



NEW MEXICO ENERGY, MINERALS and NATURAL RESOURCES DEPARTMENT

BILL RICHARDSON
Governor
Joanna Prukop
Cabinet Secretary

Mark E. Fesmire, P.E.
Director
Oil Conservation Division

March 8, 2007

Mr. J. Scott Hall
Miller Stratvert
P.O. Box 1986
Santa Fe, NM 87501

Re: Tempo Energy

Dear Scott:

Enclosed are copies of the following:

Farmout dated 1-16-85 from HNG Oil Company to Joe D. Peterston, covering Section 4-22S-35E.

Letter dated 4-3-85 amending the foregoing.

Letter dated 4-23-85 evidencing consents to assignment of the foregoing farmout by Joe D. Peterson to V-F Petroleum, Inc.

Letter dated 11-13-85 evidencing consents to re-assignment of the foregoing farmout by V_F Petroleum, Inc. to Joe D. Peterson, as to the SE/4 NW/4 only.

Should you have questions, please feel free to call the undersigned at (505)-476-3450.

Very truly yours,

David K. Brooks,
Assistant General Counsel



NEW MEXICO STATE LAND OFFICE

ASSIGNMENT OF OIL AND GAS LEASE

From lease number
LG-4234-1
To lease number
LG-4234-2

KNOW ALL MEN BY THESE PRESENTS:

That ENRON CORP., a Delaware Corporation, P. O. Box 1188, Houston, Texas 77251-1188
(wife, if any or state of incorporation)

hereinafter called "Assignor" (whether one or more), for and in consideration of Ten or more Dollars, paid by
ENRON PRODUCING COMPANY

whose Post Office address is P. O. Box 1188, Houston, Texas 77251-1188

hereinafter called "Assignee" (whether one or more), does hereby sell, assign and convey to the Assignee the entire interest and title in and to that certain Oil and Gas Lease No. LG-4234 made by the State of New Mexico to
HNG OIL COMPANY

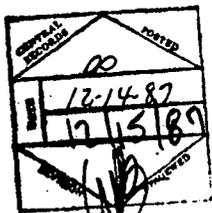
under date of June 1, 19 77, only insofar as said lease covers the following land, in Lea County, New Mexico, to wit:

WS 12-16-87

RECEIVED
SEP 14 8 35 AM '87
STATE LAND OFFICE
SANTA FE, N. M.

T22S-R35E, C.S.
Section 4: Lots 1 (41.74), 2 (41.81), 3 (41.89),
4 (41.96), S2N2, S2
Containing 647.40 acres, more or less.

C-S.



together with the rights incident thereto, and the personal property thereon, if any, appurtenant thereto, or used or obtained in connection therewith.

Assignee assumes and agrees to perform all obligations to the State of New Mexico insofar as said described land is affected, and to pay such rentals and royalties, and to do such other acts as are by said lease required as to said land, to the same extent and in the same manner as if the provisions of said lease were fully set out herein.

It is agreed that Assignee shall succeed to all the rights, benefits and privileges granted the Lessee by the terms of said lease, as to said lands.

With warranty covenants as to the leasehold estate herein assigned, except as to any valid overriding royalty, production payment, operating agreement or sub-lease, if any, now of legal record, and Assignor covenants that said leasehold estate so assigned is valid and subsisting and that all rentals and royalties due thereunder have been paid.

EXECUTED this 1st day of August, 19 87

ATTEST

J. Jeffers Spencer
J. Jeffers Spencer, Assistant Secretary

OIL & GAS	PURGED
DATE	12-17-87
FILMED	
OPERATOR	AM

ENRON CORP. (formerly INTERNORTH, INC.)
R. W. Usrey
R. W. Usrey, Vice President - Land
Exploration & Production Division

(PERSONAL ACKNOWLEDGMENT)

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 19____.

by _____
My commission expires: _____

Notary Public

OIL & GAS
FILED
OPERATOR
DATE 12-17-81
PURGED

(ACKNOWLEDGMENT BY CORPORATION)

STATE OF Texas)
COUNTY OF Harris) ss.

The foregoing instrument was acknowledged before me this 1st day of August, 19 87.

by R. W. Usrey, Vice President-Land of Enron Corp.
(Name) (Title) (Corporation)

a Delaware corporation, on behalf of said corporation.

My commission expires: March 18, 1991

Kim Zachary
Notary Public

(ACKNOWLEDGMENT BY ATTORNEY-IN-FACT)

STATE OF _____)
COUNTY OF _____) ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 19____.

by _____ as attorney-in-fact in behalf of _____

My commission expires: _____

Notary Public

APPROVAL OF THE COMMISSIONER

Office of Commissioner of Public Lands
Santa Fe, New Mexico

I hereby certify that the within Assignment was filed in my office on NOV 09 1987
approved by me and to be effective as to the State of New Mexico on November 24, 1987

W. R. Humphries
Commissioner of Public Lands

NOV 9 9 39 AM '87
STATE LANDS

INSTRUCTIONS AND INFORMATION

1. An annual rental, at the rate of 50¢ per acre shall become due and payable to the lessor by the lessee, or by any transferee or assignee of the same, or any part hereof, where such transferee or assignee has been recognized, and such transfer or assignment approved by the lessor, upon each acre of land above described and then claimed by such lessee, transferee or assignee, and the same shall be due and payable in advance to the Lessor on the successive anniversary dates of the lease, (not the date this assignment was executed) but the annual rental on any assignment shall in no event be less than Six Dollars (\$6.00).
2. The lease is for a primary term of Five Years from the date of the lease, and as long thereafter as oil and gas in paying quantities, or either of them is produced from said land by the lessee, subject to all of the terms and conditions set forth in the lease.
If the lessee shall have failed to make discovery of oil and/or gas in paying quantities during the primary term of the lease, the lessee may continue the lease in full force and effect for an additional term of five years and as long thereafter as oil and gas in paying quantities, or either of them is produced from the leased premises, by paying each year in advance, as herein provided, double the rental provided herein for the primary term, or the highest rental prevailing at the commencement of the secondary term in any rental district, or districts in which the lands or any part thereof, may be situated, if it be greater than double the rental provided for the primary term. But the annual rental on any assignment shall in no event be less than Twelve Dollars (\$12.00) during the secondary term.
3. All Assignments must be filed in triplicate in the State Land Office within 100 days from the date of signing and accompanied by Cashier's Check, Bank Draft, P.O. or Express Money Order.
4. The recording fee for each assignment is \$30.00 (if filed over 100 days from date of signing, additional fee of \$75.00 is charged).
5. When assignments are accompanied by personal check, the Commissioner of Public Lands reserves the right to withhold approval of assignment until checks are paid.
6. Assignments will not be approved when assigned to more than two persons, or for less than a regular subdivisions or for undivided interests. By a regular subdivision is meant forty acres or a tract described by Lot number which may be more or less than 40 acres.
7. Assignments must show complete post office address of assignee.
8. Assignments must be executed before an officer authorized to take acknowledgments of deeds. Corporations must use corporate form of acknowledgment.
9. Assignments must show whether assignors are married or single; if married, both husband and wife must sign the assignment, and certificate of acknowledgment, must show marital status of assignors.
10. All official business, letters and communications must be addressed to and sent direct to the Commissioner of Public Lands.
11. Make all payments for annual rental and recording and approval fees to:

COMMISSIONER OF PUB LANDS
P.O. Box 1148
Santa Fe, New Mexico 504

ASSIGNMENT OF OIL AND GAS LEASE

Reference is made to the following Oil and Gas Lease insofar and only insofar as the same covers NW/4 NW/4 Section 4, T-22-S, R-35-E, NMPM, Lea County, New Mexico:

Oil and Gas Lease LG-4234 from State of New Mexico, Lessor, to HNG Oil Company, Lessee, dated June 1, 1977, from the surface to a depth of 4337'.

For a valuable consideration, the receipt and sufficiency of which is hereby acknowledged, V-F Petroleum Inc. ("Assignor" and "V-F") does hereby grant, sell, assign and convey unto the parties hereinafter named ("Assignees"), their heirs, successors and assigns, the interests set out opposite each of said Assignee's name, in and to the Subject Lease, together with like interests in and to all personal property located upon said lease or used in connection therewith:

<u>Assignee</u>	<u>INTEREST</u>	
	<u>Before Payout</u>	<u>After Payout</u>
Joe D. Peterson d.b.a. Peterson Petroleum Company P. O. Box 5509 Hobbs, New Mexico 88241	33.33333%	33.33333%
Bynum Oil Company, Inc. 525 Western United Life Bldg. Midland, Texas 79701	5.00000	4.25000
Cov, Inc. P. O. Box 2539 Midland, Texas 79702	5.00000	4.25000
Davison Operations 525 Western United Life Bldg. Midland, Texas 79701	5.00000	4.25000
Arlen L. Edgar 208 HBF Building Midland, Texas 79701	5.00000	4.25000
J. M. Fullinwider One Marienfeld Place, Suite 580 Midland, Texas 79701	3.24167	11.75542
Pear Resources One Marienfeld Place, Suite 580 Midland, Texas 79701	1.50000	2.27500
Gahr-Corallo Joint Venture One Marienfeld Place, Suite 580 Midland, Texas 79701	2.00000	1.70000
A. M. Greene P. O. Box 64188 Lubbock, Texas 79464	1.25000	1.06250
Llora B. LaForce P. O. Box 353 Midland, Texas 79702	6.25000	5.31250
Marcus Wayne Luna One Marienfeld Place, Suite 580 Midland, Texas 79701	0.50000	0.42500
Robert O. Lynch 309-A Petroleum Bldg. Midland, Texas 79701	5.00000	4.25000

Jack O. McCall P. O. Box 931 Midland, Texas 79702	10.00000	8.50000
John A. Mills Investments, Inc. P. O. Box 2281 Midland, Texas 79702	5.00000	4.25000
James W. Minnix P. O. Box 64426 Lubbock, Texas 79464	1.25000	1.0625
Steven B. Randall One Marienfeld Place, Suite 580 Midland, Texas 79701	0.17500	0.14875
E. E. Runyan P. O. Box 2988 Midland, Texas 79702	2.50000	2.12500
Flake Tompkins P. O. Box 50217 Midland, Texas 79701	3.00000	2.55000
V. F. Vasicek One Marienfeld Place, Suite 580 Midland, Texas 79701	5.00000	4.25000

100.00000% 100.00000%

Each Assignee's interest is subject to the terms of all instruments under which Assignor acquired title and is also subject to, and shall bear a proportionate part of, all burdens now existing against Assignor's interest in the Subject Leases including, but not limited to, all royalties and overriding royalties, conversions, options to acquire reversionary interests, production payments, and other terms, provisions, and conditions of any gas purchase contracts, operating agreements or other agreements entered into between Assignor and other parties affecting the Subject Leases and subject lands, and specifically including, but not limited to, the burdens imposed by the following:

1. Letter Agreement between HNG Oil Company and Joe D. Peterson dated January 16, 1985, as amended by letter dated April 3, 1985.
2. Letter Agreement between Joe D. Peterson and V-F Petroleum Inc. dated April 26, 1985, and overriding royalty agreement contained therein.
3. Letter Agreement and attached Joint Operating Agreement between V-F Petroleum Inc. and Bynum Oil Company, Inc., et al dated May 15, 1985.
4. Assignment of Oil and Gas Lease with reserved overriding royalty from HNG Oil Company and Internorth, Inc. to V-F Petroleum Inc. dated September 26, 1985.
5. Assignment of Overriding Royalty dated October 3, 1985 from V-F Petroleum Inc. to Joe D. Peterson.

Above referenced letter agreement between V-F and Bynum Oil Company, Inc., et al. provides that V-F shall have the right after payout, as payout is defined in said letter, to elect to have and own a 15% working interest, free and clear, to the end that if V-F does so elect, each Assignee's interest shall be owned as set forth opposite his name under the heading "After Payout" above.

If Subject Lease covers less than a full mineral interest therein, or if Assignor owns less than the full interest in such lease, then in either event, the interests herein shall be proportionately reduced.

This assignment is made without warranty of title either express or implied.

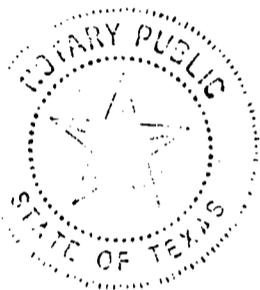
Executed this 3rd day of October, 1985, but effective for the purposes of production of oil and gas as of the date of first production.

V-F PETROLEUM INC.

By: [Signature]
J. M. Fullinwider
President

STATE OF TEXAS |
 |
COUNTY OF MIDLAND |

The foregoing instrument was acknowledged before me this 3rd day of OCTOBER, 1985 by J. M. FULLINWIDER, President of V-F PETROLEUM INC., a Texas corporation, on behalf of said corporation.



[Signature]
Notary Public in and for
the State of Texas
Print name: DONNA WHILES
My commission expires: 4/19/88



STATE OF NEW MEXICO
COUNTY OF LEA
FILED

MAR 17 1986

9:19 A M
at _____
and recorded in the _____
Page _____
Patrolman _____ Clerk
By: [Signature] Deputy

67592

HNG OIL COMPANY
PROPOSAL

TO: J. S. Martin

DATE: December 12, 1984

FROM: W. R. Lewis

PROPOSAL: Farmout

PROPOSED BY: Joe D. Peterson
P. O. Box 40
Lovington, New Mexico

LOCATION OF PROJECT: STATE New Mexico
COUNTY Lea
PROSPECT San Simon

HNG ACREAGE AFFECTED: 49-01, 323.70 net acs., 1/8th royalty, expires 6/1/87

T-22-S, R-35-E
Section 4: All

OTHER ACREAGE: HNG - 50%
BelNorth - 50%

LOCATION OF FIRST TEST: N/A

COMMENCEMENT DATE: Within 120 days of execution of formal agreement. May 15, 1985

PROJECTED DEPTH: 4500' *Yates*

RESERVATION BY HNG: If farmed out: HNG would retain 7.50% ORRI. (3.75% ORR Net to HNG)
The Section would be checkerboarded on 40 acre proration units with the
SW/4 & NE/4 of each quarter section going to Peterson.

REMARKS:

Recommend to farmout under these terms, with 90 day continuous development.

BelNorth has recommended farming out under the above stated terms.

ATTACHMENTS: PROPOSAL LETTER
 PLAT
 AFE

REQUESTED: ECONOMICS
 AFE REVIEW

We have no shallow play, ours is Wolfcamp & Morrow, our partner BelNorth also wants to do it.

APPROVAL/REJECTION - EXPLORATION *J. S. Martin* DATE 12-12-84
APPROVAL/REJECTION - LAND *W. R. Lewis* DATE 12/12/84
APPROVAL/REJECTION - PRODUCTION *Jerry L. Cherryhames* DATE 12/12/84

PREPARED BY *B. Cradg Duke*
B. Cradg Duke

cc: R. W. Usrey

NOTE: ALL SIGNATURES, INITIALS, CORRECTIONS AND CHANGES TO THIS FORM MUST BE DATED.