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2012 SEP 11 P 4: 03

September 11, 2012

Hand delivered

Jami Bailey, Director  
Oil Conservation Division  
1220 South St. Francis Drive  
Santa Fe, New Mexico 87505

Re: Mack Energy Corporation/Case 14763 (*de novo*)

Dear Ms. Bailey:

Enclosed for filing, on behalf of Mack Energy Corporation, are six sets of the following exhibits:

1. Substitute Exhibit 26.
2. New Exhibit 2A.
3. New Exhibit 3A.

Very truly yours,



James Bruce

Attorney for Mack Energy Corporation

cc: J. Scott Hall w/encl.

34873

State "CB"  
State "CD"  
Cockburn State "A" #4 & 5

## ASSIGNMENT AND BILL OF SALE

THE STATE OF NEW MEXICO)

COUNTY OF LEA )

) SS.

This Assignment and Bill of Sale, effective as of 7 a.m., local time where the Purchased Properties are located, December 1, 1998 ("Effective Date"), is by and between OXY USA Inc., a Delaware corporation, whose address is P.O. Box 50250, Midland, Texas 79710, as "Seller", and

SIANA OPERATING, L.L.C.  
PO BOX 10303  
MIDLAND, TX 79702

"Buyer".

## WITNESSETH:

For valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller hereby grants, sells, conveys, assigns and transfers to Buyer, effective as of the Effective Date, the following:

(a) The interest of Seller in the oil and gas leases as described in Exhibit "A" attached hereto and incorporated by reference;

(b) INsofar ONLY as shall concern the named well and the unit for production surrounding the same, all of Seller's right, title and interest in and under, or derived from, all presently existing contracts, agreements and instruments to the extent they relate to the interest described in Exhibit "A" including, but not limited to, operating agreements, unitization agreements, communitization and pooling agreements, agreements for the sale or purchase of oil, gas, casinghead gas or CO<sub>2</sub>, all of which are hereinafter collectively referred to as "Existing Contracts";

(c) INsofar ONLY as shall concern the named well and such property and facilities as are utilized solely for the benefit of said well, all of Seller's right, title and interest in and to all real and personal property, fixtures, appurtenances, easements, licenses, approvals or authorizations and permits to the extent they directly relate to the interests described in Exhibit "A," including such, associated equipment, surface rights, and lease and unit owned facilities as shall be utilized solely for the benefit or operations of the subject well.

(d) To the extent of the interest sold only, all of Seller's right, title and interest in and to the oil, gas of any kind and nature, other hydrocarbons and other minerals in, on and produced from or allocated to the leasehold interest sold to Buyer from and after the Effective Date hereof. Any oil, gas, or other hydrocarbons or minerals as shall have been produced from or attributable to the subject interest prior to the Effective Date, together with any proceeds from the sale thereof, are hereby reserved to Seller.

All of the property and contract rights, titles and interests described above are hereinafter collectively called the "Purchased Properties".

TO HAVE AND TO HOLD the said Purchased Properties unto Buyer, its successors and assigns, forever subject to the terms, reservations and conditions contained herein.

Oil Conservation Commission

Case No.

Exhibit No.

2A

BOOK 918 PAGE 349

Lot 52.00  
Lot 52.01  
Lot 52.02

Assignments and  
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Page 2

Buyer represents that it has inspected, or has had sufficient opportunity to inspect, the Purchased Properties and the premises and has satisfied itself as to their physical and environmental condition, both surface and subsurface, and Buyer has satisfied itself as to the risks and obligations assumed hereunder, and that Buyer hereby accepts the sale in their "AS IS, WHERE IS" condition. In addition, all of the Purchased Properties, whether real or personal, are conveyed without WARRANTIES OF TITLE OF ANY KIND, EITHER EXPRESS OR IMPLIED, AND WITHOUT WARRANTIES AS TO CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

Prior to the execution of this Agreement, Buyer has been afforded the opportunity to inspect the Purchased Properties and to examine the records of Seller at Seller's offices with respect to the Purchased Properties and has been afforded access to all information in Seller's possession with respect to the Purchased Properties. BUYER ACKNOWLEDGES THAT SELLER HAS MADE NO REPRESENTATIONS, VERBAL OR OTHERWISE, OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION, OR AS TO SELLER'S TITLE TO THE PURCHASED PROPERTIES, AND, IN ENTERING INTO AND PERFORMING THIS AGREEMENT, BUYER HAS RELIED AND WILL RELY SOLELY UPON ITS INDEPENDENT INVESTIGATION OF, AND JUDGMENT WITH RESPECT TO, THE PURCHASED PROPERTIES, THEIR VALUE AND SELLER'S TITLE THERETO.

Seller reserves the option, to be exercised from time to time and as often as desired, of purchasing or marketing for the benefit of Buyer all of the share of oil produced from and/or allocated to the Purchased Properties and applicable to Buyer's interest acquired hereunder at the posted price offered by one or more responsible buyers in the field where such property is located, for the particular crude type on the date of each delivery.

For all purchases made by OXY pursuant to this call, the price shall be the market price for crude oil in the field, as evidenced by the receipt of a bona fide third-party offer to purchase Assignor's crude oil production from the assigned properties. In the absence of such an offer, the market price will be deemed to be the highest posted price in the field for crude oil of a like kind and quality.

Seller reserves the option to be exercised from time to time and as often as desired, of purchasing all of the share of gas, casinghead gas, and other minerals produced from and/or allocated to the Purchased Properties and applicable to Buyer's interest acquired hereunder; for gas at the price prevailing in the field at the time or times of the exercise of this option; and for casinghead gas at the average prevailing price being paid by responsible buyers in the field.

Seller also hereby grants and transfers to Buyer, its successors and assigns, the benefit of and the right to enforce the covenants and warranties, if any, which Seller is entitled to enforce with respect to the Purchased Properties against Seller's predecessors in title.

Oil, gas and other production from or attributable to the Purchased Properties which was produced prior to the Effective Date and the proceeds from the sale thereof shall belong to Seller.

Buyer will assume all responsibility for notifying the buyer(s) of production of the change of ownership. The parties shall execute such letters in lieu of transfer orders or such other documents as may be reasonably required by any purchaser of production. Within one hundred twenty (120) days after closing, Buyer and Seller will effect a cash adjustment to account for (1) any production prior to the Effective Date for which payment was made to Buyer shall be credited to Seller; (2) any payments received by Seller for production which was produced after the Effective Date which payment was received by Seller shall be credited to Buyer; (3) costs, expenses, charges, and credits relating to operations of the Purchased Properties incurred and paid by Seller between the Effective Date and the Closing shall be credited to Seller; (4) any costs and expenses for Unit Operations incurred prior to the Effective Date attributable to the Purchased Properties which have not been paid by Seller as of the Closing Date and for which Buyer has made payment shall be credited to Buyer; and (5) such other adjustments (including prepayments) as may be agreed upon by the parties hereto.

All funds held by Seller in suspense for the account of others and arising out of production from or allocated to the Purchased Properties shall be transferred to Buyer who shall assume full responsibility for the proper payment thereof. Buyer shall assume full responsibility for the payment of all funds arising out of production from the Purchased Properties which have been deposited in accordance with various state escrow statutes. Within thirty days after closing, Seller shall furnish Buyer a listing of all accounts and funds so held or deposited. Buyer agrees to and shall indemnify, defend and hold Seller harmless for all actions arising out of or in connection with the deposit or disbursement of said funds.

Seller retains the right to all claims arising as a result of audit exceptions related to the

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Purchased Properties whether under previously performed audits or audits performed by itself or others in the future relating to charges to the joint account for the properties described in Exhibit "A" for periods prior to the Effective Date.

Where the gas or casinghead gas, if any, is currently or was being processed by Trident NGL, Inc., or any successor in interest thereto, on August 31, 1991, this Assignment and Bill of Sale is subject to the terms and provisions of that certain Master Agreement on Gas Processing dated August 30, 1991, by and between OXY USA Inc. and Trident NGL, Inc., together with any other agreement, easement, or encumbrance, described in Seller's sales materials, the Exhibit "A" hereto, contained or referenced in the county records for the county in which the Purchased Properties are located, the records of the Secretary of State for the State in which said Purchased Properties are located, or otherwise known to the Buyer.

By acceptance of this Assignment, on and after the Effective Date Buyer assumes and agrees to pay, perform and discharge all of Seller's responsibilities, liabilities and obligations related to the environmental condition of the Purchased Properties.

Buyer hereby assumes and agrees to perform all duties and obligations of the Seller, present, past and future, applicable to the operations or prescribed in the leases and Existing Contracts covered hereby.

Notwithstanding any other provision contained herein to the contrary, Buyer agrees to assume any and all responsibility which the Seller may have under applicable governmental laws, rules and regulations concerning the plugging and abandonment of wells which are part of, or located on, the Purchased Properties, and whether or not such wells were plugged or improperly plugged prior to the Effective Date, together with any cleanup and restoration of the surface or subsurface as may be required under the terms of any lease or applicable governmental laws, rules and regulations, and Buyer agrees to defend, indemnify and hold Seller, its officers, directors, agents, employees and affiliated companies, harmless from any and all liabilities arising from Buyer's failure, or alleged failure, to properly plug and abandon such wells and/or complete such cleanup or restoration of the surface and/or subsurface as may be required as set forth above.

Notwithstanding any other provision contained herein to the contrary, Buyer acknowledges that the Purchased Properties have been utilized for the purpose of exploration, production and development of oil and gas, and that Buyer has been informed and is aware that oil and gas producing formations can contain naturally occurring radioactive material (NORM) and that some oil field production equipment and/or facilities may contain asbestos and/or NORM. Buyer has inspected the property and premises and satisfied itself as to their physical and environmental condition, both surface and subsurface. On and after the Effective Date, Buyer agrees to assume all responsibility and liability related to the environmental condition of the Purchased Properties and agrees to defend, indemnify and hold Seller, its officers, directors, agents, employees and affiliated companies, harmless from any and all claims arising from the presence of NORM, asbestos, and any other environmental contaminants which may be on the premises or personal property as the result of oil and gas operations related to the Purchased Properties without regard to when such condition or contamination occurred, or whether based on any theory of negligence of the Seller.

In addition to the two provisions immediately above, Buyer agrees to defend, indemnify and hold harmless Seller and its affiliated companies, and its and their officers, directors, agents, and employees, from and against all losses, costs, claims, demands, suits, liability and expense with respect to the Purchased Properties which arise out of or relate to Buyer's ownership and/or operation of such properties, or which in any manner relates to the condition of the premises and equipment without regard to when such condition arose.

Notwithstanding anything to the contrary contained in this instrument, Buyer acknowledges and agrees to the following regarding possible gas imbalance on the Purchased Properties:

(a) In the event Seller is underproduced as to any well(s) appurtenant to the Purchased Properties, Buyer agrees not to hold Seller liable for such underproduction. Seller, however, agrees that Buyer is hereby assigned all of its contractual rights to make up such underproduction.

(b) In the event Seller is overproduced as to any well(s) appurtenant to the Purchased Properties, Buyer acknowledges and agrees that its share of gas from any such overproduced well(s) may at some point be curtailed by underproduced working interest owner(s) or in the event production should cease prior to achieving volumetric balancing Buyer may be subject to cash balancing. The parties to this Agreement agree that Seller shall not be liable to the Buyer in the event such curtailment or cash balancing occurs, there shall be no adjustment to the Purchase Price if Seller is overproduced, and Buyer shall accept the Purchased Properties subject to and assume any obligations created by such overproduction.

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Buyer agrees to comply with all laws and with all rules, regulations and orders of all municipal, state and federal agencies and regulatory bodies in the conduct of all operations by Buyer in and on the lands covered hereby, including, but not by way of limitation, the proper plugging of all wells on the said lands, the proper disposal or treatment of wastes and the transfer or assumption of applicable permits, bonds, approvals and licenses.

The provisions of this instrument shall attach to and run with the leases and lands herein described and shall be binding upon and shall inure to the benefit of Seller and Buyer and their respective (as applicable) heirs, executors, administrators, successors and assigns.

This instrument may be executed by Buyer and Seller in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

EXECUTED by Seller and Buyer on the dates shown below.

SELLER

OXY USA Inc.

By: Terry S. Lindquist  
Terry S. Lindquist

BUYER

Siana Operating, L.L.C.

By: Tom M. Ragdale  
Tom M. Ragdale  
MANAGER

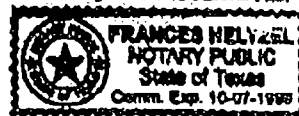
STATE OF TEXAS )

COUNTY OF MIDLAND )

SS.

The foregoing instrument was acknowledged before me this 16th day of October, 1998, by Terry S. Lindquist, as Attorney-in-Fact, on behalf of OXY USA Inc., a Delaware corporation.

Witness my hand and official seal.



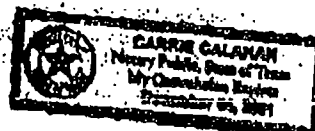
Frances Helzel  
Notary Public

STATE OF Texas )  
COUNTY OF Dallas )

SS.

The foregoing instrument was acknowledged before me this 16th day of October, 1998, by Tom M. Ragdale, as Manager, for Siana Operating, L.L.C.

Witness my hand and official seal.



Carrie Calahan  
Notary Public

**EXHIBIT "A"**

Attached to and made a part of Assignment and Bill of Sale between  
 OXY USA Inc. and Steen Operating, L.L.C.

**LEASE SCHEDULE****COCKBURN STATE A**

7-3006070

Lea County, New Mexico

**OXY LEASE NUMBER:** 6-3012248/3012248  
**DATED:** November 12, 1935  
**LESSOR:** State of New Mexico (B-5310)  
**LESSEE:** Roy G. Barton  
**RECORDING DATA:** N/A

**DESCRIPTION:** INSOFAR AND ONLY INSOFAR as said lease shall concern the Northwest Quarter of the Northeast Quarter (NW/4NE/4) of Section 32, Township 17 South, Range 33 East, NMPM, SAVE AND EXCEPT from the top of the Grayburg formation down to 100 feet below the top of the San Andres formation and further SAVE AND EXCEPT all rights below the base of the Abo formation, Lea County, New Mexico

**OXY LEASE NUMBER:** 6-3012250/3012250  
**DATED:** June 11, 1945  
**LESSOR:** State of New Mexico (E-398-7)  
**LESSEE:** Barney Cockburn  
**RECORDING DATA:** N/A

**DESCRIPTION:** INSOFAR AND ONLY INSOFAR as said lease shall concern the Southeast Quarter of the Northwest Quarter (SE/4NW/4) of Section 32, Township 17 South, Range 33 East, NMPM, SAVE AND EXCEPT all rights below the base of the Abo formation, Lea County, New Mexico.

The foregoing instrument and the Properties are subject to all agreements, leases, easements, and similar encumbrances contained or referenced in Seller's files, recorded or referenced in the County Records for the above referenced county and state, with regard to said Purchased Properties or otherwise known to Buyer including, but not limited to, the following:

1. That certain Corbin Abo Salt Water System Agreement dated May 17, 1968, between Agua, Inc., Operator, and Cides Service Oil Company et al, as Non-operator.
2. That certain three month crude contract with Navajo effective September 1, 1998.

STATE OF NEW MEXICO  
 COUNTY OF LEA  
 FILED

34873 NOV 4 1998  
 at 11:00 o'clock A.M.  
 and recorded in Book \_\_\_\_\_  
 Page \_\_\_\_\_  
 For Chapter \_\_\_\_\_  
 By \_\_\_\_\_ Deputy



**EXHIBIT "A" -**

Attached to and made a part of Assignment and Bill of Sale between  
OXY USA Inc. and SIANA Operating, L.L.C.

**LEASE SCHEDULE**

STATE CB  
7-3081110

Lea County, New Mexico

<b>OXY LEASE NUMBER:</b>	6-3012248/3012248
<b>DATED:</b>	November 12, 1935
<b>LESSOR:</b>	State of New Mexico (B-5310)
<b>LESSEE:</b>	Roy G. Barton
<b>RECORDING DATA:</b>	N/A

<b>DESCRIPTION:</b>	INSOFAR AND ONLY INSOFAR as said lease shall concern the Southwest Quarter of the Northeast Quarter (SW/4NE/4) of Section 32, Township 17 South, Range 33 East, NMPM, from the surface to the base of the San Andres formation, Lea County, New Mexico.
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The foregoing instrument and the Properties are subject to all agreements, liens, easements, and similar encumbrances contained or referenced in Seller's files, recorded or referenced in the County Records for the above referenced county and state, with regard to said Purchased Properties or otherwise known to Buyer including, but not limited to, the following:

1. That certain Corbin Abo Salt Water System Agreement dated May 17, 1968, between Agua, Inc., Operator, and Cities Service Oil Company et al, as Non-operator.
2. That certain three month crude contract with Navajo effective September 1, 1998.

**EXHIBIT "A" -**

Attached to and made a part of Assignments and Bill of Sale between  
OXY USA Inc. and SIANA Operating, L.P.

**LEASE SCHEDULE**

STATE CD  
7-3081130

Lea County, New Mexico

<b>OXY LEASE NUMBER:</b>	6-3012248
<b>DATED:</b>	November 12, 1935
<b>LESSOR:</b>	State of New Mexico (B-5310)
<b>LESSEE:</b>	Roy G. Barton
<b>RECORDING DATA:</b>	N/A

**DESCRIPTION:**

INSOFAR AND ONLY INSOFAR as said lease shall concern the Northeast Quarter of the Southwest Quarter (NE/4SW/4) of Section 32, Township 17 South, Range 33 East, NMPM, from the surface to the base of the San Andres formation, Lea County, New Mexico.

The foregoing Instrument and the Properties are subject to all agreements, liens, easements, and similar encumbrances contained or referenced in Seller's files, recorded or referenced in the County Records for the above referenced county and state, with regard to said Purchased Properties or otherwise known to Buyer including, but not limited to, the following:

1. That certain Corbin Abo Salt Water System Agreement dated May 17, 1968, between Agua, Inc., Operator, and Cities Service Oil Company et al, as Non-operator.
2. That certain crude contract with Navajo effective September 1, 1998.