<sup>24</sup>, 9<sup>25</sup>, 10<sup>26</sup>, 11<sup>27</sup>, 12<sup>28</sup>, 15<sup>31</sup>, 16<sup>32</sup>;

Section 2: Lots 6<sup>22</sup>, 7<sup>23</sup>, 9<sup>25</sup>, 10<sup>26</sup>, 11<sup>27</sup>, 13<sup>29</sup>, 14<sup>30</sup>, 15<sup>31</sup>, 16<sup>32</sup>, N/2 SW/4<sup>35</sup> & 36<sup>36</sup>;  
34 NW/4 SE/4; Section 3: Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 16, 649.145 net acres;

One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM-A-15461 insofar as same covers

T-21-S, R-26-E, Section 3: Lots 13, 14, NE/4 SW/4, NW/4 SE/4, S/2 SE/4, insofar as said parcels of land are situated on the left or east bank of the Pecos River, 115 net acres;

One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM 0555283 insofar as same covers

T-21-S, R-26-E, Section 2: Lots 1, 2, 5, 8;

Section 3: Lot 2, 84.73 net acres;

United States Oil & Gas Lease No. NM 0558274-B insofar

as same covers T-21-S, R-26-E, Section 2: S/2 SW/4;

Section 3: Lot 12, NE/4 SE/4, 160 net acres;

Total net acres contributed by David Fasken: 1,328.875

.4617260

Inexco Oil Company

Attn: Sam S. Reeves, Jr., Area Landman

1100 Milam Building, Suite 1900

Houston, Texas 77002

United States Oil & Gas Lease No. NM 3606 insofar as same covers T-21-S, R-26-E, Section 2: Lot 12; Section 3: W/2 SW/4, SE/4 SW/4, 160 net acres

.0555930

The Pecos Irrigation Company

Attn: Don G. McCormick, President

P. O. Box 1718

Carlsbad, New Mexico 88220

The full unleased mineral interest in and to T-21-S, R-26-E, Section 3: Lot 13, NE/4 SW/4, S/2 SE/4 insofar as said parcels lie on the right or west bank of the Pecos River, 10 net acres

.0034750

1.0000000

EXHIBIT "A-3"

TO

Amendment of Operating Agreement dated December 22, 1980, for David Fasken-Avalon Working Interest Unit, March 12, 1973, T-20-S, R-27-E, Section 35; T-21-S, R-26-E, Sections 1, 2, 3, Eddy County, New Mexico. The lands, leases, and unleased interests subject to this Operating Agreement are described below in connection with the names and addresses of the Working Interest Owners contributing same to this Unit. This Unit is restricted to formations and depths from the surface to the base of the Barnett Shale Formation. The net acreages contributed by each Working Interest Owner are specified following the name of the owner and the description of the land and leases or unleased interests contributed. The decimal fractional interests of each party are extended in the right hand column following the names and descriptions of land and leases. The decimal interests set out as to the names of the several Working Interest Owners in this Exhibit have application only to a segregated sub-unit consisting of T-21-S, R-26-E, Section 2: Lots <sup>25, 26, 25, 26,</sup> ~~SE/4~~, this Exhibit being intended to provide for the participation of the parties in such sub-unit only. Clayton W. Williams, Jr. contributes to this Working Interest Unit for 37.5% participation in such sub-unit only United States Oil and Gas Lease NM-18964 insofar as same covers T-21-S, R-26-E, Section 2: NE/4 SE/4, S/2 SE/4, containing 120 acres more or less.

B, 34,  
A 440

NAMES AND ADDRESSES OF  
WORKING INTEREST OWNERS  
AND DESCRIPTION OF LAND  
AND LEASES CONTRIBUTED  
TO THE UNIT

*Amended version  
10-1-81*  
DECIMAL  
INTERESTS

Maralo, Inc.  
ATTN: Don Looney, General Manager  
2200 West Loop South, Suite 130  
Houston, Texas 77027  
One-fourth (1/4) undivided interest in and to United States Oil & Gas Lease No. NM-072015-C insofar as same covers T-20-S, R-27-E, Section 35: All, 160 net acres;

*0347456*  
.0347456

Erma Lowe  
c/o Judge A. W. Moursund  
P. O. Box 1  
Round Mountain, Texas 78663  
One-fourth (1/4) undivided interest in and to United States Oil & Gas Lease No. NM-072015-C insofar as same covers T-20-S, R-27-E, Section 35: All, 160 net acres

*0347456*  
.0347456

El Paso Natural Gas Company  
ATTN: T. W. Bittick  
P. O. Box 1492  
El Paso, Texas 79978  
One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM-911 insofar as same covers T-21-S, R-26-E, Section 1: Lots 5, 6, 7, 8, 9, 10, 11, 12, 15, 16; Section 2: Lots 6, 7, 9, 10, 11, 13, 14, 15, 16; N/2 SW/4, NW/4 SE/4; Section 3: Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 16, 649.145 net acres

*1409684*  
.1409684

Western Reserves Oil Company  
ATTN: R. C. Beveridge  
Building of the Southwest  
Midland, Texas 79701  
One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM-A-15461 insofar as same covers T-21-S, R-26-E, Section 3: Lots 13, 14, NE/4 SW/4, NW/4 SE/4, S/2 SE/4, insofar as said parcels of land are situated on the left or east bank of the Pecos River, 115 net acres;

United States Oil & Gas Lease No. NM-19667 insofar as same covers T-21-S, R-26-E, Section 2: Lots 3, 4; Section 3: Lot 1, 89.01 net acres; Total net acres covered by Western Reserves Oil Company contributions 204.01;

.0438142  
.0443028

Gulf Oil Exploration & Production Co.

ATTN: R. L. Borgan

P. O. Box 1150

Midland, Texas 79702

United States Oil & Gas Lease No. NM-017097 insofar as same covers T-21-S, R-26-E, Section 1: Lots 1, 2, 3, 4, 121.3 net acres;

.0263413

Mobil Producing Texas & New Mexico Inc.

ATTN: H. C. Patton

Nine Greenway Plaza, Suite 2700

Houston, Texas 77046

One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM-0555283 insofar as same covers T-21-S, R-26-E, Section 2: Lots 1, 2, 5, 8; Section 3: Lot 2, 84.73 net acres;

.181971  
.0184000

David Fasken

ATTN: Richard S. Brooks

608 First National Bank Bldg.

Midland, Texas 79701

One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM-072015-C insofar as same covers T-20-S, R-27-E, Section 35: All, 320 net acres;

One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM 911 insofar as same covers T-21-S, R-26-E, Section 1: Lots 5, 6, 7, 8, 9, 10, 11, 12, 15, 16; Section 2: Lots 6, 7, 9, 10, 11, 13, 14, 15, 16, N/2 SW/4, NW/4 SE/4; Section 3: Lots 3, 4, 5, 6, 7, 8, 9, 10, 11, 15, 16, 694.145 net acres;

One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM-A-15461 insofar as same covers T-21-S, R-26-E, Section 3: Lots 13, 14, NE/4 SW/4, NW/4 SE/4, S/2 SE/4, insofar as said parcels of land are situated on the left or east bank of the Pecos River, 115 net acres;

One-half (1/2) undivided interest in and to United States Oil & Gas Lease No. NM-0555283 insofar as same covers T-21-S, R-26-E, Section 2: Lots 1, 2, 5, 8; Section 3: Lot 2, 84.73 net acres;

United States Oil & Gas Lease No. NM-0558274-B insofar as same covers T-21-S, R-26-E, Section 2: S/2 SW/4; Section 3: Lot 12, NE/4 SE/4, 160 net acres;

Total net acres contributed by David Fasken: 1,327.875;

.2885788

Inexco Oil Company

ATTN: Sam S. Reeves, Jr., Area Landman

1100 Milam Building, Suite 1900

Houston, Texas 77002

United States Oil & Gas Lease No. NM-3606 insofar as same covers T-21-S, R-26-E, Section 2: Lot 12; Section 3: W/2 SW/4, SE/4 SW/4, 160 net acres;

.0343624  
.0347456

The Pecos Irrigation Company

ATTN: Don G. McCormick, President

P. O. Box 1718

Carlsbad, New Mexico 88220

The full unleased mineral interest in and to T-21-S, R-26-E, Section 3: Lot 13, NE/4 SW/4, S/2 SE/4 insofar as said parcels lie on the right or west bank of the Pecos River, 10 net acres;

.0021719

.6250000

.618107

Clayton W. Williams, Jr.  
ATTN: Bernie Scott, Land Manager  
Second Floor Gulf Building  
Midland, Texas 79701

United States Oil & Gas Lease No. NM-18964 insofar as  
same covers T-21-S, R-26-E, Section 2: NE/4 SE/4, S/2 SE/4, ~~3750000~~  
120 acres; *Lots 33 39 & 40* 3750000  
1.0000000