

**STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION**

**IN THE MATTER OF THE HEARING CALLED
BY THE OIL CONSERVATION DIVISION FOR
THE PURPOSE OF CONSIDERING:**

**APPLICATION OF DEVON ENERGY PRODUCTION
COMPANY, L.P. FOR A NON-STANDARD OIL SPACING
AND PRORATION UNIT AND COMPULSORY POOLING,
EDDY COUNTY, NEW MEXICO.**

Case No. 15317

VERIFIED STATEMENT OF BRANDON PATRICK

Brandon Patrick, being duly sworn upon his oath, deposes and states:

1. I am a Landman for Devon Energy Production Company, L.P., and have personal knowledge of the matters stated herein.

2. I have not previously testified before the Division. My educational and employment background is as follows: I graduated from the University of Oklahoma with degrees in Energy Management and Finance. I am currently a student at the Oklahoma City University School of Law. I have been employed by Devon Energy for three (3) years as a Landman.

3. Pursuant to Division Rule NMAC 19.15.4.12.A(1), the following information is submitted in support of the compulsory pooling application filed herein:

(a) No opposition is expected because the interest owners being pooled have simply not responded to letters sent to them.

(b) A plat outlining the spacing unit being pooled, and marking the location of the Grandi 22 Well No. 2H (API No. 30-015-42821), is attached as Attachment A. Devon seeks an order approving a 160-acre non-standard oil spacing and proration unit (project area) in the Bone Spring formation comprised of the S/2N/2 of Section 22, Township 22 South, Range 27 East, NMPM. Applicant further seeks the pooling of all mineral interests in the Bone Spring formation underlying the S/2N/2 of Section 22 to form a non-standard 160 acre oil spacing and proration unit (project area) for all pools or formations developed on 40 acre spacing within that vertical extent, including the Cass Draw-Bone Spring Pool (Pool Code 10380).

(c) The land in the well unit is fee land. The parties being pooled are lessors (royalty owners) of oil and gas leases in the well unit. Their names and addresses are as follows:

Oil Conservation Division
Case No. 1
Exhibit No. 1

Donald Finley
525 Castlerock Lane
El Paso, TX 79912

First Roswell Company
P.O. Box 1797
Roswell, NM 88202-1797

The Blanco Company
P.O. Box 25968
Albuquerque, NM 87125

James G. Gilcrease
1805 San Acacio Street
Las Cruces, NM 88001

Bobbie Gene Gilcrease
P.O. Box 841
Gainesville, TX 76241

James Kirby Read, Jr. individually
and as Personal Representative
of the Estates of Joella Cox, Virginia
Meador, and Lovella Read
5130 Thornton Street
El Paso, TX 79932

The are from Devon's current title files, and are correct.

(d) Devon seeks to pool these people because the pooling provisions in their oil and gas leases may not adequately provide for the pooling of their interests into horizontal well units or project areas. As a result, Devon sent letters to the lessors requesting that they amend their leases to include a pooling clause which specifically allows pooling of horizontal wells units.

(e) The letters sent to the lessors are attached as Attachments B, C, D, and E. Over twenty lessors were contacted, and all but six people have agreed to amend their leases. Devon has made a good faith effort to obtain the voluntary joinder of the interest owners in the well.

(f) Devon requests that it be designated operator of the well.

4. Attachment F lists all operators offsetting the well unit.
5. Granting this application will prevent waste and protect correlative rights.

VERIFICATION

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

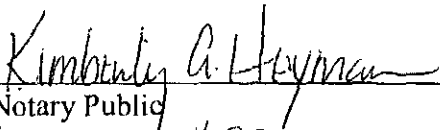
Brandon Patrick, being duly sworn upon his oath, deposes and states that: He is a landman for Devon Energy Production Company, L.P.; he is authorized to make this verification on its behalf; he has read the foregoing statement, and knows the contents thereof; and the same is true and correct to the best of his knowledge, information, and belief.



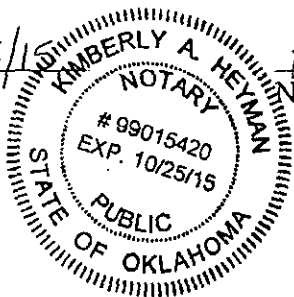
Brandon Patrick

SUBSCRIBED AND SWORN TO before me this 5th day of June, 2015 by Brandon Patrick.

My Commission Expires: 10/25/15



Notary Public #99015420



District I
 1623 N. French Dr., Hobbs, NM 88240
 Phone: (575) 393-6161 Fax: (575) 393-0720
 District II
 311 S. First St., Artesia, NM 88210
 Phone: (575) 748-1283 Fax: (575) 748-9720
 District III
 1000 Rio Brazos Road, Aztec, NM 87410
 Phone: (505) 334-6178 Fax: (505) 334-6170
 District IV
 1220 S. St. Francis Dr., Santa Fe, NM 87505
 Phone: (505) 476-3460 Fax: (505) 476-3462

State of New Mexico
 Energy, Minerals & Natural Resources Department
OIL CONSERVATION DIVISION
 1220 South St. Francis Dr.
 Santa Fe, NM 87505

Form C-102
 Revised August 1, 2011
 Submit one copy to appropriate
 District Office
☐ AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-01542821		² Pool Code 10380	³ Pool Name Cass Draw; Bone Spring	
⁴ Property Code 34568	⁵ Property Name GRANDI 22			⁶ Well Number 2H
⁷ OGRID No. 6137	⁸ Operator Name DEVON ENERGY PRODUCTION COMPANY, L.P.			⁹ Elevation 3109.1
¹⁰ Surface Location				
UL or lot no. E	Section 22	Township 22 S	Range 27 E	Lot Idn 1360
Feet from the 1360		North/South line NORTH		Feet from the 255
East/West line WEST		County EDDY		
¹¹ Bottom Hole Location If Different From Surface				
UL or lot no. H	Section 22	Township 22 S	Range 27 E	Lot Idn 2265
Feet from the 2265		North/South line NORTH		Feet from the 330
East/West line EAST		County EDDY		
¹² Dedicated Acres 160	¹³ Joint or Infill	¹⁴ Consolidation Code	¹⁵ Order No.	

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.

NOTE:
LATITUDE AND LONGITUDE COORDINATES ARE SHOWN USING THE NORTH AMERICAN DATUM OF 1983 (NAD83). LISTED NEW MEXICO STATE PLANE EAST COORDINATES ARE GRID (NAD83). BASIS OF BEARING AND DISTANCES USED ARE NEW MEXICO STATE PLANE EAST COORDINATES MODIFIED TO THE SURFACE.

in OPERATOR CERTIFICATION
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or undivided mineral interest in the land including the proposed bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order therefore entered by the division.
Linda Good 12/2/2014
 Signature Date
 Linda Good
 Printed Name
 linda.good@dvn.com
 E-mail Address

in 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.
 NOVEMBER 5, 2014 2797
 Date of Survey
[Signature]
 Signature and Seal of Professional Surveyor
 Certificate Number 2797
 FULDIN F. JARAMILLO, PLS 12797
 SURVEY NO. 3456A

Attachment

A



Ken Gray
Contract Landman

Devon Energy Corporation
333 West Sheridan
Oklahoma City, Oklahoma 73102-8260
Office: (405) 228-7252
Fax: (405) 552-8113

December 22, 2014

To Current Lessors
See Address List Attached

Re: Amendment of Oil and Gas Lease
Section 22-T22S-R27E
Eddy County, NM

Ladies and Gentlemen:

Devon Energy Production Company, L.P. ("Devon") as current Lessee and operator intends to conduct horizontal drilling operations on parts of the following oil and gas lease ("said Lease"):

Lessor: Emma C. Grandi, individually and as Personal Representative of the Estate of Enea Grandi, deceased
Lessee: Ed Phillips
Lease Date: October 27, 1981
Recording: Book 205, Page 616

Based on recent title information and ongoing royalty payment information, Devon's records reflect that you are a current Lessor and royalty owner under said Lease. Devon's records further reflect that paragraph 5 of said Lease properly provides for the pooling of said Lease with other leases to form well units in conformity with New Mexico Oil Conservation Division ("NMOCD") regulations. However, the above mentioned pooling provision may not adequately provide for the pooling of said Lease under horizontal well units (project areas) as permitted by the NMOCD. In that regard, said Lease will need to be amended, specifically as to paragraph 5, and the royalty interests will need to be pooled into future horizontal well units, either by voluntary amendment or by regulatory order, which would allow further development of said Lease to continue.

Enclosed you will find two (2) original copies of an Amendment of Oil and Gas Lease amending paragraph 5 of said Lease to allow for the appropriate pooling of horizontal well units. After your review, please execute the enclosed instrument, have your signature acknowledged before a notary public and return one original to the undersigned at your earliest convenience. You should retain one original for your files.

If there are any questions or if additional information is required, feel to contact me at 405-228-7252

Very Truly Yours,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray
Contract Landman

Attachment 

Grandi Address List

Harold J. Grandi and Elizabeth "Betty" Ann Grandi, Trustees
Of the Harold J. Grandi and Elizabeth "Betty" Ann Grandi Revocable Trust Agreement
1309 W. Thomas Street
Carlsbad, NM 88220

Catherine Shoemaker
3712 Naples Street NE
Albuquerque, NM 87111

Elaine Myers
216 Northwind Drive
El Paso, TX 79912

Marian Crow
6941 E. Nightglow Circle
Scottsdale, AZ 85266

Barbara Rennie
1501 Verdel Avenue
Carlsbad, NM 88220

Ronald Maurice Grandi
4111 Grandi Road
Carlsbad, NM 88220

Darla Ramsey Wallace
255 Ivory Road SE
Rio Rancho, NM 87124

Cynthia Short
1626 N. Guadalupe Street
Carlsbad, NM 88220

Donald Finley
525 Castlerock Lane
El Paso, TX 79912

Charles Bingman
1213 Sam Corns Road
Lawsonville, NC 27022

Dwayne Bingman
6222 Nat Road
Julian, NC 27283

Grandi Address List (continued)

Steven Bingman
1143 Jewel Road
Danbury, NC 27016

Billy Bingman
2756 Tuttle Road
Walnut Grove, NC 27052

Sherry Guillaume
1410 W. Sage Street
Tuscon, AZ 85704

Charlotte Louise Bingman
2708 Tuttle Road
Walnut Grove, NC 27052

Norma Jean Kelly
1701 Mountain Shadow Drive
Carlsbad, NM 88220

OIL & GAS LEASE

THIS AGREEMENT made this 27th day of October, 19 81, betweenEmma C. Grandi, Individually and as Personal Representative of theEstate of Enea Grandi, DeceasedRoute 1, Box 163
Carlsbad, New Mexico
(Post Office Address)Ed Phillips, Midland, Texas 79701

herein called lessor (whether one or more) and

1. Lessor, in consideration of TEN AND OTHER OBLIGATIONS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and conveys to the lessee and his heirs, assigns and assigns, for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, including gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things known to produce, save, take care of, treat, process, store and transport said minerals, the

following described land in Eddy County, New Mexico, to-wit:

Township 22 South, Range 27 East, N.M.P.M.

Section 22: N1/4NW1/4, N1/4SE1/4, N1/4SW1/4, E1/4NW1/4, E1/4SE1/4, and all that portion of the NW1/4SE1/4 lying East of the Terra-Plain Irrigation ditch which closes the SE corner of the NW1/4SE1/4

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 265.0 acres, whether it actually contains more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 3 (three) years from this date (called "primary term"), and as long thereafter as oil or gas is produced from said land or land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the well or to the credit of lessee in the pipe line to which the wells may be connected; (b) on gas, including casinghead gas and all gas-saturated substances saved at the well, and on gas sold or used off the premises or in the manufacture of gasoline, other products, or in the production of electricity, 3/16 of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but the under circumstances is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 265.00, which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the lessor or to the credit of the lessor in the American Bank of Carlsbad

Carlsbad, New Mexico

which bank, or any successor thereof, shall continue to be the agent for the lessor and lessor's heirs and assigns. If such bank for any successor bank shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall deliver to the lessor a recordable instrument making provision for another acceptable method of payment or tender, and any depository change is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank, or lessor, or any lessee if more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part, amount or date, shall nevertheless be effective to prevent termination of this lease in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any unit or horizon thereof with any other such lease, lease, mineral interest or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard production unit fixed by law or by the New Mexico Oil Conservation Commission, or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit after deducting any used in lease or unit operations, other than the number of barrels of gas used in the unit, to the total number of barrels of gas used in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in and unit in the same manner as though produced from said land under the terms of this lease. Any leased unit designated by lessee as provided herein, may be dissolved by lessee or reorganized in an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production in said unit. Lessee is further granted the right and power to amend this lease as to all or any portion of the above described lands or interests thereof to any unit agreed upon for the purpose of conserving the natural resources of any oil or gas pool, field or area covered thereby; provided, such unit agreement contains usual and customary provisions for the allocation of oil and gas produced from the unit, and each unit agreement shall be approved by either the United States Geological Survey or Commissioner of Public Lands of both and the New Mexico Oil Conservation Commission, and upon such commitment the provisions of this lease shall be conforming to the unit agreement.

6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production therefrom should cease for any cause, this lease shall not terminate and lessee shall continue to operate or cause the payment or tender of rentals or commence operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking on or before the rental paying date, this lease shall remain in force so long as such operations are diligently prosecuted for more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessee, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail as lessor's principal, a copy of the instrument or instruments or certified copies thereof constituting the chain of title from the original lease. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rental, royalty or payment to the credit of the deceased or his estate in the depository bank until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface acre of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease in whole or in part, shall, to the extent of such assignment, release and discharge lessee of any obligations hereunder, and, if lessor or assignor of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lease or leases or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land, and agrees that lessee, at its option, may discharge any tax, mortgage, or other lien upon said land, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessor's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalty, shut-in royalty, rental, and other payments, if any, accruing from any part as to which the lessor owns a less than fee simple interest, shall be paid only in the proportion which the interest therein, if any, owned by the lessor, bears to the whole and individual fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its heirs, successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by making a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Emma C. Grandi
Emma C. Grandi, Individually and as
Personal Representative of the
Estate of Enea Grandi, Deceased

585-18-9455

HAR 19422

SOCIAL SECURITY NUMBER

AMARILLO
SECRETARY'S CONFIRMATION

6293

NO. CONM 126

STATE OF NEW MEXICO,

County of Eddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 28th day of October
 19 by Emma C. Grandi, Individually and as Personal Representative of
the Estate of Enea Grandi, Deceased

 OFFICIAL SEAL
 My Commission expires 19
 LAURIE I. DAVIS

Notary Public

STATE OF NEW MEXICO
 County of Eddy
 My Commission Expires 6-28-85

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____ Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____ Notary Public

STATE OF _____

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____ Notary Public

No. _____	
OIL AND GAS LEASE NEW MEXICO	
FROM	TO
Date _____ 19____	
Section _____ Township _____ Range _____	
No. of Acres _____	County, New Mexico
Term _____	
STATE OF NEW MEXICO COUNTY OF <u>Eddy</u>	
I hereby certify that this instrument was filed for record on the <u>2</u> day of <u>November</u> A. D. 19 <u>81</u> at <u>11:00</u> o'clock <u>P</u> . m. and was duly recorded in Book <u>205</u> at Page <u>166</u> <u>1 Mike</u> of the Records of said County. <u>Glenn Cole</u> County Clerk. By <u>Charles T. Wright</u> Deputy	

STATE OF NEW MEXICO

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____
 by _____ President
 of _____ corporation
 on behalf of said corporation.

My Commission Expires: _____ Notary Public

STATE OF _____

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____
 by _____ President
 of _____ corporation
 on behalf of said corporation.

My Commission Expires: _____ Notary Public

COPIED

HH019423



Ken Gray
Contract Landman

Devon Energy Corporation
333 West Sheridan
Oklahoma City, Oklahoma 73102-8260
Office: (405) 228-7252
Fax: (405) 552-8113

December 22, 2014

First Roswell Company
P.O. Box 1797
Roswell, NM 88202-1797

Re: Amendment of Oil and Gas Lease
Section 22-T22S-R27E
Eddy County, NM

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") as current Lessee and operator intends to conduct horizontal drilling operations on parts of the following oil and gas lease ("said Lease"):

Lessor: James T. Jennings and wife, Frances S. Jennings
Lessee: John M. Jennings
Lease Date: November 25, 1981
Recording: Book 212, Page 543

Based on recent title information and ongoing royalty payment information, Devon's records reflect that you are a current Lessor and royalty owner under said Lease. Devon's records further reflect that paragraph 5 of said Lease properly provides for the pooling of said Lease with other leases to form well units in conformity with New Mexico Oil Conservation Division ("NMOCD") regulations. However, the above mentioned pooling provision may not adequately provide for the pooling of said Lease under horizontal well units (project areas) as permitted by the NMOCD. In that regard, said Lease will need to be amended, specifically as to paragraph 5, and the royalty interests will need to be pooled into future horizontal well units, either by voluntary amendment or by regulatory order, which would allow for further development of said Lease to continue.

Enclosed you will find two (2) original copies of an Amendment of Oil and Gas Lease amending paragraph 5 of said Lease to allow for the appropriate pooling of horizontal well units. After your review, please execute the enclosed instrument, have your signature acknowledged before a notary public and return one original to the undersigned at your earliest convenience. You should retain one original for your files.

If there are any questions or if additional information is required, feel to contact me at 405-228-7252

Very Truly Yours,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray
Contract Landman

Attachment 

OIL & GAS LEASE

THIS AGREEMENT made this 25th day of November 1967, between

JAMES T. JENNINGS and FRANCES S. JENNINGS, his wife

P. O. Box 1180

Roswell, New Mexico 88201

John M. Jennings, a single man

(Post Office Address)

herein called lessor (whether one or more) and P. O. Box 654, Cedar Crest, New Mexico 87008, lessee:
1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreement of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, including gas, water, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, conveyors, telephone lines, and other structures and things therein in production, sale, transportation, storage and transport and all minerals, the

following described land in Eddy County, New Mexico, to-wit:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.

Section 22: N/2 NW/4, N/2 S/2 NW/4, N/2 NW/4 NE/4

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 140.00 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 3 (three) years from this date (hereinafter "primary term"), and is in no way affected by the fact that no oil or gas is produced from said land or land pooled therewith within said term.
3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, 1/5 of that produced and saved from said land, same to be delivered at the well or to the credit of lessor in the place line to which the wells may be connected; (b) on gas, including casinghead gas and all other substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the mouth of the well of 1/5 of the gas so sold or used, provided that on gas sold at the well the royalty shall be 1/5 of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being sold or used and such well is shut-in, either before or after production therefrom, then on or before 90 days after said well is shut-in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of "dry" rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.
4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 140.00 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment or tender may be made to the lessor or to the credit of the lessor in the First Interstate Bank

at Roswell, New Mexico 88201, which bank, or any successor thereof, shall continue to be the agent for the lessor and lessee here and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessee shall deliver to lessor a recordable instrument making provision for another acceptable method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered by express to the bank or banks, or any lessee if more than one, on or before the rental paying date. Any timely payment or tendering of rental or advance royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.

5. Lessee is hereby granted the right and power from time to time, in pool or combine this lease, the land covered by it or any part or portion thereof with any other land, lease, interest, mineral estate or rights thereof for the production of oil or gas, from pooled hereunder shall not exceed the standard production unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee as pooled herein, may be dissolved by lessee by recording in the County where the land is situated at any time after the completion of a dry hole or the cessation of production in said unit. Lessee is further granted the right and power to commit this lease as to all or any portion of the above described lands or portions thereof to any unit agreement for the purpose of conserving the natural resources of any oil or gas pool, field or area covered thereby; provided, such unit agreement contains usual and customary provisions for the allocation of oil and gas produced from the unit and such unit agreement embodies lands of either the United States or State of New Mexico or both, and the form of such agreement has been approved by either the United States Geological Survey or Commission of Public Lands or both and the New Mexico Oil Conservation Commission, and upon such commitment the provisions of this lease shall be conformable to the unit agreement.

6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production therefrom should cease for any cause, this lease shall not terminate if lessee commences reworking or additional drilling operations within 90 days thereafter and diligently prosecutes the same, or if it is within the primary term commences reworking or additional drilling operations or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term of oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force as long as such operations are diligently prosecuted with no cessation of more than 90 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or sinks the hole or well and after diligent efforts in good faith is unable to complete said operations then within 90 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessee's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to drive and remove all casing. When required by lessee, lessee will bury all pipe lines on estimated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessee's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished, shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rentals, royalties or payments to the credit of the deceased or his estate in the depository bank until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a designated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rental due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said land upon which lessee or any assignee thereof shall so comply or make such payment. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of acts of God, war, pestilence, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land, and agrees that lessee, at its option, may discharge any tax, mortgage, or other lien upon said land, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply certain and royalties according hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rental, and other payments, if any, accruing from any part to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its heirs, successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by filing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

TAB 01262014

STATE OF NEW MEXICO,

County of CHAVES

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 25th day of November 1981 by James T. Jennings and Frances S. Jennings, his wife.

My Commission expires March 20, 1982 Jana R. Burch Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____, 19____ Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____, 19____ Notary Public

STATE OF _____

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____, 19____ Notary Public

No. _____	
OIL AND GAS LEASE NEW MEXICO	
FROM _____	TO _____
Date _____ 19____	
Section _____ Township _____ Range _____	
No. of Acres _____	
Term _____	County, New Mexico
STATE OF NEW MEXICO	
COUNTY OF _____ Eddy	
I hereby certify that this instrument was filed for record on the <u>9</u> day of <u>June</u> A. D. 19 <u>82</u> , at <u>10:15</u> o'clock <u>A.M.</u> , and was duly recorded in Book <u>212</u> at Page <u>553</u> Miscellaneous of the Records of said County.	
By <u>Virgie Cole</u> County Clerk	By <u>Adrian Thorne</u> Deputy

COMPARED

STATE OF NEW MEXICO

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____ President of _____ corporation on behalf of said corporation.

My Commission Expires _____ Notary Public

STATE OF _____

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____ President of _____ corporation on behalf of said corporation.

My Commission Expires _____ Notary Public



Ken Gray
Contract Landman

Devon Energy Corporation
333 West Sheridan
Oklahoma City, Oklahoma 73102-8260
Office: (405) 228-7252
Fax: (405) 552-8113

December 22, 2014

The Blanco Company
P.O. Box 25968
Albuquerque, NM 87125

Re: Amendment of Oil and Gas Lease
Section 22-T22S-R27E
Eddy County, NM

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") as current Lessee and operator intends to conduct horizontal drilling operations on parts of the following oil and gas lease ("said Lease"):

Lessor: The Blanco Company
Lessee: W. Wayne Gill
Lease Date: November 25, 1981
Recording: Book 207, Page 610

Based on recent title information and ongoing royalty payment information, Devon's records reflect that you are a current Lessor and royalty owner under said Lease. Devon's records further reflect that paragraph 5 of said Lease properly provides for the pooling of said Lease with other leases to form well units in conformity with New Mexico Oil Conservation Division ("NMOCD") regulations. However, the above mentioned pooling provision may not adequately provide for the pooling of said Lease under horizontal well units (project areas) as permitted by the NMOCD. In that regard, said Lease will need to be amended, specifically as to paragraph 5, and the royalty interests will need to be pooled into future horizontal well units, either by voluntary amendment or by regulatory order, which would allow for further development of said Lease to continue.

Enclosed you will find two (2) original copies of an Amendment of Oil and Gas Lease amending paragraph 5 of said Lease to allow for the appropriate pooling of horizontal well units. After your review, please execute the enclosed instrument, have your signature acknowledged before a notary public and return one original to the undersigned at your earliest convenience. You should retain one original for your files.

If there are any questions or if additional information is required, feel to contact me at 405-228-7252

Very Truly Yours,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Ken Gray
Contract Landman

Attachment 

OIL & GAS LEASE

THIS AGREEMENT made this 25th day of November

19 81 between

The Blanco Company

P. O. Box 1150

Roswell, New Mexico 88201

(Post Office Address)

W. Wayne Gill, P. O. Box 3729, Midland, Texas

herein called lessor (whether one or more) and

lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreement of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling and operating for and producing oil and gas, including steam, water, other fluids, and air into subsurface strata, laying pipe lines, surface oil, building tanks, roadways, telephone lines, and other structures and things therein to produce, save, take care of, store, process, store and transport said minerals, the

Eddy

County, New Mexico, to-wit:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, N.M.P.M.

Section 22: N/2 NW/4, N/2 S/2 NW/4, N/2 NW/4 NE/4

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 140.00 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 3 (three) years from this date (called "primary term"), and as long thereafter as oil or gas, as produced from said land or land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, 1/5 of that produced and saved from said land, same to be delivered at the well or to the place of sale, in the case of oil, in the case of gas, in the case of other products, the market value at the mouth of the well; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other products, the market value at the mouth of the well; (c) on gas sold or used, provided that an gas sold at the well the royalty shall be 1/5 of the amount realized from such sale; (d) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas is not being produced, as long as said well is shut in, either before or after production therefrom, then on or before 30 days after said well is shut in, and thereafter at annual intervals, lessee may buy or tender an advance amount against royalty (equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said advance royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 140.00 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months, and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

Security National

Bank

or tender may be made to the lessor or to the credit of the lessor in the

Roswell, New Mexico 88201

at which bank or any successor thereof, shall continue to be the agent for the lessor and lessee's notes and assigns. If such bank or any successor bank shall fail, dissolve, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessee shall deliver to lessor a recordable instrument making provision for another acceptable method of payment to lessee, and any depository charge is a liability of the lessee. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any bank or other depository institution, on or before the rental paying date. Any timely payment or tender of rental or royalty which is made in a bank depository institution to make proper payment, but which is erroneous in whole or in part due to clerical error, shall nevertheless be considered as having been received by the lessor, and lessee shall not be held in default for failure to make proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessor to make proper payment.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or portion thereof with any other land, lease, interest, mineral estate or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard production unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit the portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production in the unit. Lessee is further granted the right and power to commit this lease as to all or any portion of the above described lands or portions thereof to any unit agreement for the purpose of conserving the natural resources of oil or gas pool, field or area covered thereby; provided, such unit agreement contains joint and several covenants for the allocation of oil and gas produced from the unit upon and such unit agreement contains covenants of other the United States or State of New Mexico or both, and the form of unit agreement has been approved by the United States Geological Survey, or Commissioner of Public Lands or both and the New Mexico Oil Conservation Commission, and upon such commitment the provisions of this lease shall be continued to the unit agreement.

6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production thereof should cease for any cause, this lease shall not terminate if lessee commences reworking or additional drilling operations within 90 days thereafter and diligently prosecutes the same, or if it be within the primary term commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term oil or gas is not being produced but lessee has commenced operations for drilling or reworking of any well, this lease shall remain in force as long as such operations are diligently prosecuted with no cessation of more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or sinks the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessee, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessor's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rentals, royalties or payments to the credit of the deceased or his estate in the depository bank until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder, and if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of a casualty or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations on or producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land, and agrees that lessee, at its option, may discharge any tax, mortgage, or other lien upon said land, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest in herein specified or not) then the royalties, shut-in royalty, rental, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which such interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its heirs, successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon the obligations, expressed or implied, of this agreement, as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Witness the day and year first above written.

TAB 07262014



Ken Gray
Contract Landman

Devon Energy Corporation
333 West Sheridan
Oklahoma City, Oklahoma 73102-8260
Office: (405) 228-7252
Fax: (405) 552-8113

December 22, 2014

To Current Lessors
See Address List Attached

Re: Amendment of Oil and Gas Lease
Section 22-T22S-R27E
Eddy County, NM

Gentlemen:

Devon Energy Production Company, L.P. ("Devon") as current Lessee and operator intends to conduct horizontal drilling operations on parts of the following oil and gas lease ("said Lease"):

Lessor: James Kirby Read, Jr. Individually and as agent and attorney-in-fact for Virginia Meador,
Joella Gilcrease, Bobby Gene Gilcrease, Lovella Read, and James Gilcrease
Lessee: James E. Kiehne
Lease Date: September 10, 1981
Recording: Book 206, Page 193

Based on recent title information and ongoing royalty payment information, Devon's records reflect that you are a current Lessor and royalty owner under said Lease. Devon's records further reflect that paragraph 5 of said Lease properly provides for the pooling of said Lease with other leases to form well units in conformity with New Mexico Oil Conservation Division ("NMOCD") regulations. However, the above mentioned pooling provision may not adequately provide for the pooling of said Lease under horizontal well units (project areas) as permitted by the NMOCD. In that regard, said Lease will need to be amended, specifically as to paragraph 5, and the royalty interests will need to be pooled into future horizontal well units, either by voluntary amendment or by regulatory order, which would allow further development of said Lease to continue.

Enclosed you will find two (2) original copies of an Amendment of Oil and Gas Lease amending paragraph 5 of said Lease to allow for the appropriate pooling of horizontal well units. After your review, please execute the enclosed instrument, have your signature acknowledged before a notary public and return one original to the undersigned at your earliest convenience. You should retain one original for your files.

If there are any questions or if additional information is required, feel to contact me at 405-228-7252

Very Truly Yours,

DEVON ENERGY PRODUCTION COMPANY, L.P.

Attachment E

Ken Gray
Contract Landman

Grandi Address List

James G. Gilcrease
1805 San Acacio Street
Las Cruces, NM 88001

Bobby Gene Gilcrease
P.O. Box 841
Gainesville, TX 76241

James Kirby Read, Jr. individually and as
Personal Representative of the Estates of
Joella Cox, Virginia Meador, and Lovella Read
HC Box 26346, East Highway 64
Taos, NM 87571

OIL & GAS LEASE

THIS AGREEMENT made this 10th day of September 1981 between
James Kirby Read, Jr., Individually and as Agent and Attorney in Fact for Virginia
Meador, Joella Kilcrease, Bobby Gene Kilcrease, Loyella Read and James Kilcrease
604 Myrtle of El Paso, Texas 79901

James F. Kierke

following described land in Eddy County, New Mexico, to-wit:

TRACT 1
Township 22 South, Range 27 East, NMPM
Section 22: S $\frac{1}{2}$ NW $\frac{1}{2}$, NE $\frac{1}{2}$, SW $\frac{1}{2}$ NE $\frac{1}{2}$ and
S $\frac{1}{2}$ S $\frac{1}{2}$ NW $\frac{1}{2}$
containing 100 acres, more or less

TRACT 2
Township 23 South, Range 27 East, NMPM
Section 11: SE1 and SE1 NE1
containing 200 acres, more or less

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 270.00 acres, whether it actually contains more or less.

[illegible]

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate.

as in both parties, unless on or before June 21, 1967, from this date Lessee shall pay or tender to the Lessor a rental of \$ 300.00 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In the event and upon like payments or tenders annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the bearer or to the credit of the bearer in the STATE NATIONAL BANK New

Ex. Abs. Tr. 700-1 P. 11 # 57-210-3

[illegible][illegible]

1. It is agreed by the signatories of this lease hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if said discovery of oil or gas the production thereof should occur for any cause, this lease shall not terminate if same commences producing at additional drilling operations within 60 days thereafter and diligently prosecute the same, or if it be within the primary term commencing or resumes the payment of rentals or shut-in royalties for drilling or reworking on or before the rental payment date next ensuing after the expiration of three months from date of abandonment of said well, or if the cessation of production is due to reasons other than those set forth as primary terms of termination, or if the cessation of production is due to reasons other than non-drilling or reworking on or before this lease shall remain in force so long as the above conditions are complied with; provided that there shall be no shut-in royalty for consecutive days. If during the drilling or reworking of any well under this paragraph, lessor loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may recommence another well and drill the same with the diligence. If any drilling, abandonment, or reworking operations hereunder result in production, then this lease shall remain in full force and effect.

7. Lessee shall have the free use of all, gas and water from said land, except water from Lessee's wells and tanks, for all operations hereunder, and sea moyst shall be computed after deducting any so much, Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by it on said land including the right to drain and remove all waters, by ditch, regulation by levee, or in any other lawful and suitable manner, and the said waters shall be settled within two hundred feet of the line of any tract of land now or said land without Lessee's consent. Lessee shall have the privilege, at his risk and expense, of using gas from any gas well on said land for steam and power plants in the principal down-the-thermo, out of any surplus gas not needed for operations hereunder.

[illegible][illegible][illegible]

11. Lessee, if/for such reason, writes and assigns, shall have the right at any time to surrender this lease, in whole or in part, in favor of his heirs, successors, assigns and assigns of his heirs and assigns, and to be accorded in the future in the full and entire land of this tract, and the same shall be relieved from all obligations, returned or implied, of this agreement as to acreage as surrendered, and thereafter the estate of said lease, jointly payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Excluded the day and year first above written.

11. 10. 2020

460-62-2073

James Kirby Read, Jr., Individually and as
Agent and Attorney in Fact for Virginia Read,
Joella Kilcrease, Bobby Gene Kilcrease, Lovella
Read and James Kilcrease

NM 535-1-52

TEXAS

STATE OF ~~XXXXXXXXXX~~County of El Paso

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30th day of September
 19 81 by James Kirby Road, Jr., Individually and as Agent and Attorney in Fact for Virginia
Mondor, Jewell Kilcrease, Bobby Gene Kilcrease, Lawella Road and James Kilcrease

My Commission expires 9-11 1985 Lydia Garcia
 Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____ Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____ Notary Public

STATE OF _____

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____ Notary Public

By _____

Lydia Garcia

Deputy.

Virginia Cole

County Clerk.

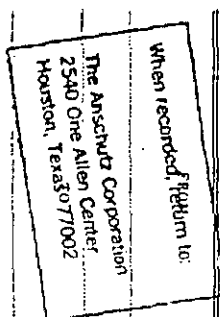
I hereby certify that this instrument was filed for

record on the 33 day of November,
 A. D. 1981 at 8:40 o'clock A. m., and
 was duly recorded in Book 206, at Page 193.Place
 of the Records of said County.STATE OF NEW MEXICO
 COUNTY OF El Paso

Term _____

Section _____ Township _____ Range _____
 No. of Acres _____ County, New Mexico

Date _____ 19____

OIL AND GAS LEASE
 NEW MEXICO

No. _____

STATE OF NEW MEXICO

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____
 by _____, President
 of _____ a _____ corporation
 on behalf of said corporation.
 My Commission Expires: _____ Notary Public

STATE OF _____

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____
 by _____, President
 of _____ a _____ corporation
 on behalf of said corporation.
 My Commission Expires: _____ Notary Public

Offset Operatorss

N/2 Sec. 21

Lynx Petroleum Consultants, Inc.

N/2N/2 Sec. 22

Devon Energy Production Company, L.P.

Sec. 23

Devon Energy Production Company, L.P.

S/2 Section 22

Chi Operating, Inc.

S/2 Sec. 21

COG Operating LLC

Attachment

F