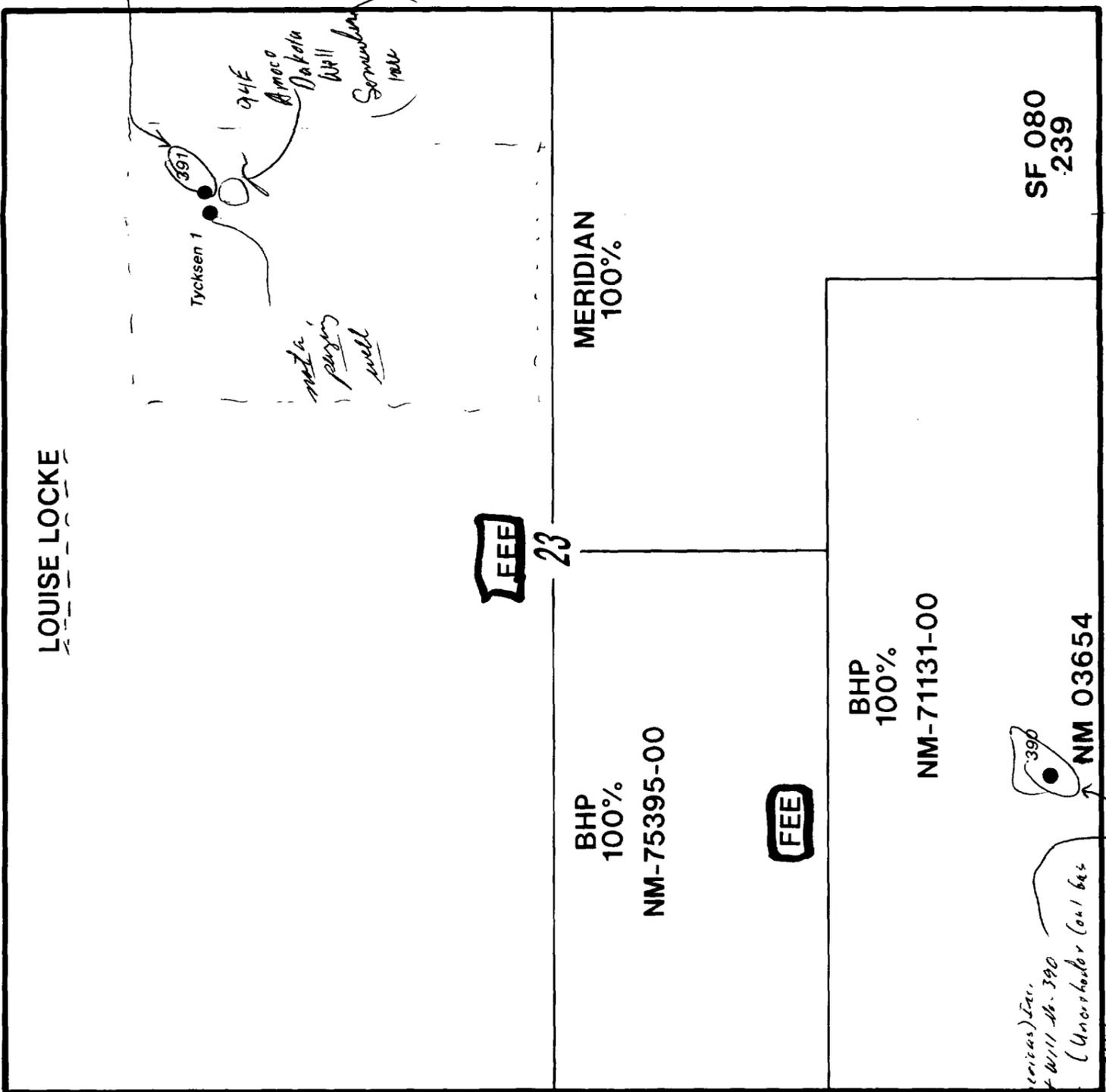


BHP Exhibits 1 through 9  
Complete Set



BHP Petroleum (Americas) Inc.  
Gallegos Canyon Unit Well No. 391  
975' FW - 870' FEZ (Standard 100' gas well location)  
Spud: 12/12/90  
E/z dedication

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION  
1845/18396 EXHIBIT NO. 1  
CASE NO. BHP

Scale: 1" = 660'



**BHP** Petroleum

**GALLEGOS CANYON UNIT**  
San Juan County, New Mexico

LAND PLAT  
Sec. 23 T29N-R13W

T: 660  
D. REINHARDT 6-91 3041 A-1  
D. CARTER 6-91

BHP Petroleum (Americas) Inc.  
Gallegos Canyon Unit Well No. 390  
245' FW - 1530' FEZ  
Well loc. 05/21/1996  
Spud: 12/19/90  
w/z dedica 510 m  
Col. m. Conrad 05/21/1996 20 days later

# Oil and Gas Mining Lease

THIS AGREEMENT entered into this the 20th day of February, 1947

between Helen Zimmerman and R. J. Zimmerman, her husband Box 452 Farmington, N.M.  
hereinafter called lessor,  
and Charles Newbold of Aztec, New Mexico. hereinafter called lessee, docs witness:

1. That lessor, for and in consideration of the sum of One and no/100 Dollars (\$ 1.00) in hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted and leased and hereby grants, leases and lets unto the lessee for the purpose of mining and operating for and producing oil and gas, casinghead gas and casinghead gasoline, laying pipelines, building tanks, storing oil, building power stations, telephone lines, and other structures thereon to produce, save, take care of and manufacture all of such substances, and for housing and boarding employees, the following described tract of land in San Juan County, New Mexico, to wit: the East one-half Northeast Quarter; Southwest Quarter of the Northeast quarter and Thirteen acres in the South Part of the Northwest Quarter of the Northeast Quarter.

in Section 23, Township 29N, Range 13W, and containing 137 acres, more or less.

2. This lease shall remain in force for a term of ten (10) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is or can be produced.

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at lessee's option, may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessee shall pay lessor, as royalty, one eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and where not sold shall pay Fifty (\$50.00) Dollars per annum as royalty from each well, and while such royalty is so paid such well shall be held to be a producing well under paragraph numbered two hereof. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense. The lessee shall pay to the lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline, or any other product, as royalty, one-eighth of the market value of such gas. If said gas is sold by the lessee, then as royalty one-eighth of the proceeds of the sale thereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or for the lessor's credit in the First National Bank at Farmington, N. M., or its successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of

One Hundred Thirty Seven and no/100 Dollars (\$ 137.00) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. ~~The payment of rental herein referred to may be made in currency, drafts or check, at the option of the lessee, and the depositing of such currency, draft or check in any post office, with sufficient postage and properly addressed to the lessor, to said bank, post office or to the central paying date, shall be deemed payment as herein provided. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person.~~

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of the rentals in the manner and amount herein above provided; (and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force).

7. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid to the said lessor only in the proportion which his interest bears to the whole undivided fee.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by its operation to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

10. If the leased premises are now or if same shall hereafter be owned in severally or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportions that the acreage owned by each such separate owners bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event if a lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said land upon which said lessee or any assignee hereof shall make due payment of said rental. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments hereof unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payments due hereunder, and to execute division and transfer orders on behalf of said parties, and their respective successors in title.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence drilling operations at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount herein above provided. ~~If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.~~

14. Lessee may at any time surrender this lease, in whole or in part, by delivering or mailing a release or releases thereof to the lessor by placing a release or releases thereof of record in the proper county.

15. It is agreed that this lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions or stipulations until it shall have first been finally judicially determined that such failure exists, and after such final determination, lessee is given a reasonable time therefrom to comply with any such covenants, conditions or stipulations.

All payments or tenders may be made of cash, or draft or bill of lading or any assignee thereof, mailed or delivered on or before the rental paying date.

BEFORE EXAMINER OF DEEDS  
BHP  
2  
345/10346  
1-29

shall continue in full force and effect until lease is terminated or produce the oil, gas or other mineral and as long thereafter as production continues in paying quantities or drilling or reworking operations are continued as elsewhere herein provided.

17. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

18. All express or implied covenants of this lease shall be subject to all Federal and State laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or in IN WITNESS WHEREOF, we sign the day and year first above written. such failure is the result of, any such Law, Order, Rule or Regulation.

WITNESS:

\_\_\_\_\_ Helen Zimmerman  
 \_\_\_\_\_ R. J. Zimmerman

INDEXED  
 P and A  
 MARCH 27 1948

74463

MID-CONTINENT #1 Revised Universal

**OIL AND GAS LEASE**

FROM  
 Helen Zimmerman et vir.

TO  
 Charles Newbold

No. Acres \_\_\_\_\_ Term \_\_\_\_\_

Dated \_\_\_\_\_, 194\_\_\_\_

Section \_\_\_\_\_ Twp. \_\_\_\_\_ Rge. \_\_\_\_\_

County \_\_\_\_\_

STATE OF New Mexico } ss.  
 County of San Juan

This instrument was filed for record on the  
 19 day of April, 1947,  
 at 10:38 o'clock A.M., and duly recorded  
 in Book 125 Page 153 of the  
 record of this office.

Liska Dial  
 County Clerk

When Recorded L. P. Hine  
 Return to  
 P.O. BOX 335, Albuquerque, N. M.

**ACKNOWLEDGMENT OF NATURAL PERSON**

STATE OF NEW MEXICO }  
 COUNTY OF San Juan } ss.

On this 26th day of Feb., 1947, before me  
 personally appeared Helen Zimmerman and R. J. Zimmerman, her husband

to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they  
 executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my notarial seal the day and year  
 first above written.

My Commission expires: March 27th, 1948  
 (SEAL) \_\_\_\_\_ G. C. Culpepper Notary Public

**ACKNOWLEDGMENT OF NATURAL PERSON ACTING AS ATTORNEY**

STATE OF NEW MEXICO }  
 COUNTY OF \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 194\_\_\_\_, before me  
 personally appeared \_\_\_\_\_

to me known to be the person who executed the foregoing instrument in behalf of \_\_\_\_\_

and acknowledged that he executed the same as the free act and deed of said \_\_\_\_\_

STATE OF NEW MEXICO  
 County of San Juan  
 I hereby certify that this instrument  
 filed for record on the 19th day of  
 April 1947 at 10:39 A.M. and  
 certified to the County Clerk on the 15th day  
 of the month of said county.  
 Liska Dial  
 Probate Clerk and ex-officio  
 Deputy

### ASSIGNMENT OF OIL AND GAS LEASE

#### Known All Men by These Presents:

That the undersigned, Charles Newbold and wife,

Edna Frances Newbold

(hereinafter called Assignor), for and in consideration of One Dollar (\$1.00) the receipt whereof is hereby acknowledged, does hereby sell, assign, transfer and set over unto

STANOLIND OIL AND GAS COMPANY

(hereinafter called Assignee), rights, title and interest in and to the oil and gas lease dated February 20, 1947, 19 from Helen Zimmerman and husband, R. J. Zimmerman

to Charles Newbold lessor, and Charles Newbold lessee

recorded in book \_\_\_\_\_, page \_\_\_\_\_, ~~12566~~ which as said lease covers the following described land in San Juan County, State of New Mexico:

The East Half of Northeast Quarter (E/2 NE/4), Southwest Quarter of Northeast Quarter (SW/4 NE/4) and Thirteen (13) Acres in South Part of Northwest Quarter of Northeast Quarter (NW/4 NE/4) Section Twenty-three (23), Township Twenty-nine (29) North, Range Thirteen (13) West, containing 137 acres more or less.

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

And for the same consideration the Assignor covenants with the Assignee, its or his heirs, successors or assigns: That the Assignor is the lawful owner of and has good title to the interest above assigned in and to said lease, estate, rights and property, free and clear from all liens, encumbrances or adverse claims; That said lease is a valid and subsisting lease on the land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed; and that the Assignor will warrant and forever defend the same against all persons whomsoever, lawfully claiming or to claim the same.

EXECUTED, This 28th day of February, 1947.

(Charles Newbold ) Charles Newbold  
(Edna Frances Newbold ) Edna Frances Newbold

#### ACKNOWLEDGMENT FOR INDIVIDUAL (Oklahoma and Kansas)

STATE OF NEW MEXICO } NS  
COUNTY OF SAN JUAN }

Before me, the undersigned, a Notary Public within and for said County and State, on this 18th day of April, 1947, personally appeared Charles Newbold and wife, Edna Frances Newbold to me well known to be the identical person.... who executed the within and foregoing instrument, and duly acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

In testimony whereof I have hereunto set my hand and official seal the day and year last above written.

My Commission expires July 22, 1950  
My Commission expires \_\_\_\_\_ Liska Dial Notary Public  
(SEAL)

#### ACKNOWLEDGMENT FOR CORPORATION

STATE OF \_\_\_\_\_ } NS  
COUNTY OF \_\_\_\_\_ }

Before me, the undersigned, a Notary Public within and for said County and State, on this \_\_\_\_\_

INDEXED

January 1952  
 at 2:35 o'clock P.M. and duly  
 entered in book 172, page 227  
 of the Records of said county.  
 Virginia A. Kittell  
 Probate Clerk and Ex. Off. Recorder.  
 Walter Henry  
 Deputy

ASSIGNMENT

STATE OF NEW MEXICO )  
 )  
 COUNTY OF SAN JUAN )

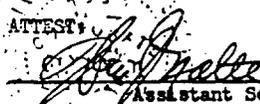
KNOW ALL MEN BY THESE PRESENTS:

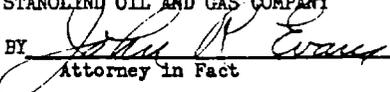
THAT in consideration of \$1.00 and other good and valuable considerations, the receipt of which is hereby acknowledged, Stanolind Oil and Gas Company, a corporation, hereby does bargain, sell, assign, transfer and convey unto Earl A. Benson and Wm. V. Montin, their heirs and assigns, an undivided 1/2 of all its right, title and interest in and to each of the oil and gas leases described in the Lease Schedule marked Exhibit "A", attached hereto and made a part hereof, insofar as said leases respectively cover the land specifically described in said Lease Schedule, said land being situated in San Juan County, State of New Mexico.

Certain of the leases described in said Lease Schedule are located within the unit area described in that certain Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico, dated November 1, 1950, which leases have been committed to said Unit Agreement and the Unit Operating Agreement executed by the working interest owners in connection therewith. With respect to such leases so committed, this assignment is expressly made subject to said Unit Agreement and Unit Operating Agreement. This assignment is further made subject to the terms and provisions of that certain agreement made and entered into on the 1st day of December, 1949, by and between Stanolind Oil and Gas Company and Earl A. Benson and Wm. V. Montin, which agreement is styled "Contract Providing for the Drilling of Six Test Wells and Assignment of Lease Acreage".

This assignment is made without warranty of any kind, express or implied.

EXECUTED this 14 day of November, 1951.

ATTEST:  
  
 Assistant Secretary

STANOLIND OIL AND GAS COMPANY  
 BY   
 Attorney in Fact

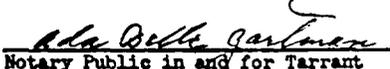
APPROVED  


STATE OF TEXAS  
 COUNTY OF TARRANT

On this 14 day of November, 1951, before me appeared John R. Evans to me personally known, who, being by me duly sworn did say that he is the Attorney in Fact of Stanolind Oil and Gas Company, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said John R. Evans acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.

NOTARY PUBLIC  
 My Commission Expires 6-1-53  
 COUNTY OF TARRANT

  
 Notary Public in and for Tarrant  
 County, Texas. Ada Belle Zartman

Standlind LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED PAGE	DATE
74441-A	J. E. Crawford, et ux	Charles Newbold	1/30/47	NE/4 SW/4, NW/4 SE/4, W/2 SE/4 SW/4, SW/4 SW/4 Section 24; W/2 NW/4, N/2 SW/4 Section 25; NE/4 SE/4 Section 26-29N-12W	125	161
74441-B	Mrs. Maud Farrell	Stanolind Oil and Gas Company	10/23/47	E/2 SE/4 Section 26-29N-12W	130	76
74442	J. E. Crawford, et ux	Charles Newbold	2/27/47	S/2 NE/4, NW/4 SE/4 Section 28-29N-12W	125	163
74443	L. V. Goff, et ux	Charles Newbold	1/31/47	NW/4 Section 29; SE/4 SW/4 Section 20-29N-12W	125	157
74444	H. H. Smith, et ux	Charles Newbold	2/8/47	W/2 NW/4, W 24 ac. of NW/4 SW/4 Section 19-29N-12W; E 5 ac. of SE/4 NE/4 Sec. 24-29N-13W	125	167
74445	W. T. Calloway	Charles Newbold	2/11/47	SW/4 NW/4, N/2 SW/4 Section 30-29N-12W SE/4 NE/4 Section 25-29N-13W	125	159
74462	J. W. Doak, et ux	Charles Newbold	1/30/47	E/2 NW/4, NE/4 SW/4, NE/4 SW/4 NW/4, NW/4 SW/4 Section 26-29N-12-N.	125	155
74463	Helen Zimmerman, et vir	Charles Newbold	2/20/47	E/2 NE/4, SW/4 NE/4, and 13 ac. in S part NW/4 NE/4 Section 23-29N-13W	125	153
74464	Daye Miller, et al	Charles Newbold	2/11/47	NW/4 SE/4, S/2 SE/4, SE/4 SW/4 Section 30-29N-12W	125	151
74465	J. S. Hartman, et al	Charles Newbold	1/31/47	NE/4 NW/4, SE/4 Section 34; SW/4 NW/4, W/2 SW/4 Section 35-29N-12W	125	149
74467	Phil Schenck, et ux	Charles Newbold	2/24/47	SW/4 NE/4 Section 25-29N-13W; W/2 SW/4, SE/4 SW/4 Section 29-29N-12W	125	147
74468	J. S. Hartman, et al	Charles Newbold	1/31/47	E/2 SW/4, SE/4, E/2 NE/4 Section 35-29N-12W	125	145

✓

(County Records)

STANLIND LEASING NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED PAGE
74489	Owen K. McCarty, et ux	Charles Newbold	3/13/47	East 23 ac. in NW/4 NW/4 Section 24-29N-13W ✓	125 177
74490-A	Marla C. Peterson	Charles Newbold	3/12/47	NE/4 NW/4, SW/4 SE/4 Section 25-29N-12W ✓	125 169
74490-B	Cecelia P. Ransom	Stanlind Oil and Gas Company	3/12/48	NE/4 NW/4, SW/4 SE/4 Section 25-29N-12W ✓	135 122
74780-C	Cecil R. Peterson, et ux	Stanlind Oil and Gas Company	3/1/49	NE/4 NW/4, SW/4 SE/4 Section 25-29N-12W ✓	135 301
74481	J. B. Lancaster	Charles Newbold	3/8/47	S/2 NW/4, SW/4 NE/4 Section 24-29N-13W ✓	125 175
74482	Jack T. Kellenaers, et ux	Charles Newbold	3/8/47	NE/4 NW/4 Section 24-29N-13W ✓	125 171
74483	H. B. Sarmons, et vir	Charles Newbold	2/27/47	NW/4 NW/4, S/2 NW/4, NE/4 SW/4 Section 28-29N-12W ✓	125 165
74484	Andres Medina	Charles Newbold	3/12/47	N/2 NE/4 Section 33; N/2 NW/4 Section 34-29N-12W ✓	125 173
74494	Thomas F. Kerby, et ux	Stanlind Oil and Gas Company	5/8/47	East 60 ac. of E/2 SW/4 Section 19-29N-12W ✓	125 241
79788	Thomas F. Kerby, et ux	Stanlind Oil and Gas Company	9/17/47	West 20 ac. of E/2 SW/4 Section 19-29N-12W ✓	130 25
79789	S. H. Carlton, et ux	Stanlind Oil and Gas Company	9/17/47	West 12 ac. of NW/4 NW/4 Section 24-29N-13W ✓	130 26
79790	Howard H. Smith, et ux	Stanlind Oil and Gas Company	9/17/47	East 16 ac. of NW/4 SW/4 Section 19-29N-12W ✓	130 27
79792	H. B. Sammons, et al	Stanlind Oil and Gas Company	9/17/47	E/2 SE/4 SE/4 Section 27-29N-12W ✓	130 29
79793	Thomas Gordon, et ux	Stanlind Oil and Gas Company	9/24/47	S/2 SE/4 Section 22-29N-12W ✓	130 30

EXHIBIT "A" PAGE THREE  
 LEASE SCHEDULE  
 STATE OF NEW MEXICO  
 COUNTY OF SAN JUAN

(County Records)

Stanolind LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED PAGE	(County Records)
79794-A	Mrs. C. V. H. Carlisle	Stanolind Oil and Gas Company	9/17/47	W/2 SW/4 SE/4 Section 27-29N-12W ✓	130	77
79794-B	M. H. Stark, et ux	Stanolind Oil and Gas Company	8/18/48	E/2 NE/4, NE/4, NW/4, NE/4, Section 34; SW/4 SE/4, NW/4 SW/4, W/2 SW/4 SW/4 Section 27; E/2 SE/4 Section 28-29N-12W	130	467
79794-C	Jesse T. Brimhall, et ux	Stanolind Oil and Gas Company	12/16/48	NW/4 SW/4, W/2 SW/4 SW/4 Section 27; E/2 SE/4 Section 28-29N-12W	135	169
79800	H. L. Sterling, et al	Stanolind Oil and Gas Company	5/15/47	NW/4, NE/4, SE/4, NW/4, S/2 NE/4, N/2 NW/4 Section 30; SW/4 SW/4 Section 19-29N-12W; S/2 S/2 Section 24; N/2 N/2 Section 25-29N-13W	130	78
87720	J. D. Roquemore, et ux	Stanolind Oil and Gas Company	8/17/48	E/2 SW/4 SW/4 Section 20-29N-12W	135	1
87722	C. W. Clegg, et ux	Stanolind Oil and Gas Company	8/19/48	E/2 SW/4 Section 15-29N-12W ✓	135	5
87729	Anthony J. Michel, et al	Stanolind Oil and Gas Company	9/8/48	W/2 E/2 NE/4, E/2 E/2 NE/4 Section 24-29N-13W, Except 5 ac. out of the S/2 of the last call ✓	135	31
87766	Sandia Corporation	Stanolind Oil and Gas Company	10/5/48	Lot 2 of SW/4 NW/4, SE/4 NW/4, NE/4 SW/4, W/2 SE/4 Section 18-29N-12W ✓	135	105
87770	John B. Arrington, et al	Stanolind Oil and Gas Company	8/18/48	W/2 NE/4, E/2 NW/4 Section 35-29N-12W ✓	135	93
87774-A	Glady's Booram	Stanolind Oil and Gas Company	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W	135	127
87774-B	Thomas W. Kerby, et ux	Stanolind Oil and Gas Company	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W	135	176

STANOLIND LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED BOOK	PAGE
87781	Charles N. Beers, et ux	Stanolind Oil and Gas Company	9/8/48	SW/4 SE/4 Section 24, except 4 ac; NW/4 NE/4 Section 25-29N-12W ✓	135	138
87782	Jessie Cox Churchill	Stanolind Oil and Gas Company	11/12/48	NW/4 SW/4 Section 13; All that part of NE/4 SE/4 Section 14 lying E of Echo Irrigation Ditch, Twp. 29N-13W	135	142
87789	J. B. Brown, et ux	Stanolind Oil and Gas Company	11-29-48	W/2 SW/4 SW/4 Section 13-29N-13W ✓	135	144
87810	Clair Patterson, et al	Stanolind Oil and Gas Company	12/4/48	N/2 SW/4 NE/4, S 3/4 NW/4 SE/4 ✓ Section 25-29N-12W	135	151
87821	Jesse T. Brimball, et ux	Stanolind Oil and Gas Company	12/16/48	SE/4 SW/4 Section 27-29N-12W ✓	135	168
87823	Arthur Coy, et ux	Stanolind Oil and Gas Company	12/16/48	East 1,071 ft. of SW/4 NW/4 Section 13- 29N-13W ✓	135	179
79961	Charles R. Keller, Jr, et ux	Stanolind Oil and Gas Company	6/28/48	S/2 N/2 Section 34-29N-12W ✓	130	412
87679	Eros James Strawn, et ux	Stanolind Oil and Gas Company	8/2/48	NW/4 NW/4 Section 13; Frac. part of NE/4 NE/4 Section 14-29N-13W	135	10
87702	Goldie A. Chapman, et ux	Stanolind Oil and Gas Company	8/17/48	W/2 SW/4 SW/4 Section 20; SE/4 SE/4 Section 19-29N-12W ✓	130	464
87705	F. L. Lee, et ux	Stanolind Oil and Gas Company	8/17/48	E/2 N/2 Section 29; SW/4 SE/4 ✓ Section 20-29N-12W	130	469
87706	Frank Mararow, et ux	Stanolind Oil and Gas Company	8/13/48	SE/4 SW/4 Section 22; NE/4 NW/4 Section 27-29N-12W ✓	130	470

County of San Juan  
 I hereby certify that the amount  
 paid for record on the 9<sup>th</sup>  
 of January 1952  
 at \$1.10  
 recorded in book 175 page 181  
 of the Records of said county.  
 Signed in Office  
 Notary Public

ASSIGNMENT

STATE OF NEW MEXICO )  
 COUNTY OF NEW MEXICO )

KNOW ALL MEN BY THESE PRESENTS:

That in consideration of \$1.00 and other good and valuable considerations, the receipt of which is hereby acknowledged, Earl A. Benson and Ivy E. Benson, husband and wife, and Wm. V. Montin and Kathleen M. Montin, husband and wife, hereby do bargain, sell, assign, transfer and convey unto Benson & Montin, Inc., a corporation, all of their right, title and interest in and to each of the oil and gas leases described in the Lease Schedule marked Exhibit "A", attached hereto and made a part hereof, insofar as said leases respectively cover the land specifically described in said Lease Schedule, said land being situated in San Juan County, State of New Mexico.

The leases described in said Lease Schedule are located within the unit area described in that certain Unit agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico, dated November 1, 1950, which leases have been committed to said Unit Agreement and the Unit Operating Agreement executed by the working interest owners in connection therewith. With respect to such leases so committed, this assignment is expressly made subject to said Unit Agreement and Unit Operating Agreement. This assignment is further made subject to the terms and provisions of that certain agreement made and entered into on the 1st day of December, 1949, by and between Stanolind Oil and Gas Company and Earl A. Benson and Wm. V. Montin, which agreement is styled "Contract Providing for the Drilling of Six Test Wells and Assignment of Lease Acreage."

This assignment is made without warranty of any kind, express, or implied.

Executed this 18th day of January, 1952.

Earl A. Benson  
 Earl A. Benson

Ivy E. Benson  
 Ivy E. Benson

Wm. V. Montin  
 Wm. V. Montin

Kathleen M. Montin  
 Kathleen M. Montin

STATE OF OKLAHOMA )  
 COUNTY OF OKLAHOMA ) SS

Before me, the undersigned, a Notary Public within and for said County and State, on the 18th day of January, 1952, personally appeared Earl A. Benson, Ivy E. Benson, Wm. V. Montin, and Kathleen M. Montin, to me well known to be the identical persons who executed the same as their free and voluntary act and deed for the uses and purposes set forth therein.

In Testimony Whereof I have hereunto set my hand and official seal the day and year last above written.



Notary Public  
 Notary Public

My Commission expires 7/10/55

LEASE SCHEDULE

EXHIBIT "A" PAGE 001 STATE OF NEW MEXICO COUNTY OF SAN JUAN

Well No.	Lessee	Minors	Date	Description	Recorded Book Page
74461	J. E. Crawford, et ux	Charles Newbold	1/30/47	N/2 NW/4, W/2 SW/4 Section 25 NE/4 SE/4 Section 26-29N-12W	125 161
74462	Mrs. Haud Farrell	Stanford Oil and Gas Company	10/23/47	NE/4 SE/4 Section 26-29N-12W SE/4 SE/4 Section 26-29N-12W	130 76
74463	W. E. Crawford, et ux	Charles Newbold	2/27/47	S/2 NE/4, NW/4 NE/4 Sec. 28-29N-12W	125 163
74464	L. V. Geit, et ux	Charles Newbold	1/31/47	NW/4 Sec. 29; SE/4 SW/4 Sec. 20, 29N-12W	125 157
74465	H. E. Smith, et ux	Charles Newbold	2/8/47	W/2 NW/4, W 24 ac. of NW/4 SW/4 Section 19-29N-12W; E 5 ac. of SE/4 NE/4 Section 24-29N-13W	125 167
74466	W. T. Callovey	Charles Newbold	2/11/47	SW/4 NW/4, W/2 SW/4 Sec. 30-29N-12W SE/4 NE/4 Section 25-29N-13W	125 159
74467	J. W. Doak, et ux	Charles Newbold	1/30/47	E/2 NW/4, NE/4 SW/4, NE/4, SW/4 NW/4, SW/4 SW/4 Section 26-29N-12W	125 155
74468	Helen Zimmerman, et vir	Charles Newbold	2/20/47	E/2 NE/4, SW/4 NE/4, and 13 ac. in S part NW/4 NE/4 Section 23-29N-13W	125 153
74469	Dave Miller, et al	Charles Newbold	2/11/47	NW/4 SE/4, S/2 SE/4, SE/4 SW/4 Section 30-29N-12W	125 151
74470	J. S. Hartman, et al	Charles Newbold	1/31/47	NE/4 SW/4, SE/4 Section 34; W/2 SW/4, SW/4 NW/4 Sec. 35-29N-12W	125 149
74471	Phil Schoeck, et ux	Charles Newbold	2/24/47	SW/4 NE/4 Sec. 25-29N-13W; W/2 SW/4, SE/4 SW/4 Section 29-29N-12W	125 147
74472	J. S. Hartman, et al	Charles Newbold	1/31/47	W/2 SW/4, SE/4, E/2 NE/4 Section 35-29N-12W	125 145
74473	Owen K. McCarty, et ux	Charles Newbold	3/13/47	East 28 ac. in NW/4 NW/4 Section 24-29N-13W	125 177

LEASE SCHEDULE

EXHIBIT "A" PAGE TWO STATE OF NEW MEXICO COUNTY OF SAN JUAN

MIN	LESSOR	LESSEE	DATE	DESCRIPTION	Recorded Book Page
79480-1	Stanolind Oil and Gas Co.	Charles Newbold	3/12/47	NE/4 NW/4, SW/4 SE/4 Sec. 25-29N-12W	125 169
79480-2	Marie O. Peterson	Stanolind Oil and Gas Company	3/12/48	NE/4 NW/4, SW/4 SE/4 Sec. 25-29N-12W	135 122
79480-3	Cecilia P. Babson	Stanolind Oil and Gas Company	3/1/49	NE/4 NW/4, SW/4 SE/4 Sec. 25-29N-12W	135 301
79480-4	Cecil R. Peterson, et ux	Charles Newbold	3/8/47	S/2 NW/4, SW/4 NE/4 Sec. 24-29N-13W	125 175
79481	S. B. Lancaster	Charles Newbold	3/27/47	NW/4 NW/4, S/2 NW/4, NE/4 SW/4 28-29N-12W	125 165
79482	H. B. Sammons, et vir	Charles Newbold	3/8/47	NE/4 NW/4 Section 24-29N-13W	125 171
79483	Jos. T. Ielleneers, et ux	Charles Newbold	3/12/47	N/2 NE/4 Sec. 33; N/2 NW/4 Sec. 34-29N-12W	125 173
79484	Andres Medina	Charles Newbold	5/8/47	E. 60 ac. of N/2 SW/4 Sec. 19-29N-12W	125 241
79494	Thomas F. Kerby, et ux	Stanolind Oil and Gas Company	9/17/47	N. 20 ac. of E/2 SW/4 Section 19-29N-12W	130 25
79768	Thomas F. Kerby, et ux	Stanolind Oil and Gas Company	9/17/47	W. 12 ac. of NW/4 NW/4 Section 24-29N-13W	130 26
79789	S. H. Carlton, et ux	Stanolind Oil and Gas Company	9/17/47	E. 16 ac. of NW/4 SW/4 Section 19-29N-12W	130 27
79790	Edward H. Smith, et ux	Stanolind Oil and Gas Company	9/17/47	E/2 SE/4 SE/4 Section 27-29N-12W	130 28
79792	H. B. Sammons, et al	Stanolind Oil and Gas Company	9/24/47	S/2 SE/4 Section 22-29N-12W	130 30
79793	Thomas Gordon, et ux	Stanolind Oil and Gas Company	9/17/47	W/2 SW/4 SE/4 Section 27-29N-12W	130 77
79794-A	Mrs. C. V. H. Carlisle	Stanolind Oil and Gas Company	8/18/48	W/2 SW/4 SE/4 Section 27-29N-12W	130 467
79794-B	M. H. Stark, et ux	Stanolind Oil and Gas Company	12/16/48	NW/4 NE/4, E/2 NW/4 NE/4 34-29N-12W	
79794-C	Jesse T. Brinhall, et ux	Stanolind Oil and Gas Company	5/15/47	E/2 SE/4 Section 28-29N-12W	
79794-D	Jesse T. Brinhall, et ux	Stanolind Oil and Gas Company		NW/4 SW/4, W/2 SW/4 SW/4 Sec. 27-29N-12W	
79794-E	Jesse T. Brinhall, et ux	Stanolind Oil and Gas Company		NW/4 SW/4, W/2 SW/4 SW/4 Section 27	135 169
79800	H. L. Sterling, et al	Stanolind Oil and Gas Company		E/2 SE/4 Section 28-29N-12W	
				NW/4 NE/4, SE/4 NW/4, S/2 NE/4, N/2 NW/4 Sec. 30; SW/4 SW/4 Sec. 19-29N-12W; S/2 S/2 Sec. 24; N/2 N/2 Section 25-29N-13W	130 78

Stanolind TR. Lease No. No.	LESSOR	LESSEE	DATE	DESCRIPTION	Recorded Book Page
87720 ✓	J. D. Rogemore, et ux	Stanolind Oil and Gas Company	8/17/48	E/2 SW/4 SW/4 Sec. 20-29N-12W	135 1
87729 ✓	Anthony J. Michel, et al	Stanolind Oil and Gas Company	9/8/48	W/2 E/2 NE/4, W/2 E/2 NE/4 Section 24-29N-13W, except 5 ac. out of the S/2 of the last call	135 31
87766 ✓	Sandia Corporation	Stanolind Oil and Gas Company	10/5/48	Lot 2 or SW/4 NW/4, SE/4 NW/4, NE/4 SW/4 Section 18-29N-12W W/2 SE/4 Section 18-29N-12W	135 105
87774-4 ✓	Gladys Booran	Stanolind Oil and Gas Company	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W	135 127
87774-3 ✓	Thomas W. Kerby, et ux	Stanolind Oil and Gas Company	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W	135 176
87782 ✓	Jessie Cox Churchhill	Stanolind Oil and Gas Company	11/12/48	NW/4 SW/4 Section 13-29N-13W	135 142
87789 ✓	J. B. Brown, et ux	Stanolind Oil and Gas Company	11/29/48	W/2 SW/4 SW/4 Section 13-29N-13W	135 144
87810 ✓	Clair Patterson, et al	Stanolind Oil and Gas Company	12/4/48	S 3/4 NW/4 SE/4 Section 25-29N-12W	135 151
87821 ✓	Jesse T. Brimhall, et ux	Stanolind Oil and Gas Company	12/16/48	SE/4 SW/4 Section 27-29N-12W	135 168
87823 ✓	Arthur Coy, et ux	Stanolind Oil and Gas Company	12/16/48	E. 1,071 ft. of SW/4 NW/4 Section 13-29N-13W	135 179
79961 ✓	Charles R. Keller, Jr., et ux	Stanolind Oil and Gas Company	6/28/48	S/2 N/2 Section 34-29N-12W	130 412
87679 ✓	Maou James Strawn, et ux	Stanolind Oil and Gas Company	8/2/48	NW/4 NW/4 Section 13-29N-13W	135 10
87702 ✓	Goldie A. Chapman, et ux	Stanolind Oil and Gas Company	8/17/48	W/2 SW/4 SW/4 Sec. 20; SE/4 SE/4 Section 19-29N-12W	130 404
87705 ✓	F. V. Lee, et ux	Stanolind Oil and Gas Company	9/17/48	S/2 N/2 Sec. 29; SW/4 SE/4 Sec. 20-29N-12W	130 469
87706 ✓	Frank Marsrow, et ux	Stanolind Oil and Gas Company	3/13/48	SE/4 SW/4 Sec. 22; NW/4 NW/4 Section 27-29N-12W	130 470

Return:  
Baron & Mount  
1501 Petroleum Bldg.  
Oklahoma City 10-6th

ASSIGNMENT

STATE OF NEW MEXICO )  
COUNTY OF SAN JUAN )

KNOW ALL MEN BY THESE PRESENTS:

STATE OF NEW MEXICO, )  
County of San Juan, ) SS  
I hereby certify that this instrument was  
filed for record on March 6, 1953  
at 8:40 o'clock a. M., and duly re-  
corded in Book 203 page 121  
of the records of said county.  
*Virginia M. Battell*  
Probate Clerk and Justice Recorder.

That HENSON & MONTIN, INC., a corporation, for and in consideration of the sum of \$1.00 and other good and valuable considerations to it paid by Earl A. Benson and Wm. V. Montin, the receipt and sufficiency of which are hereby acknowledged, hereby do bargain, sell, transfer and deliver unto said EARL A. HENSON and WM. V. MONTIN all its interest in and to that certain oil and gas lease dated February 20, 1947, made and entered into by and between Helen Zimmerman and R. J. Zimmerman, her husband, lessors, and Charles Newbold, lessee, recorded in Book 125, at Page 153, insofar as said lease covers the E/2 NE/4, SW/4 NE/4, and 13 acres in the South part of the NW/4 NE/4 Section 23-29N-13W, San Juan County, New Mexico.

This transfer is expressly made subject to that certain Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico, dated November 1, 1950, and to the Unit Operating Agreement executed by the working interest owners in connection therewith. This assignment is further made subject to the terms and provisions of that certain agreement made and entered into on the 1st day of December, 1949, by and between Stanolind Oil and Gas Company and Earl A. Benson and Wm. V. Montin, which agreement is styled "Contract Providing for the Drilling of Six Test Wells and Assignment of Lease Acreage."

This transfer is made without warranty of any kind, express or implied.

WITNESSED This 15th day of July, 1952.



HENSON & MONTIN, INC.

*Earl A. Benson*  
Secretary

By Carl A. Benson  
President

STATE OF OKLAHOMA )  
COUNTY OF OKLAHOMA ) SS

On this 23rd day of July, 1952, before me, Winnifred Reneau, a Notary Public in and for said County and State, personally appeared Earl A. Benson, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its President, and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth, and that he is authorized and empowered by such corporation to execute said instrument.



*Winnifred Reneau*  
Notary Public

My Commission expires July 10, 1955

Return to Henson & Montin, Inc.  
1501 Oklahoma City  
Oklahoma City, Okla.

STATE OF NEW MEXICO, County of San Juan SS. 10  
 I hereby certify this instrument was filed for record  
 on October 11, 1947, at 11:14 A.M.,  
 and duly recorded in book 224, Page 167  
 of the Records of said county.  
 J. J. Reilly  
 Probate Clerk and ex-officio Recorder



THE STATE OF NEW MEXICO |  
 COUNTY OF SAN JUAN |

ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

That, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STANOLIND OIL AND GAS COMPANY, a corporation, and EARL A. BENSON and WM. V. MONTIN (hereinafter referred to as "Assignors"), do hereby bargain, sell, assign, transfer and convey unto LLOYD D. LOCKE and LLOYD B. TAYLOR, doing business as and under the name of Locke-Taylor Drilling Company, their respective heirs and assigns (hereinafter referred to as "Assignees"), all of the Assignors' right, title and interest in and to the following described oil, gas and mineral lease, covering land situated in San Juan County, New Mexico, to wit:

(Stanolind Lease No. 74463)

Lessor: Helen Zimmerman and R. J. Zimmerman, her husband  
 Lessee: Charles Newbold  
 Dated: February 20, 1947  
 Recorded: Volume 125, at Page 153, Records of San Juan County, New Mexico

insofar as said lease covers the following described land in said County and State, to wit:

The East Half of the Northeast Quarter (E/2 of NE/4), the Southwest Quarter of the Northeast Quarter (SW/4 of NE/4), and 13 acres in the South part of the Northwest Quarter of the Northeast Quarter of Section 23, T-29-N, R-13-W,  
 FROM THE SURFACE THEREOF DOWN TO THE BASE OF THE PICTURED CLIFFS FORMATION

(said lease and land above described as to the depth hereinabove specified, being sometimes hereinafter referred to as the "lease acreage"), subject to the following terms, covenants and conditions:

1. In addition to any and all other overriding royalties, production payments and other encumbrances to which said lease acreage may be subject, the Assignor hereby excepts and reserves unto themselves, their respective successors, heirs and assigns, in the proportion of one half (1/2) to Stanolind Oil and Gas Company, one fourth (1/4) to Earl A. Benson, and one fourth (1/4) to Wm. V. Montin, the following overriding royalty:

107-A

(a) Five percent of eight-eighths ( $5\%$  of  $8/8$ ) of all oil, distillate, condensate and other liquid hydrocarbons produced and saved from said lease acreage under said lease, or any extensions or renewals thereof, which shall be delivered free of all cost and expense, except taxes on production, at the well or wells on said lease acreage or, at the Assignors' option, to the credit of the Assignors into the pipe line to which said well or wells may be connected;

(b) Five percent of eight-eighths ( $5\%$  of  $8/8$ ) of all gas and casinghead gas produced and saved from said lease acreage under said lease, or any extensions or renewals thereof, the market value (at the well) of which shall be paid to the Assignors free of all cost and expense, except taxes on production.

2. In addition to the foregoing overriding royalty and to any other overriding royalties, production payments and other encumbrances to which said Lease acreage may be subject, the Assignors hereby except and reserve unto themselves, their respective successors, heirs and assigns, in the proportion of one half ( $1/2$ ) to Stanolind Oil and Gas Company, one fourth ( $1/4$ ) to Earl A. Benson, and one fourth ( $1/4$ ) to Wm. V. Montin, five percent of eight-eighths ( $5\%$  of  $8/8$ ) of all the oil, distillate, condensate, gas, casinghead gas and other hydrocarbon substances produced and saved from said lease acreage under said lease, or any extension or renewal thereof, until the Assignors, their successors, heirs or assigns, shall have received therefrom, free of all costs, expenses and charges for development and operations, the net total sum of One Thousand Nine Hundred Fifty Five Dollars (\$1,995.00) in excess of taxes on production; provided, that, at the option of the Assignors, the above specified portion of said production, or any of it, shall be delivered to the Assignors free of said costs, expenses and charges at the well or wells on said lease acreage or, at the Assignors' option, to the credit of the Assignors into the pipe line to which said well or wells may be connected.

3. With respect to the overriding royalty and production payment herein excepted and reserved by the Assignors, the Assignors and the Assignees agree, as follows:

(a) That oil and gas used in drilling and operations on said lease acreage and in the handling of production therefrom shall be deducted before said overriding royalty and said production payment are computed.

(b) That the Assignees shall furnish to the Assignors authentic itemized monthly reports of all production from said lease acreage, such reports to be mailed not later than the fifteenth day of the month following that for which the report is made.

4. As to any wells drilled on said lease acreage by the Assignees after the delivery of this assignment, the Assignees shall give the Assignors access to said wells and the derrick floor at all reasonable times and, upon request of the Assignors, shall furnish to the Assignors well samples of all cores and cuttings consecutively taken, unless the Assignors themselves elect to take such samples; and, at the request of the Assignors, the Assignees shall furnish to the Assignors copies of any electrical well formation surveys made.

5. In the event that the Assignees should elect to surrender, let expire, abandon or release all or any of their rights in said lease acreage, or any part thereof, the Assignees shall notify the Assignors not less than sixty (60) days in advance of such surrender, expiration, abandonment or release and, if requested so to do by the Assignors, the Assignees immediately shall reassign such rights in said lease acreage, or such part thereof, to the Assignors.

6. This assignment is made subject to all the terms and the express and implied covenants and conditions of the above described lease, insofar as it covers the said lease acreage, which terms, covenants and conditions the Assignees hereby assume and agree to perform with respect to the said lease acreage. Said terms, covenants and conditions, insofar as the said lease acreage is concerned, shall be binding on the Assignees, not only in favor of the lessors and their heirs and assigns, but also in favor of the Assignors and their successors, heirs and assigns.

7. This assignment is made without warranty of any kind.

8. Assignors have heretofore, as owners of the aforesaid lease, executed that certain Unit Agreement for the Development and Operation of the Gallegos Canyon Area dated November 1, 1950, formed under the Act of Congress approved February 25, 1920, wherein Earl A. Benson and Wm. V. Montin are named Unit Operators, and Assignors have also executed that certain Unit Accounting Agreement under said Unit Agreement dated January 15, 1951. The land covered by said lease is within the boundaries of the unit area of said Unit Agreement, but is not yet within any participating area formed or designated thereunder. The lessors of said lease have

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refused to execute said Unit Agreement. Assignors make no representation or warranty as to whether the said lease acreage is or is not committed to or affected by said Unit Agreement or Unit Accounting Agreement by reason of the execution by Assignors of the instruments above referred to, or either of them, and Assignees accept this Assignment without prejudice to their right to contend that the lease acreage herein assigned is acquired free from the provisions of said Unit Agreement and Unit Accounting Agreement, but in the event said lease acreage shall be found to be subject to the terms of said agreements, Assignees accept said lease acreage subject to all the terms and provisions of said agreements.

9. All notices, reports and other communications required or permitted hereunder, or desired to be given with respect to the rights or interests herein assigned or reserved, shall be deemed to have been properly given or delivered when delivered personally or sent by registered mail or telegraph, with all postage or charges fully prepaid, and addressed to the Assignors and Assignees, respectively, as follows:

Assignors:

Stanolind Oil and Gas Company  
Oil and Gas Building  
P. O. Box 1410  
Fort Worth, Texas

Benson-Montin  
316 Petroleum Building  
Oklahoma City, Oklahoma

Assignees:

Locke-Taylor Drilling Company  
407 North Allen  
Farmington, New Mexico

10. The terms, covenants and conditions hereof shall be binding upon, and shall inure to the benefit of the Assignors and Assignees, the successors and assigns of Stanolind Oil and Gas Company, and the respective heirs, administrators, executors, devisees, representatives and assigns of the other parties hereto; and such terms, covenants and conditions shall be covenants running with the land above described and the lease acreage herein assigned and with each transfer or assignment of said land or lease acreage.

TO HAVE AND TO HOLD said lease acreage unto the Assignees, their respective heirs and assigns, subject to the terms, covenants and conditions hereinabove set forth.

EXECUTED THIS 23rd day of January, 1953.

Ivy E. Benson  
I. E. BENSON  
Kathleen M. Montin  
K. M. MONTIN

Earl A. Benson  
EARL A. BENSON  
Wm. V. Montin  
WM. V. MONTIN

ATTEST:  
Chas. B. Bate  
Assistant Secretary  
STATE OF OKLAHOMA  
COUNTY OF OKLAHOMA

STANOLIND OIL AND GAS COMPANY  
By W. R. Bradford  
Attorney in Fact  
APPROVED

On this 23rd day of January, 1953, before me personally appeared EARL A. BENSON and wife, Ivy E. Benson, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

NOTARY PUBLIC  
OKLAHOMA CITY, OKLAHOMA

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.

Wm. R. Bradford  
Notary Public in and for  
Oklahoma County, Oklahoma

My Commission Expires:  
July 10, 1955

STATE OF OKLAHOMA  
COUNTY OF OKLAHOMA

On this 23rd day of JANUARY, 1953, before me personally appeared WM. V. MONTIN and wife, Kathleen M. Montin, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

NOTARY PUBLIC  
OKLAHOMA CITY, OKLAHOMA

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.

Wm. R. Bradford  
Notary Public in and for  
Oklahoma County, Oklahoma

My Commission Expires:  
July 10, 1955

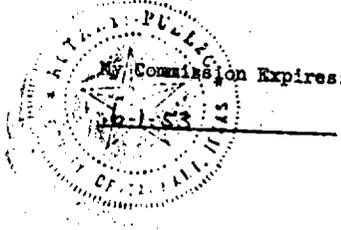
107-6

THE STATE OF TEXAS |

COUNTY OF TARRANT |

On this 23<sup>rd</sup> day of Jan, <sup>1953</sup> 1953, before me appeared B. J. Redmond, to me personally known, who, being by me duly sworn did say that he is the Attorney in Fact of Stanolind Oil and Gas Company, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said B. J. Redmond acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.



Asaeth E. Pickens  
Notary Public in and for  
Tarrant County, Texas



Filed for record the \_\_\_\_\_ day of \_\_\_\_\_, A. D. 19\_\_\_\_, at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

No. \_\_\_\_\_

RECORDED

80

**This Deed,** Made this 8th day of November in the year of our Lord one thousand nine hundred and fifty-four between

Lloyd B. Taylor and Mildred B. Taylor, his wife,

New Mexico

of the County of San Juan and State of ~~Colorado~~ of the first part, and

Lloyd D. Locke and Louise Y. Locke, his wife,

of the County of La Plata and State of Colorado, of the second part,

Witnesseth, That the said parties of the first part, for and in consideration of the sum of

One Dollar and other good and valuable consideration----- DOLLARS, to the said parties of the first part in hand paid by the said parties of the second part, the receipt whereof is hereby confessed and acknowledged, have remised, released, sold, conveyed and Quit-Claimed, and by these presents do remise, release, sell, convey and Quit-Claim unto the said parties of the second part, their heirs and assigns, forever, all the right, title, interest, claim and demand which the said parties of the first part have in and to the following described leases with gas production situate, lying and being in the County of San Juan and State of ~~Colorado~~ <sup>New Mexico</sup>, to-wit:

One Gas Well known as Locke-Smith No. 1, located in Sec. 27, Township 30 North, Range 12 West, N. M. F. M., known as Laurence and Sally Smith Lease, containing 112 acres, under contract to Southern Union Gas Co.

One Gas Well known as Foutz No. 1, located in NW 1/4, Sec. 5, Township 27 North, Range 12 West, N.M.P.M., Lease containing 160 acres, under contract to El Paso Natural Gas Co.

One Gas Well known as Tycksen No. 1, located in the NE 1/4 of Sec. 23, Township 29 N., Range 13 West, containing 320 acres, under contract to El Paso Natural Gas Co.,

said wells complete with casing, leases, and appurtenances.

To Have and to Hold the Same, Together with all and singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever of the said parties of the first part, either in law or equity, to the only proper use, benefit and behoof of the said parties of the second part, their heirs and assigns, forever.

In Witness Whereof, The said parties of the first part have hereunto set their hands and seals the day and year first above written.

Signed, Sealed and Delivered in Presence of

*Lloyd B. Taylor* Seal  
*Mildred B. Taylor* Seal  
Seal  
Seal

New Mexico  
STATE OF ~~COLORADO~~

County of San Juan } The foregoing instrument was acknowledged before me this 8th day of November 1954 by Lloyd B. Taylor and Mildred B. Taylor, his wife.

Witness my hand and official seal.  
My commission expires

*Richard W. [Signature]*  
NOTARY PUBLIC



\*If acting in official or representative capacity, insert name and also office or capacity and for whom acting.  
My Commission Expires Oct. 25, 1958

No. ....

# Quit-Claim Deed

TO

STATE OF <sup>New Mexico</sup> COLORADO,  
County of San Juan ss.

I hereby certify that this Deed was filed for  
Record on the 27 day of December  
A. D. 1954 at 4:00 o'clock P. M., in my  
office, and duly recorded in Book 265

Page No. 80  
Ernest E. Kettle  
RECORDER  
By \_\_\_\_\_ DEPUTY

Fees, \$ .....

WHEN RECORDED RETURN TO

Louis J. Kocke  
Durango, Colorado

OUT WEST PBTG. & SLAY. CO., COLORADO SPRINGS M469

||

**This Deed,** Made this 23rd day of December in the year of our Lord one thousand nine hundred and Fifty-four between

LLOYD D. LOCKE

of the County of La Plata and State of Colorado, of the first part, and

LOUISE Y. LOCKE

of the County of La Plata and State of Colorado, of the second part.

Witnesseth, That the said party of the first part, for and in consideration of the sum of one dollar and other good and valuable considerations----- to the said party of the first part in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, has remised, released, sold, conveyed and Quit-Claimed, and by these presents do es remise, release, sell, convey and Quit-Claim unto the said party of the second part, his heirs and assigns, forever, all the right, title, interest, claim and demand which the said party of the first part has in and to the following described leases with gas production New Mexico situate, lying and being in the County of San Juan and State of ~~COLO~~ to-wit:

One Gas Well known as Locke-Smith No. 1, located in Section 27, Township 30 North, Range 12 West, N. M. P. M., known as Laurence and Sally Smith Lease, containing 112 acres, under contract to Southern Union Gas Co.

One Gas Well known as Foutz No. 1, located in NW 1/4, Section 5, Township 27 North, Range 12 West, N. M. P. M., Lease containing 160 acres, under contract to El Paso Natural Gas Co.

One Gas Well known as Tycksen No. 1, located in the NE 1/4 of Section 23, Township 29 N., Range 13 West, Lease containing 320 acres, under contract to El Paso Natural Gas Co.,

said wells complete with casing, leases, and appurtenances.

To Have and to Hold the Same, Together with all and singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever of the said party of the first part, either in law or equity, to the only proper use, benefit and behoof of the said party of the second part, her heirs and assigns, forever.

In Witness Whereof, The said party of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in Presence of

*Lloyd D. Locke*

Seal  
Seal  
Seal  
Seal

STATE OF COLORADO,

County of La Plata }  
acknowledged before me this 23rd day of December 1954  
by\* Lloyd D. Locke

The foregoing instrument was

Witness my hand and official seal.  
My commission expires October 19, 1957

*Kathleen Owen*  
NOTARY PUBLIC.

\*If acting in official or representative capacity, insert name and also office or capacity and for whom acting.

No. ....

# Quit-Claim Deed

TO

STATE OF <sup>San Juan</sup> COLORADO,  
County of San Juan } ss.

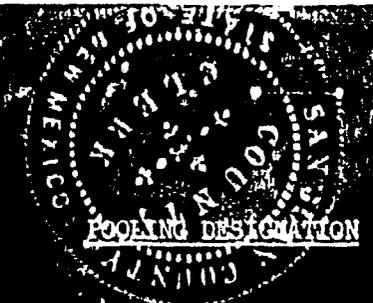
I hereby certify that this Deed was filed for  
Record on the 27 day of December  
A. D. 1954 at 4.05 o'clock A.M., in my  
office, and duly recorded in book 265  
Page No. 810

*William G. Little*  
RECORDER  
By W. G. Little DEPUTY

Fees, \$.....

WHEN RECORDED RETURN TO

*William G. Little*  
Recorder



STATE OF NEW MEXICO, County of San Juan, 23.

I hereby certify that this instrument was filed for record on the 9 day of Feb 1952 at 11:37 a.m. and duly recorded in book 270 page 23 of the Records of said county.

Lida Aial  
Probate Clerk and ex-officio Recorder.  
Bonnie Lane  
Deputy

WHEREAS, Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, are the owners and holders of that certain oil and gas lease executed and delivered by William S. Allen and Melva J. Allen, husband and wife, and Ula Allen, a widow, lessors, dated and executed December 13, 1951, reference to which is more particularly made in that certain instrument recorded in Book 186 at page 178 of the records in the office of the County Clerk and Recorder of San Juan County, New Mexico, covering and embracing the following described land situate in said San Juan County, to-wit:

The NW $\frac{1}{4}$ , Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., containing 160 acres, more or less; and,

WHEREAS, the said Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, are the owners and holders of that certain oil and gas lease executed and delivered by John A. Lee and Elinore K. Lee, husband and wife, lessors, to Lloyd D. Locke and Lloyd B. Taylor, which said lease is recorded in Book 192 at Page 161 of the public records in the office of the County Clerk and Recorder of San Juan County, New Mexico, covering and embracing the following described lands situate in San Juan County, New Mexico, to-wit:

Beginning at a point on the North line of Sec. 23, 40 rods E. from the NW corner of the NE $\frac{1}{4}$  of said section, thence S. 746.8 feet, thence E. 770 feet, thence N. 746.8 feet, thence W. 770 feet, to place of beginning, all in Twp. 29N, Rge. 13W, N.M.P.M., containing 12 acres, more or less; and,

WHEREAS, Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, are the owners and holders of that certain oil and gas lease executed and delivered by Helen Zimmerman and R. J. Zimmerman, husband and wife, on February 20, 1947, to Charles Newbold, Aztec, New Mexico, which said lease is recorded in Book 125 and Page 153 of the public records of San Juan County, New Mexico, and which said lease was assigned to said Lloyd D. Locke

FEB 11 1952 1-A

BHP Exhibit No. 2A  
Case Nos 10345/10346

BHP  
2-A

and Lloyd B. Taylor, dba Locke-Taylor Drilling Company, insofar as said lease pertains to and covers the oil and gas and petroleum products to and including the Pictured Cliffs formation and all other geological formations lying and being lesser in depth than the Pictured Cliffs formation, covering the following described land situate in the County of San Juan, New Mexico, to-wit:

The E $\frac{1}{2}$  of the NE $\frac{1}{4}$ , the SW $\frac{1}{4}$  of the NE $\frac{1}{4}$  and 13 acres in the south part of the NW $\frac{1}{4}$  of the NE $\frac{1}{4}$ , all in Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., containing 133 acres, more or less; and

WHEREAS, B. E. Dustin and Ruth Dustin, husband and wife, and Louis Dustin, a widow, executed and delivered to Earl A. Benson and William V. Montin, of Oklahoma City, Oklahoma, that certain oil and gas lease dated the 21st day of April, 1951, which said lease is recorded in Book 175 at Page 137 of the Public records in the office of the County Clerk and Recorder of San Juan County, New Mexico, and the said Earl A. Benson and William V. Montin, joined by their respective wives, executed and delivered to Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, an assignment of the aforesaid oil and gas lease to and including the Pictured Cliffs formation and any and all geological formations situated at a lesser depth than the Pictured Cliffs formation, as to the following described lands situate and being in San Juan County, New Mexico, to-wit:

Beginning at the NW corner of the NE $\frac{1}{4}$  of Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., thence South 60 rods; thence east 40 rods; thence North 60 rods; thence West 40 rods to the place of beginning, containing 15 acres, more or less; and,

WHEREAS, it is specifically provided in each of the aforesaid oil and gas leases, or amendments thereto, that the owners of said respective oil and gas leases at any time, and from time to time, may pool or unitize all or any part or parts of the lands embraced in said respective

leases, as is more particularly set out in said respective leases; and the said Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, joined by Stanolind Oil and Gas Company, a corporation, and joined by said Earl A. Benson and William V. Montin, joined by their respective wives, have elected to pool or unitize all of the lands embraced in said several respective leases under a unitized drilling unit, embracing the N $\frac{1}{2}$  of Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., to conform with the spacing rules and regulations provided by the Oil Conservation Commission of the State of New Mexico.

NOW, THEREFORE, we, the said Lloyd D. Locke and Lloyd B. Taylor doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, and said Stanolind Oil and Gas Company, a corporation, and joined by said Earl A. Benson and William V. Montin, so by these presents unitize and pool all and singular the lands embraced in said respective oil and gas leases, as hereinabove more particularly described, into one drilling unit and acreage pool for the purpose of operating and drilling, producing and marketing ~~oil~~ gas, and hydrocarbon substances from the said lands embraced in said above mentioned leases, embracing and covering all and singular the following described lands situate in San Juan County, New Mexico, as one drilling unit or pool, to-wit:

*[Handwritten signature]*  
 C. J. W. M.  
 10/1/53

The N $\frac{1}{2}$  of Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., containing 320 acres, more or less.

PROVIDED, HOWEVER, that this Pooling Designation and Declaration shall apply to and be binding upon said Stanolind Oil and Gas Company, a corporation, and Earl A. Benson and William V. Montin as embracing and pertaining to only those geological formations lying in and above the Pictured Cliffs formation.

IT HEREBY IS FURTHER DECLARED by the said Lloyd D. Locke and Lloyd B. Taylor, dba Locke-Taylor Drilling Company, and said Stanolind Oil and

Gas Company, a corporation, and said Earl A. Benson and William V. Montin, that all of the production of gas and hydrocarbon substances produced and saved from any and all wells drilled on the said hereinabove described lands be, and they hereby are unitized and pooled under one unit of lands, provided, however, that such unitization shall apply only to the Pictured Cliffs formation and other formations of lesser depth or depths than the Pictured Cliffs formation insofar as the same pertains to said lands embraced in the aforesaid lease to said Stanolind Oil and Gas Company, a corporation, and the lands embraced in said lease to Earl A. Benson and William V. Montin, more particularly hereinabove described.

IN WITNESS WHEREOF, the said Lloyd D. Locke and Lloyd B. Taylor have hereunto set their hands this 30 day of Sept., 1953, and said Stanolind Oil and Gas Company, a corporation, has caused its name to be hereto subscribed and attested by its duly authorized and acting officials, this 14th day of December, <sup>1954</sup>~~1953~~, and said Earl A. Benson and William V. Montin have hereunto set their hands this 30<sup>th</sup> day of October, 1953.

Lloyd D. Locke  
LOYD D. LOCKE

Lloyd B. Taylor  
LOYD B. TAYLOR

AND  
STANOLIND OIL & GAS COMPANY  
BY: Carl A. Benson  
ATTORNEY-IN-FACT



Earl A. Benson  
EARL A. BENSON

William V. Montin  
WILLIAM V. MONTIN



ATTEST:  
[Signature]

STATE OF COLORADO )  
COUNTY OF LA FLATA ) SS.

On this 30<sup>th</sup> day of September, 1953, before me personally appeared Lloyd D. Locke, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Ray M. Coon

My Commission Expires:  
July 25 1956

STATE OF COLORADO )  
COUNTY OF LA FLATA ) SS.

On this 30<sup>th</sup> day of September, 1953, before me personally appeared Lloyd B. Taylor, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Ray M. Coon

My Commission Expires:  
July 25 1956

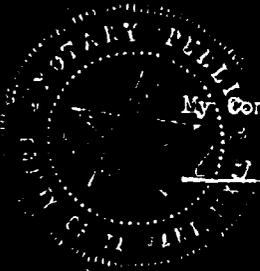
23-8

STATE OF TEXAS )  
COUNTY OF TARRANT ) SS.

On this 14<sup>th</sup> day of December, <sup>1954</sup> 1953, before me  
appeared E. J. Redburn, to me personally known,  
who, being by me duly sworn did say that he is the Attorney in Fact  
of Stanolind Oil and Gas Company, and that the seal affixed to said  
Instrument is the corporate seal of said corporation and that said  
instrument was signed and sealed in behalf of said corporation by  
authority of its board of directors, and said E. J. Redburn  
acknowledged said instrument to be the free act and deed of said  
corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my  
seal on this, the day and year first above written.

\_\_\_\_\_  
Notary Public in and for  
Tarrant County, Texas



My Commission Expires:  
\_\_\_\_\_

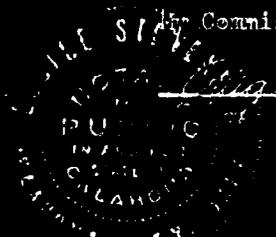
STATE OF OKLAHOMA )  
 ) SS:  
COUNTY OF OKLAHOMA )

On this 30<sup>th</sup> day of October, 1953, before me personally appeared Earl A. Benson, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Ludie Johnson  
Notary Public

My Commission Expires:



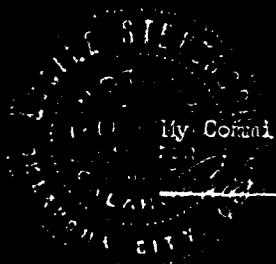
STATE OF OKLAHOMA )  
 ) SS.  
COUNTY OF OKLAHOMA )

On this 30<sup>th</sup> day of October, 1953, before me personally appeared William V. Montin, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Ludie Johnson  
Notary Public

My Commission Expires:



STATE OF NEW MEXICO }  
COUNTY OF SAN JUAN }

I hereby certify that the foregoing

Pooling, Resignature

is a true copy of the original on file in my  
said office this 22nd day of

July 1991

Charles B. Bandy

Clerk

Mrs. B. Brown, Deputy

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF  
EARL A. BENSON AND WILLIAM V. MONTIN  
FOR THE APPROVAL OF GALLEGOS CANYON  
UNIT AGREEMENT EMBRACING 39,324.51  
ACRES OF LAND IN TOWNSHIP 28 NORTH,  
N.M.P.M., SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 247  
ORDER NO.                     

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause coming on for hearing at ten o'clock a.m., on the 24th day of April, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," upon the application of Earl A. Benson and William V. Montin for approval of the Gallegos Canyon Unit Agreement, embracing lands situated in San Juan County, New Mexico, and the Commission having considered said application and the evidence introduced in support thereof and being fully advised in the premises:

FINDS that the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste;

IT IS, THEREFORE, ORDERED BY THE COMMISSION AS FOLLOWS:

Section 1. That this order shall be known as the

GALLEGOS CANYON UNIT AGREEMENT ORDER.

Section 2. (a) That the project herein referred to shall be known as the Gallegos Canyon Unit Agreement, and shall hereafter be referred to as the "project."

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Gallegos Canyon Unit Agreement Area referred to in the Petitioners' petition and filed with said petition, and such plan shall be known as the Gallegos Canyon Unit Agreement Plan.

Section 3. That the Gallegos Canyon Unit Agreement Plan is hereby approved as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as involving or relinquishing in

BEFORE EXAMINER STOGNER  
OIL CONSERVATION DIVISION  
*BNP* EXHIBIT NO. 3  
CASE NO. 10345/10346

any other rights, duties or obligations which are now, or may hereafter be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Callegos Canyon Unit Agreement, or relative to the production of oil or gas therefrom.

Section 4. (a) That the Unit Area shall be the following described lands, all located in San Juan County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN:

Township 28 North, Range 11 West

Sec. 7 - All  
Sec. 18 - All  
Sec. 19 - All

Township 28 North, Range 12 West

Secs. 7 to 34, incl.

Township 28 North, Range 13 West

Secs. 11 to 14, incl.  
Secs. 23 to 26, incl.  
Secs. 35 and 36

Township 29 North, Range 12 West

Sec. 16 - SW $\frac{1}{4}$   
Secs. 17 to 21, Incl.  
Sec. 22 - W $\frac{1}{2}$ , SE $\frac{1}{4}$   
Sec. 25 - W $\frac{1}{2}$ , SE $\frac{1}{4}$   
Secs. 26 to 36, incl.

Township 29 North, Range 13 West

Sec. 13 - All  
Secs. 23 to 26, incl.  
Secs. 34 to 36, incl.

Said area embraces a total of 39,324.51 acres of land.

(b) The Unit Area may be enlarged or contracted as provided in said Plan.

Section 5. That the Unit Operator shall file with the Commissioner of Public Lands an executed original or executed counterpart of the Callegos Canyon Unit Agreement within thirty days after the effective date thereof.

That any party owning rights in the unitized...  
...shall file with the Commission within thirty days an original of  
any such counterpart.

Section 7. That this Order shall become effective on the first  
day of the calendar month next following the approval of the Com-  
missioner of Public Lands of the State of New Mexico and the Director of  
the United States Geological Survey, and shall terminate ipso facto  
on the termination of said Unit Agreement. The last unit operator  
shall immediately notify the Commission in writing of such termina-  
tion.

DONE at Santa Fe, New Mexico, this 24 day of April, 1951.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

Chairman

*Amey J. ...*

Member

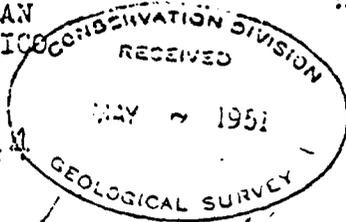
*R. P. ...*  
Secretary.



5-2 P4 5

UNIT AGREEMENT FOR THE DEVELOPMENT AND  
OPERATION OF THE GALLEGOS CANYON UNIT AREA  
COUNTY OF SAN JUAN  
STATE OF NEW MEXICO

RECEIVED



APR 26 1951

I-Sec. No. 841

THIS AGREEMENT, entered into as of the 14 day of November,  
1950, by and between the parties subscribing, ratifying, or consenting here-  
to, and herein referred to as the "parties hereto";

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty or other  
oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the term "working interest owner" as used herein and in other  
contracts between and among the parties relating to the subject lands shall mean  
and refer only to such an interest committed hereto as may be obligated to bear  
or share, either in cash or out of production (other than by permitting the use  
of unitized substances for development, production, repressuring or recycling  
purposes), a portion or all of the costs or expenses of developing, equipping or  
operating any land within the Unit Area subject to this agreement. If the working  
interest in any tract is or shall hereafter be owned by more than one party, the  
term "working interest owner", when used with respect to such tract, shall refer  
to all such parties owning the working interest therein; and

WHEREAS, the allotted land mineral leasing act of March 3, 1909, (35 Stat.  
783, 25 U. S. C. sec. 396) authorizes the leasing of restricted allotted Indian  
lands subject to rules and regulations prescribed by the Secretary of the Interior;  
and

WHEREAS, the act of February 25, 1920, 41 Stat. 437, 30 U.S.C. Sec. 181,  
et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, authorizes Federal  
lessees and their representatives to unite with each other, or jointly or separately  
with others, in collectively adopting and operating under a cooperative or unit  
plan of development or operation of any oil or gas pool, field, or like area, or  
any part thereof, for the purpose of more properly conserving the natural resources  
thereof whenever determined and certified by the Secretary of the Interior to be  
necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is  
authorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent to or  
approve this agreement on behalf of the State of New Mexico, insofar as it covers

July, 1950

17185

and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Chap. 72, Laws 1935) to approve this agreement and the conservation provisions hereof;

WHEREAS, the parties hereto hold sufficient interests in the Gallegos Canyon Unit Area to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the unit area and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS: The acts of March 3, 1909, February 25, 1920, and May 11, 1938, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement, and as to non-Federal land applicable State laws are accepted and made part of this agreement.

2. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

NEW MEXICO PRINCIPAL MERIDIAN

Township 28 North, Range 11 West

- Sec. 7-All
- Sec. 18-All
- Sec. 19-All

Township 28 North, Range 12 West

- Secs. 7 to 34, incl.

Township 28 North, Range 13 West

- Secs. 11 to 14, incl.
- Secs. 23 to 26, incl.
- Secs. 35 and 36

Township 29 North, Range 12 West

- Sec. 16-SW/4
- Secs. 17 to 21, incl.
- Sec. 22-W/2, SE/4
- Sec. 25-W/2, SE/4
- Secs. 26 to 36, incl.

Township 29 North, Range 13 West

- Sec. 13-All
- Secs. 23 to 26, incl.
- Secs. 34 to 36, incl.

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11  
5  
27

Total Unit Area embraces 39,324.51 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the known ownership of all land and leases in said area. Exhibit "B" attached hereto is a schedule showing the percentage and kind of ownership of oil and gas interests in all land in the unit area. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or other changes render such revision necessary, but no such revision shall be retroactive. Not less than seven copies of the revised exhibits shall be filed with the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", and two copies with the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "State Commissioner".

The above-described unit area shall when practicable be expanded to include therein any additional tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the State Commissioner, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof;

(b) Said notice shall be delivered to the Supervisor, and the Superintendent of the Navajo Indian Reservation, the Commissioner of Indian Affairs hereinafter referred to as "Indian Commissioner", and the State Commissioner, and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections;

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor and State Commissioner evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator;

(d) After due consideration of all pertinent information, the Director and State Commissioner shall approve in whole or in part or reject the proposed expansion or contraction. To the extent that it may be approved, such expansion or contraction shall become effective as of the date prescribed in the notice thereof.

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All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

3. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR: Earl A. Benson and William V. Montin are hereby designated as Unit Operator and by signature hereto commit to this agreement all interests in unitized substances vested in them as set forth in Exhibit "B", and agree and consent to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as owner of interests in unitized substances.

Prior to the establishment of a participating area or areas hereunder, the Unit Operator may resign as Unit Operator whenever not in default under this agreement, but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of six months after it has served notice of intention to resign on all owners of working interests subject hereto and the Director, Superintendent, Indian Commissioner, and State Commissioner unless a new Unit Operator shall have been selected and approved and shall have assumed the duties and obligations of Unit Operator prior to the expiration of said six-month period. Unless a successor operator is selected and approved, and assumes the duties and obligations of operator prior to the effective date of the retiring operator's relinquishment of duties, the retiring operator must place all wells drilled hereunder in a satisfactory condition for suspension or abandonment as may be required by the Supervisor and the State Commissioner under applicable Federal and State oil and gas operating regulations.

Unit Operator shall have the right to resign while a participating area established hereunder is in existence but such resignation shall not become effective unless and until a successor unit operator has been selected and approved and has agreed to accept the duties and responsibilities of Unit Operator effective upon the termination of such duties and responsibilities of the retiring Unit Operator. The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

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Upon default or failure in the performance of its duties or obligations

under this agreement, the Unit Operator may be removed by a majority vote of owners of working interests determined in like manner as herein provided for the selection of a successor Unit Operator. Prior to the effective date of relinquishment by, or within six months after removal of Unit Operator, the duly qualified successor Unit Operator shall have an option to purchase on reasonable terms all or any part of the equipment, material, and appurtenances in or upon the land subject to this agreement, owned by the retiring Unit Operator and used in its capacity as such Operator, or if no qualified successor operator has been designated, the working interest owners may purchase such equipment, material, and appurtenances. At any time within the next ensuing three months any equipment, material, and appurtenances not purchased and not necessary for the preservation of wells may be removed by the retiring Unit Operator, but if not removed shall become the joint property of the owners of unitized working interests in the participating area or, if no participating area has been established, in the entire unit area. The termination of the rights as Unit Operator under this agreement shall not terminate the right, title, or interest of such Unit Operator in its separate capacity as owner of interests in unitized substances.

5. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall relinquish the right as Unit Operator or shall be removed, the owners of the unitized working interests in the participating area on an acreage basis, or in the unit area on an acreage basis until a participating area shall have been established, shall select a new Unit Operator. A majority vote of the working interests qualified to vote shall be required to select a new Unit Operator; provided, that if a majority but less than 75 per cent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of at least one additional working interest owner shall be required to select a new Unit Operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Director and State Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and State Commissioner at their election may declare this unit agreement terminated.

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6. UNIT OPERATING AGREEMENT: If the Unit Operator is not the sole owner of working interests, all costs and expenses incurred in conducting unit operations hereunder and the working interest benefits accruing hereunder shall be apportioned among the owners of unitized working interests in accordance with a unit operating

agreement by and between the Unit Operator and the other owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "Unit Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this unit agreement and the unit operating agreement, this unit agreement shall prevail. Three true copies of any unit operating agreement executed pursuant to this section shall be filed with the Supervisor.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Each working interest owner shall take in kind, or market individually or through an agent, its respective portion of the unitized substances and acting individually or through an agent shall pay all royalty, overriding royalty or other payments to which the portion of such working interest owner is subject. The right is hereby secured to the United States and the State of New Mexico under existing or future laws and regulations to elect to take its respective royalty shares in kind or value. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in such capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

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The Unit Operator shall pay all costs and expenses of operation with respect to the unitized land; and no charge therefor shall be made against the royalty owners. If and when the Unit Operator is not the sole owner of all working interests, such costs shall be charged to the account of the owners of working interests, and the Unit Operator shall be reimbursed therefor by such owners and shall account to the working interest owners for their respective

shares of the production and benefits derived from operations hereunder, all in the manner and to the extent provided in the unit operating agreement. If the Unit Operator is the sole working interest owner, he shall bear all such costs and expenses. The Unit Operator shall render each month to the owners of unitized interests entitled thereto an accounting of the operations on unitized land during the previous calendar month, and shall pay in value or deliver in kind to each party entitled thereto a proportionate and allocated share of the benefits accruing hereunder in conformity with operating agreements, leases, or other independent contracts between the Unit Operator and the parties hereto either collectively or individually.

The development and operation of land subject to this agreement under the terms hereof shall be deemed full performance by the Unit Operator of all obligations for such development and operation with respect to each and every part or separately owned tract of land subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement, or other contract by and between the parties hereto or any of them.

8. DRILLING TO DISCOVERY: Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location to be approved by the Supervisor if such location is upon Indian or Federal lands, and if upon State lands or patented lands, such location shall be approved by the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the Commission, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently to a depth of 6500 feet unless at a lesser depth unitized substances shall be discovered which can be produced in paying quantities or unless at a lesser depth the Dakota formation has been adequately tested or the Unit Operator shall at any time establish to the satisfaction of the Supervisor as to wells on Indian or Federal land, or the Commission as to wells on State land or patented land, 17185 that further drilling of said well would not be warranted or practicable. Nevertheless, completion of a well in paying quantities, prior to testing the Dakota or reaching 6500 feet in depth, shall not relieve the Unit Operator from the obligation to commence such a Dakota test well within one year thereafter. If the first or any subsequent test well fails to result in the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more

than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on Indian or Federal land or the State Commissioner if on State land or patented land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign, as provided in Section 4 hereof, after any well drilled under this section is placed in a satisfactory condition for suspension or is plugged and abandoned pursuant to applicable regulations.

Upon application, the Director and the State Commissioner may modify the drilling requirements of this section and grant reasonable extensions of time when in their opinion, such actions are warranted. Upon failure to comply with the drilling provisions of this section, the Director and State Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee, and lessor at their last known addresses, declare this unit agreement terminated.

9. PLAN OF FURTHER DEVELOPMENT AND OPERATION: Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor, the State Commissioner, and the Commission an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the State Commissioner, and the Commission, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein subject to the Dakota test well provisions of Section 8. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, the State Commissioner, and the Commission, a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section, subject to the Dakota test well provisions of Section 8, shall provide for exploration of the unitized area and for the determination of the commercially productive area thereof in each and every productive formation and shall be as complete and adequate as the Supervisor, the State Commissioner, and the Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable

For proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor, the State Commissioner, and the Commission. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and State Commissioner are authorized to grant a reasonable extension of the six-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing oil and gas in paying quantities, subject to the Dakota test well provisions of Section 8, no further wells except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the State Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well pursuant to the provisions of Section 8 hereof capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor or the State Commissioner, the Unit Operator shall submit for approval by the Director, the Commissioner, and the Commission a schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule on approval of the Director, the State Commissioner, and Commission to constitute a participating area, effective as of the date of first production. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month following the date of first authentic knowledge or

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information on which such revision is predicated, unless a more appropriate effective date is specified in the schedule. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive apportionment of any sums accrued or paid for production obtained prior to the effective date of revision of the participating area.

In the absence of Agreement at any time between the Unit Operator and the Director, the State Commissioner, and Commission as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the Indians, the United States, and the State of New Mexico which shall be determined by the Supervisor and the State Commissioner and the amount thereof deposited as directed by the Supervisor as to Indian and Federal lands and deposited with the Commissioner of Public Lands as to State lands to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Indian, Federal, and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor as to wells on Indian and Federal land, the State Commissioner as to wells on State land, and the Commission as to patented land, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall be allocated to the land on which the well is located so long as that well is not within a participating area established for the pool or deposit from which such production is obtained.

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11. ALLOCATION OF PRODUCTION: All unitized substances produced from each participating area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits that accrue on an acreage basis,

each such tract shall have allocated to it such percentage of said production as its area bears to the said participating area. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area.

12. DEVELOPMENT OR OPERATION ON NON-PARTICIPATING LAND OR FORMATIONS: Any party or parties hereto, other than the Unit Operator, owning or controlling a majority of the working interests in any unitized land not included in a participating area and having thereon a regular well location in accordance with a well-spacing pattern established under an approved plan of development and operation, with appropriate approval, may drill a well at such location at such party's sole risk, cost, and expense to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party or parties of intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

If such well, by whomsoever drilled, results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement, and the well shall thereafter be operated by the Unit Operator pursuant to the terms of this agreement as other wells within participating areas, and there shall be a financial adjustment between the parties who financed the well and the working interest owners in the participating area concerning their respective drilling and other investment cost, all as provided in the unit operating agreement.

If any well, by whomsoever drilled, as provided in this section, obtains production insufficient to justify inclusion of the land on which said well is situated in a participating area, such well may be operated and produced by the party drilling the well. If the drilling of such well was financed by parties other than the working interest owners on the well tract, details of financial arrangements and operations as between such parties shall be provided for in the unit operating agreement.

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Wells drilled or produced at the sole expense and for the sole benefit of an owner of working interest other than the Unit Operator shall be operated and produced pursuant to the conservation requirements of this agreement. Royalties

in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

13. ROYALTIES AND RENTALS: Royalty on each unitized tract shall be paid or delivered by the parties obligated therefor as provided by existing leases, contracts, laws, and regulations at the lease or contract rate upon the unitized substances allocated to the tract. Nothing herein contained shall operate to relieve the lessces of Indian, Federal, or State lands from their obligations under the terms of their respective leases to pay rentals and royalties.

Royalty due the Navajo Indians and the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Indian and Federal land as provided herein at the rates specified in the respective Indian and Federal leases or at such lower rate or rates as may be authorized by law or regulations; provided that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

Unitized substances produced from any participating area and used therein in conformance with good operating practice for drilling, operating, camp, or other production or development purposes or under an approved plan of operation for repressuring or cycling said participating area, or for development outside of such participating area if for the purposes of drilling exploratory wells or for camps or other purposes benefiting the unit as a whole, shall be free from any royalty or other charge except as to any products extracted from unitized substances so used. If Unit Operator introduces gas for which royalties have been paid into any participating area hereunder from sources other than such participating area for use in repressuring, stimulation of production, or increasing ultimate production in conformity with a plan first approved by the Supervisor, a like amount of gas may be sold without payment of royalty as to dry gas but not as to the products extracted therefrom; provided, that gas so introduced shall bear a proportionate and equitable share of plant fuel consumption and shrinkage in the total volume of gas processed from such participating area; and provided further, that such withdrawal shall be at such time as may be provided in the plan of operation or as may otherwise be consented to by the Supervisor as conforming to good petroleum engineering practice; provided, however, that said right of withdrawal royalty free shall terminate upon termination of the unit agreement.

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Each working interest owner and lessee presently responsible for the payment of rentals, or his successor in interest, shall be responsible for and shall pay all rentals of whatsoever kind on his respective lease. Rental or minimum royalty for Indian and Federal land of the United States subject to this agreement shall be paid at the rate specified in the respective Indian and Federal leases or such rental or minimum royalty as to Federal land is waived, suspended, or reduced by law or by approval by the Secretary of the Interior, hereinafter referred to as "Secretary". Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases, or may be reduced and suspended upon the order of the Commissioner of Public Lands of the State of New Mexico pursuant to applicable laws and regulations.

14. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances, to the end that the maximum efficient yield may be obtained without waste, as defined by or pursuant to State or Federal law or regulation; and production of unitized substances shall be limited to such production as can be put to beneficial use with adequate realization of fuel and other values.

15. DRAINAGE: The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Indian and Federal land or as approved by the State Commissioner as to State land. Unit Operator shall be reimbursed for the cost thereof by the working interest owners in the manner provided in the unit operating agreement.

16. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto holding interests in leases embracing unitized Indian, Federal, or State land consent that the Secretary and the State Commissioner, respectively, may and said Secretary, or his duly authorized representative, and State Commissioner by their approval of this agreement do, establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.

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Said parties further consent and agree, and the Secretary or his duly authorized representative, and the State Commissioner by their respective approvals

hereof determine, that during the effective life of this agreement, drilling and producing operations performed by the Unit Operator upon any unitized land will be accepted and deemed to be operations under and for the benefit of all unitized leases embracing Indian, Federal and State land; that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced; and that all leases or other contracts concerning such land, except as otherwise provided herein, shall be modified to conform to the provisions of this agreement and shall be continued in force and effect beyond their respective terms during the life of this agreement. Any Federal lease for a term of 20 years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force until the termination hereof. Any other Federal lease committed hereto shall continue in force as to the committed land so long as the lease remains committed hereto, provided a valuable deposit of unitized substances is discovered prior to the expiration date of the primary term of such lease. Authorized suspension of all operations and production on the unitized land shall be deemed to constitute authorized suspension with respect to each unitized lease.

The parties hereto holding interests in privately owned land within the unit area consent and agree, to the extent of their respective interests, that each such lease may be continued in effect beyond the primary term of such lease and during the term of this agreement, provided however that until some portion of the land in a privately owned lease is included in a participating area said lease may be kept in force only by the payment of the delay rentals in the time, manner and amount provided by said lease. Except as in this section otherwise provided, all leases or other contracts concerning such land shall be modified to conform to the provisions of this agreement and shall be continued in force and effect during the life of this agreement; that drilling and producing operations conducted on any tract of land committed to this agreement will be accepted and deemed to be performed on and for the benefit of each and every tract of such privately owned land committed hereto; that no lease affecting said privately owned land shall be deemed to expire by reason of failure to drill or to produce wells situated on such lands; and that authorized suspension of all operations and production on unitized land shall be deemed to constitute authorized suspension with respect to all unitized leases affecting privately owned lands. 17185

17. SPECIAL INDIAN LAND PROVISIONS: Notwithstanding any other provisions, including but not limited to Sections 13 and 16 of this unit agreement, it is

expressly understood and agreed that any Indian land lease having a portion of its area within and a portion outside the unit area shall be segregated as to such portion for all intents and purposes as fully and effectively as if they had been issued as separate leases.

18. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working, royalty, or other interest shall be binding on the Unit Operator until the first day of the next calendar month after the Unit Operator is furnished with the original or photostatic or certified copy of the instrument of transfer.

19. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the State Commissioner and the Director and shall have a term of 5 years commencing as of said effective date, unless (a) the date of expiration is extended by the Director and the State Commissioner, or (b) it is reasonably determined prior to the expiration of the fixed term of any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and the State Commissioner, or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which case the agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities; or (d) it is terminated as provided in Sections 5 and 8 hereof.

This agreement may be terminated at any time by not less than 75 percentum, on an acreage basis, of the owners of working interest signatory hereto with the approval of the Director and the State Commissioner.

20. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and

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development and within the limits made or fixed by the Commission to alter or modify the quantity and rate of production under this agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided further that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the State Commissioner and as to any lands of the State of New Mexico or privately-owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

21. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination, or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability for delay or failure in whole or in part to comply therewith to the extent that the said Unit Operator, working interest owners or any of them are hindered, delayed, or prevented from complying therewith by reason of failure of the Unit Operator to obtain with the exercise of due diligence the concurrence of the representatives of the United States and the representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

22. UNAVOIDABLE DELAY: All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, lockouts, acts of God, Federal, State, or municipal laws or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

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23. TAXES: The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land subject to this contract after the effective date of this agreement, or upon the proceeds or net proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to the royalty owners having interests in said tract, and may currently retain and deduct sufficient of the unitized substances or derivative products, or net proceeds thereof from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or the State of New Mexico or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

24. NON-JOINDER AND SUBSEQUENT JOINDER: If the owner of any interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director and the Unit Operator prior to the approval of this agreement by the Director. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement and, if the interest is a working interest, by the owner of such interest also subscribing to the Unit Operating Agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the Unit Operating Agreement. After final approval hereof, joinder to this agreement by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Prior to final approval hereof, joinder by any owner of non-working interest must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as effectively committed hereto. A subsequent joinder shall be effective as of the first day of the month following the filing with the Supervisor of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director.

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25. COUNTERPARTS: This agreement may be executed in any number of counterparts no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart, ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

26. FAIR EMPLOYMENT: The Unit Operator shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and an identical provision shall be incorporated in all sub-contracts.

27. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join this unit agreement, so that such tract is not committed to this unit agreement, there shall be such readjustment of participation as may be required on account of such failure of title. In the event of a dispute as to title or as to any interest in unitized land, the Unit Operator may withhold payment or delivery on account thereof without liability for interest until the dispute is finally settled; provided, that as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico shall be withheld, but such funds shall be deposited as directed by the Supervisor and the Commissioner of Public Lands of the State of New Mexico, respectively, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

28. NO PARTNERSHIP: It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing in this agreement contained, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

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IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

WITNESS:

DATE:

UNIT OPERATOR AND WORKING INTEREST OWNER

*Russ M. Anderson*

Address: 316 Petroleum Building  
Oklahoma City, Oklahoma

By *Carol A. Benson*

By \_\_\_\_\_

By \_\_\_\_\_

By \_\_\_\_\_

WORKING INTEREST OWNERS

ATTEST: \_\_\_\_\_ DATE: \_\_\_\_\_  
Assistant Secretary

STANOLIND OIL AND GAS COMPANY  
BY \_\_\_\_\_  
Vice-President



Address: P. O. Box 591, Tulsa, Oklahoma

ATTEST: \_\_\_\_\_  
Secretary

BY \_\_\_\_\_  
President

Address: \_\_\_\_\_

ATTEST: \_\_\_\_\_

BY \_\_\_\_\_

Address: \_\_\_\_\_

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STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me appeared \_\_\_\_\_  
\_\_\_\_\_, to me personally known, who, being by me duly  
sworn, did say that he is the \_\_\_\_\_ President of \_\_\_\_\_

and that the seal affixed to said instrument is the corporate seal of said corporation,  
and that said instrument was signed and sealed in behalf of said corporation by  
authority of its Board of Directors, and said \_\_\_\_\_  
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires:

\_\_\_\_\_  
Notary Public

STATE OF California )  
COUNTY OF San Diego )

On this 1st day of March, 1951, before me appeared \_\_\_\_\_  
\_\_\_\_\_, to me personally known, who, being by me duly  
sworn, did say that he is the General President of STANOLIND OIL AND GAS COMPANY

and that the seal affixed to said instrument is the corporate seal of said corporation,  
and that said instrument was signed and sealed in behalf of said corporation by  
authority of its Board of Directors, and said \_\_\_\_\_  
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this 1st day of March, 1951.

My Commission expires:

April 9 1954

Notary Public  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me appeared \_\_\_\_\_  
\_\_\_\_\_, to me personally known, who, being by me duly  
sworn, did say that he is the \_\_\_\_\_ President of \_\_\_\_\_

and that the seal affixed to said instrument is the corporate seal of said corporation,  
and that said instrument was signed and sealed in behalf of said corporation by  
authority of its Board of Directors, and said \_\_\_\_\_  
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires:

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me appeared \_\_\_\_\_  
\_\_\_\_\_, to me personally known, who, being by me duly  
sworn, did say that he is the \_\_\_\_\_ President of \_\_\_\_\_

and that the seal affixed to said instrument is the corporate seal of said corporation,  
and that said instrument was signed and sealed in behalf of said corporation by  
authority of its Board of Directors, and said \_\_\_\_\_  
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this \_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires:

\_\_\_\_\_  
Notary Public

(New Mexico)

17185

STATE OF Oklahoma )  
COUNTY OF Oklahoma )

On this 1st day of November, 1950, before me personally appeared

Earl A. Benson and Mrs. V. Martin

to me known to be the persons described in and who executed and delivered the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 1st day of November, 1950.

My Commission expires:

August 3rd, 1953

[Signature]  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared

to me known to be the person \_\_\_\_\_ described in and who executed and delivered the foregoing instrument, and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires:

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared

to me known to be the person \_\_\_\_\_ described in and who executed and delivered the foregoing instrument, and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires:

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared

to me known to be the person \_\_\_\_\_ described in and who executed and delivered the foregoing instrument, and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires:

\_\_\_\_\_  
Notary Public

STATE OF \_\_\_\_\_ )  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, before me personally appeared

to me known to be the person \_\_\_\_\_ described in and who executed and delivered the foregoing instrument, and acknowledged to me that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

My Commission expires:

\_\_\_\_\_  
Notary Public

(New Mexico)

17185

now, or may hereafter, be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Gallegos Canyon Unit Agreement, or relative to the production of oil or gas therefrom.

Section 4. (a) That the Unit Area shall be the following described lands, all located in San Juan County, New Mexico, to-wit:

**NEW MEXICO PRINCIPAL MERIDIAN:**

Township 28 North, Range 11 West

Sec. 7 - All  
Sec. 18- All  
Sec. 19- All

Township 28 North, Range 12 West

Secs. 7 to 34, incl.

Township 28 North, Range 13 West

Secs. 11 to 14, incl.  
Secs. 23 to 26, incl.  
Secs. 35 and 36

Township 29 North, Range 12 West

Sec. 16 - SW/4  
Secs. 17 to 21, incl.  
Sec. 22 - W/2, SE/4  
Sec. 25 - W/2, SE/4  
Secs. 26 to 36, incl.

Township 29 North, Range 13 West

Sec. 13 - All  
Secs. 23 to 26, incl.  
Secs. 34 to 36, incl.

Said area embraces a total of 39,324.51 acres of land.

(b) The Unit Area may be enlarged or contracted as provided in said Plan.

Section 5. That the Unit Operator shall file with the Commissioner of Public Lands an executed original or executed counterpart of the Gallegos Canyon Unit Agreement within thirty days after the effective date thereof.

MAY 8 '51

Section 6. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof. The unit operator shall file with the Commission within thirty days an original of any such counterpart.

Section 7. That this Order shall become effective on the first day of the calendar month next following the approval of the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, and shall terminate ipso facto on the termination of said Unit Agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, this 24th day of April, 1951.

STATE OF NEW MEXICO  
OIL CONSERVATION COMMISSION

/s/ GUY SHEPARD, Member

R. R. SPURRIER, Secretary

(SEAL)

EXHIBIT "B"  
SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND  
GAS INTERESTS IN ALL LAND IN THE CALLEGOS CANYON UNIT AGREEMENT

FEDERAL LANDS

TRACE NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION			NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE OR ASSIGNMENT	PERCENTAGE INTEREST	
		TWP	R	SEC			SECTION SUBDIVISIONS	RI OR OWNER			RI OR INTEREST
1	0524 (NM) (Use.App.)	29N	13W	24 - N/2 S/2	160.00	E. B. Todhunter	USA	RI	12 1/2%	E. B. Todhunter	87.5000
2	047019-B 3-6-36 (Producing Lease)	28N	11W	7 - Lot 1 18 SE/4 NE/4, SW/4 SE/4	106.90	Summit Oil Co.	USA	RI	12 1/2%	<i>Summit Oil Co.</i> Southern Union Gas Co.	87.5000
3	076444 11-1-45	29N	12W	18 - Lot 3	39.43	Pauline S. McNaughton	USA	RI	12 1/2%	J. J. Hudson	87.5000
4	076444 11-1-45	29N	13W	23 - S/2 SW/4, SW/4 SE/4 26 - NE/4 NE/4	160.00	Pauline S. McNaughton	USA	RI	12 1/2%	J. J. Hudson	87.5000
5	077731 8-1-46	29N	12W	21 - NE/4	160.00	Pauline S. McNaughton	USA	RI	12 1/2%	J. J. Hudson	87.5000
6	077966 2-1-48	28N	13W	23 - All 24 - All 14 - S/2	1600.00	Carlos Robinson	USA	RI	12 1/2%	Southern Union Gas Co.	87.5000
7	077967 2-1-48	28N	13W	35 - All 36 - All	1280.00	Gerald L. Davies	USA	RI	12 1/2%	Southern Union Gas Co.	87.5000
8	078072 2-1-48	28N	13W	11 - All	275.36	W. H. Sloan	USA	RI	12 1/2%	W. H. Sloan	87.5000

#17,185

CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Act approved March 3, 1909, 35 Stat. 783, 25 U.S.C. sec. 396, as to certain restricted INDIAN lands, and delegated to the Commissioner of Indian Affairs by Departmental Order 2508 of January 11, 1949, 14 F.R. 258; and

Pursuant to the authority vested in the Secretary of the Interior, as to FEDERAL lands, under the Act approved February 25, 1920, 41 Stat. 437; 30 U.S.C. secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey by Departmental Order 2365 of October 8, 1947, 43 C.F.R. sec. 4.611, 12 F.R. 6784, we do hereby:

A. Approve the attached agreement for the development and operation of the Gallegos Canyon Unit Area, San Juan County, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, and royalty provisions of all Indian leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

D. Certify and determine that the drilling, producing rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of this agreement.

Dated JUL 25 1951

*[Signature]*  
Assistant Commissioner of Indian Affairs

Dated JUL 25 1951

*[Signature]*  
Acting Director, United States Geological Survey

6-17185

San Juan County, New Mexico  
1951

The undersigned, Commissioner of Public Lands of the State of New Mexico, has considered the application of Earl A. Benson and William T. ... for approval of the Gallegos Canyon Unit Agreement, covering lands in San Juan County, New Mexico, described in said Agreement, and the undersigned having considered the aforesaid Application and the evidence offered by the Petitioners at the hearing before the Oil Conservation Commission on the 24th day of April, 1951,

- 1. The said Gallegos Canyon Unit Agreement will tend to promote the conservation of oil and gas and the better utilization of reserves thereof.
  - 2. Under the operation of the proposed Agreement, the State of New Mexico will receive its fair share of the recoverable oil and gas in place under its lands in the area affected.
  - 3. The Agreement is in other respects for the best interests of the State of New Mexico.
- Said Agreement is hereby approved.  
 Dated April 14th, 1951, at Santa Fe, New Mexico.

*W. H. ...*  
Commissioner of Public Lands.

**ILLEGIBLE**

BEFORE THE OIL CONSERVATION COMMISSION  
OF THE STATE OF NEW MEXICO

37784

IN THE MATTER OF THE APPLICATION OF  
EARL A. BENSON AND WILLIAM V. MONTIN  
FOR THE APPROVAL OF GALLEGOS CANYON  
UNIT AGREEMENT EMBRACING 39, 324. 51  
ACRES OF LAND IN TOWNSHIP 28 NORTH,  
RANGES 11, 12 AND 13 WEST AND TOWNSHIP  
29 NORTH, RANGES 12 AND 13 WEST, N. M. P. M.,  
SAN JUAN COUNTY, NEW MEXICO.

*Mr. Parker*  
*John J. [unclear]*

CASE NO. 247  
ORDER NO. R-68

*AP 3/15*  
*E.P. 3/15/51*

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause coming on for hearing at ten o'clock a. m., on the 24th day of April, 1951, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," upon the application of Earl A. Benson and William V. Montin for approval of the Gallegos Canyon Unit Agreement, embracing lands situated in San Juan County, New Mexico, and the Commission having considered said application and the evidence introduced in support thereof and being fully advised in the premises:

FINDS that the proposed unit plan will in principle tend to promote the conservation of oil and gas and the prevention of waste;

IT IS, THEREFORE, ORDERED BY THE COMMISSION AS FOLLOWS:

Section 1. That this order shall be known as the

GALLEGOS CANYON UNIT AGREEMENT ORDER.

Section 2. (a) That the project herein referred to shall be known as the Gallegos Canyon Unit Agreement, and shall hereafter be referred to as the "Project."

(b) That the plan by which the Project shall be operated shall be embraced in the form of a unit agreement for the development and operation of the Gallegos Canyon Unit Agreement Area referred to in the Petitioners' petition and filed with said petition, and such plan shall be known as the Gallegos Canyon Unit Agreement Plan.

Section 3. That the Gallegos Canyon Unit Agreement Plan is hereby approved as a proper conservation measure; provided, however, that notwithstanding any of the provisions contained in said unit agreement, this approval shall not be considered as waiving or relinquishing in any manner any rights, duties or obligations which are

FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION		NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST		PERCENTAGE INTEREST	WORKING INTEREST OWNER UNDER OPTION AGREEMENT LEASE OR ASSIGNMENT	PERCENTAGE INTEREST												
		TWP	R			SEC	SECTION SUBDIVISIONS				USA	RI OR ORZI	INTEREST									
9	078106 12-1-47	28N	12W	15	A. D. Kneale	2536.94	USA	RI	Mid-Continent Petroleum Corporation	12 1/2%	87.5000											
				17																		
				18																		
				19																		
				21																		
				22																		
10	078109 2-1-48	29N	12W	21	Charles Klein	2561.19	USA	RI	Mid-Continent Petroleum Corporation	12 1/2%	87.5000											
				26																		
				27																		
				28																		
				31																		
				33																		
				34																		
				7																		
				8																		
				9																		
				10																		
11	078209 10-1-49	29N	12W	28	R. V. Wickens	239.68	USA	RI	Albuquerque Assoc. Oil Company	12 1/2%	87.5000											
				30																		
				34																		
				35																		
				28																		
				33																		
				11-A								078209 10-1-49	29N	12W	28	R. V. Wickens	160.00	USA	RI	H. K. Beardmore	12 1/2%	87.5000
															33							

April 1951

FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	TWP	R	DESCRIPTION	NO. ACRES	LEASE OWNER	ROYALTY CEMENTS & INTEREST		INTEREST	WORKING INTEREST OWNER	PERCENTAGE INTEREST
							OWNER	RI CR			
12	078303 12-1-47	29N	12W	18 - E/2 SE/4, SE/4 NE/4	120.00	J. J. Hudson	USA	RI	12 3/4%	Albuquerque Assoc Oil 5/8 WI	54.6875
13	076370 12-1-47	29N	12W	17 - NE/4, E/2 NW/4 18 - N/2 N/2, SW/4 NE/4	439.32	Nathan Kessler	USA	RI	12 3/4%	J. J. Hudson	87.5000
14	03401 (078370 - Old Serial No. ) 12-1-47	29N	12W	17 - W/2 NW/4	80.00	Albuquerque Assoc. Oil (Nathan Kessler - Original Lessee)	USA	RI	12 3/4%	Albuquerque Assoc. Oil 5/8 WI	54.6875
15	078780 (Use App.)	28N	11W	7 - SE/4 SE/4 18 - NE/4 NE/4, E/2 SE/4	160.00	Hazel L. Gentle	USA	RI	12 3/4%	Niles Oil Company	84.5000
16	078807 4-1-48	28N	13W	12 - Sects 1, 2, 3, 4 & S/2 S/2 13 - All 14 - N/2	1235.40	H. K. Riddle	USA	RI	12 3/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	42.7500
17	078828 8-1-49	28N	12W	11 - S/2 S/2 14 - NE/4 NE/4, SW/4 NE/4, SW/4 22 - NE/4 23 - W/2 NW/4 27 - All 28 - All 29 - E/2	2240.00	Clinton C. Seymour	USA	RI	12 3/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	42.7500
18	078903 2-1-48	28N	12W	33 - All 34 - All	1280.00	Carroll T. Payne	USA	RI	12 3/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500

FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION			NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST			INTEREST	STANOLIND 1/2 WI Benson & Montin 1/2 WI	PERCENTAGE INTEREST
		TWP	R	SEC			SECTION SUBDIVISIONS	RI OR OWNER ORRI	RI			
19	078904 2-1-48	28N	12W	23 - E/2, SW/4, E/2 NW/4 24 - All 25 - All 26 - All	2480.00	Carroll T. Payne	USA	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500	
20	078905 7-1-48	28N	12W	11 - Lots 1 & 2 12 - SW/4 SW/4 13 - W/2 NW/4, SW/4 14 - NW/4, NW/4 NE/4, SE/4 NE/4, SE/4 22 - S/2 31 - Lots 3 & 4, E/2 SW/4	1207.18	Vance W. McManus	USA	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500	
21	078926 5-1-48	29N	13W	25 - S/2 NW/4, S/2 26 - S/2, NW/4, W/2 NE/4, SE/4 NE/4 35 - All	1640.00	Vance W. McManus	USA	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500	
22	078949 2-1-48	29N	12W	18 - S/2 SW/4 19 - E/2 NW/4, NW/4 NE/4	199.48	L. B. Hodges	USA	RI	12 1/2%	L. B. Hodges	87.5000	
23	079065 10-1-49	29N	13W	34 - All	640.00	L. N. Hagood	USA	RI	12 1/2%	L. N. Hagood	87.5000	
24	079244 5-1-48	28N	12W	19 - NE/4 20 - NW/4	320.00	Albert M. Senter, Jr.	USA	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500	
25	079346 5-1-49	28N	12W	32 - All	640.00	Mary C. Hagood	USA	RI	12 1/2% 5%	Benson & Montin	82.5000	

FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION		NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST		WORKING INTEREST OWNER	PERCENTAGE INTEREST				
		TWP	R			SEC	SECTION			SUBDIVISION	OMNER	ORRI	RI OR
34-A	080723 1-1-50	29N	12W	21 - S/2 SW/4 28 - NE/4 NW/4, NW/4 NE/4	160.00	E. J. Johnson	USA	RI	12 1/2%	Albuquerque assoc. Oil 5/8 WI	54.6875		
35	080844 (Use app.)	28N	11W	19 - All	635.84	Thelma L. Stephens (Now Thelma L. Rhodes)	USA	RI	12 1/2% 5%	Benson & Montin	82.5000		
36	080962 7-1-50	29N	12W	29 - NE/4 SE/4, NE/4 SW/4	80.00	Elma R. Jones	USA	RI	12 1/2%	Elma R. Jones	87.5000		

TOTAL FEDERAL LEASES ----- 24,716.72

FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	TWP	R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT	PERCENTAGE INTEREST
							OWNER	ORRI		
26	079907 9-1-48	29N	12W	26 - NW/4 NW/4 27 - N/2 NE/4	120.00	A. T. Callahan	USA	RI	12 1/2%	Albuquerque Assoc. Oil 5/8 WI 54.6875 Carroll & Cornell 3/8 WI 32.8125
27	080224 (Use.App.)	29N	12W	27 - N/2 SE/4	80.00	E. A. Hanson	USA	RI	12 1/2%	<i>E. A. Hanson</i> <i>W. J. Henspp</i> <i>W. J. Henspp Co.</i>
28	080239 9-1-49	29N	13W	23 - N/2 SE/4, SE/4 SE/4	120.00	George Siegel	USA	RI	12 1/2%	J. J. Hudson
29	080491 (Use.App.)	29N	12W	17 - SE/4	160.00	Grace E. Van Hook	USA	RI	12 1/2%	Grace E. Van Hook
30	080600 (Use.App.)	29N	12W	17 - SW/4	160.00	Grace E. Van Hook	USA	RI	12 1/2%	Grace E. Van Hook
31	080614 (Use.App.)	29N	13W	13 - E/2 SE/4, NE/4, NE/4 NW/4	280.00	Albert W. Senter, Jr.	USA	RI	12 1/2%	Stanolind Benson & Montin
32	080647 3-1-48	29N	12W	22 - N/2 S/2	160.00	H. K. Riddl	USA	RI	12 1/2%	H. K. Riddle
33	080647	29N	12W	22 - NW/4	160.00	H. K. Riddle (Assigned to Tom Bolack Assignment not yet approved)	USA	RI	12 1/2%	Tom Bolack
34	080723 1-1-50	29N	12W	19 - E/2 NE/4, NE/4 SE/4 20 - N/2, N/2 S/2, SE/4 SE/4	640.00	E. J. Johnson	USA	RI	12 1/2%	J. J. Hudson

NAVAJO INDIAN ALLOTTED LANDS

TRACT NO.	TWP R	DESCRIPTION	SECTION	NO. ACRES	LEASE OWNER OR RECORD	ROYALTY OWNER & INTEREST		RI OR ORRI	INTEREST	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
						OWNER	COWNER				
37	28N 12W 9	Lots 1 & 2, S/2 SE/4 16 - N/2		456.24	Glenn J. Smith	Navajo Indians		RI	12 1/2%	Glenn J. Smith	87.5000
38	28N 12W 16	S/2		640.00	The Texas Co.	Nati ne alstee Niti yealth ne Nati ye na yah Nah-da-lathe-C Glin nos bah Alth ta yo laj Es scn so ah	estoer Little Charley alth or Joe Dohy John Dohy or Robert Karbe Dohy on Roy Victor ceard - see below for heirs addition to those listed here	RI	12 1/2%	The Texas Co.	87.5000
39	28N 12W 19	S/2		792.62	The Texas Co.	Hod-tah-ne-tse Els tso nas pa Mrs. John Joe Pabe Hod tah ne Pah Hod tah ne John Charlie Ha ncp pah or Ah kee or Tom J Dah noz bah or Boz de bah or I Glen ye ne bah Na glee bah or Yeth e bah cr I	r Helen Jcse or osee or Paul Jones see or John Russel na Jose (minor heir) (minor heir) sie Charlie (minor heir) y Charlie (minor heir) Jessie Chr lie (minor heir) ce Charlie (minor heir) el Charlie (minor heir)				

\* Heirs of E. J. ...  
 Largo Blackie  
 Nofanni Blackie  
 Raster Blackie  
 Joe Blackie  
 Glenn na pai

NAVAJO INDIAN ALLOTTED LANDS

TRACT NO.	TWP	R	DESCRIPTION	SECTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		RI OR ORRI	INTEREST	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAK. INTEREST	
							OWNER	ORRI				
40	28N	12W	29 - W/2		320.00	The Texas Co.	Bah or Mrs. Moses Ha tah ne ch wood or Niti ye chi nos wood	RI	12 1/2%	The Texas Co.	87.5000	
							Hah he bah or Mrs. Charlie Frank Bah Yazzie or Lewis Barrett or Ray Kee Els Tso nas pah or Mrs. John Jones John Lewis or Clee gee health begay Glin haz bah Haska th nil wood or Lewis Yanggie Ya Na Ne bah or Janie David Na nis pah or Dorothy Jaquay Glinth yitah has had (minion kin) Hostin-es-kihe or Joe Paul Be ta ne Begay or John Barber Francisco Begay Hah he pah or Mrs. Charlie Frank	RI				
41	28N	12W	31 - N/2, SE/4		472.00	The Texas Co.	Bah Yazzie or Lewis Barrett or Ray Kee Els tso nas pah or Mrs. John Jones John Lewis or Chee ge health begay Glin haz bah or Minnie Charles or Mrs. Billie Charlie Haska th nil wood or Lewis Yazzie Glinth yeith hos bah or Mary Lewis or Mrs. Joe Lewis Hah he pah or Mrs. Charlie Frank	RI	12 1/2%	The Texas Co.	87.5000	
42	28N	12W	30 - All		624.60	Jernigan		RI	12 1/2%	Southern Union Gas Co.	87.5000	

April 1951

NAVAJO INDIAN ALLOTTED LANDS

TRACT NO.	TWP	R	SEC	DESCRIPTION	SECTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST		
								OWNER	RI OR ORRI	OWNER	INTEREST	
43	28N	13W	25	- All		640.00	Jernigan	Hah nuz bah or Thelma Batomme Na tah elth wolth or Little Charlie Pah Tso or Astha Vazza or Isabelle (deceased - will not probated as of April 24, 1951) Hosh ka tya or Key Chee or Paul Newman Hostin es kihe or Joe Paul Keeth Chee or Joe Charlie Ossie or Ocie or Thelma Todi Cheene Tsoosie or Zcnnie th palia <sup>Owner</sup> May Todi cheene tsoosie or Lucy Charley Navajo Thomas Haska yeth e dal or Kee Max <del>Joe Thomas</del> Atad or Da naz bah Walter Thomas (minor heir)	RI	12 3/4%	Southern Union Gas Co.	87.5000
44	28N	13W	26	- All		640.00	Jernigan	Navajo Thomas or Thomas Tomas Hoska ye ah yah Thomas or Kee Max Es dot nin bah Thomas or Pauline Thomas cr Mrs. Jake Begay Ye nel wood Thomas or John Eleason	RI	12%	Southern Union Gas Co.	87.5000
45	29N	12W	32 - SE/4 NE/4 33 - NE/4 NW/4 S/2 NW/4 SW/4			320.00	Benson & Montin	Nati ye na yah or John Adobe *Es son so ah (deceased - see share for share) Nita yealth na dalth or Joe Adobe Alth ta yo lalth or Ray Victor Glin noz bah Hah da lathe cah or Robert Adobe	RI	12 3/4%	Benson & Montin	87.5000

\* Heir of Es son so ah  
Largo Blackie  
Netomie Blackie  
Arthur Blackie  
Joe Blackie  
Shen no pak

April 1951

STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP R	DESCRIPTION SEC SECTION SUBDIVISIONS	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER	
						OWNER	RI OR ORRI	INTEREST	OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT
46	B-2447 2-10-59	28N 11W	7 - Lot 2	(27.53)	Skelly Oil Co.	State of RI New Mexico	12 1/2%	Skelly Oil Co.	87.5000
			18 - NE/4 NW/4, SE/4 NW/4	(80.00)					
			NW/4 SE/4	(40.00)					
			NW/4 SW/4	(38.93)					
			SE/4 SW/4	(40.00)					
12 - Lots 1, 2 & 3, S/2 SE/4	(162.80)								
13 - SE/4 NW/4, NW/4 SE/4, S/2 SE/4	(160.00)								
	16 - NE/4 SW/4	(40.00)							
29N 12W		32 - SW/4 NE/4, NE/4 SW/4	(80.00)	T & P Coal & Oil Company	State of RI New Mexico	12 1/2%	T & P Coal & Oil Co.	87.5000	
			36 - NE/4 NW/4, NE/4 SW/4, SW/4 SE/4						(120.00)
29N 13W		36 - NW/4 NE/4	(40.00)	T & P Coal & Oil Company	State of RI New Mexico	12 1/2%	T & P Coal & Oil Co.	87.5000	
			TOTAL TRACT 46						829.26
47	B-10870 12-10-53	28N 11W	7 - Lots 4 & 5	(65.44)	T & P Coal & Oil Company	State of RI New Mexico	12 1/2%	T & P Coal & Oil Co.	87.5000
			18 - NW/4 NE/4, Lots 1 & 2	(117.80)					
			16 - SE/4 SW/4	(40.00)					
			36 - NW/4 SW/4	(40.00)					
TOTAL TRACT 47	263.24								
48		28N 11W	7 - Lot 3	27.55	Not Leased	State of Min. New Mexico	All	Not Leased	-
49		28N 11W	7 - SE/4 SW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
50		28N 11W	7 - SW/4 SE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-

STATE LANDS

TRACT NO	STATE LEASE NO.	TWP R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		INTEREST	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	INTEREST
						OWNER	ORRI			
51	E-397 6-11-55	28N 11W	18 - SW/4 NE/4	40.00	Southern Union Gas Co.	State of RI New Mexico	12 1/2%	87.5000	Southern Union Gas Co.	87.5000
52	-	28N 11W	18 - NE/4 SW/4	40.00	Not leased	State of Min. New Mexico	All		Not leased	
53	B-9094-9 4-15-51	28N 11W	18 - SW/4 SW/4	38.95	Otto Schindler	State of RI New Mexico	12 1/2%	87.5000	Otto Schindler	87.5000
54	E-284-9 4-13-55	28N 12W	12 - Lot 4	27.60	Arthur W. Sunter	State of RI New Mexico	12 1/2%	87.5000	Arthur W. Sunter	87.5000
55	E-3151 12-14-59	28N 12W	12 - SE/4 SW/4	40.00	John W. Hjerstedt	State of RI New Mexico	12 1/2%	87.5000	John W. Hjerstedt	87.5000
56	E-1065-1 1-7-56	28N 12W	13 - N/2 NE/4	80.00	Stanolind	State of RI New Mexico	12 1/2%	87.5000	Stanolind	87.5000
57	B-11513-10 10-2-54	28N 12W	13 - NE/4 NW/4	40.00	Paul T. Purcell	State of RI New Mexico	12 1/2%	87.5000	Paul T. Purcell	87.5000
58	E-3156 12-15-59	28N 12W	13 - S/2 NE/4	80.00	Bertha Rahn & Frieda Rahn	State of RI New Mexico	12 1/2%	87.5000	Bertha Rahn & Frieda Rahn	87.5000
59	B-9145-27 5-15-51	28N 12W	13 - NE/4 SE/4	40.00	Phillip Gates	State of RI New Mexico	12 1/2%	87.5000	Phillip Gates	87.5000
60	E-498 8-10-55	29N 12W	16 - SW/4 SW/4	40.00	T P Coal & Oil	State of RI New Mexico	12 1/2%	87.5000	T P Coal & Oil Co.	87.5000

STATE LANDS

TRACT NO.	STATE LEASE No.	TWP R	DESCRIPTION SEC SECTION SUBDIVISION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER	
						OWNER	RI OR ORRI INTEREST	OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	OWNER INTEREST
61	B-9145-4 5-15-51	29N 12W	16 - NW/4 SW/4	40.00	Thelma Gapen	State of RI New Mexico	12 $\frac{1}{2}$ %	Thelma Gapen	87.5000
62	-	29N 12W	32 - NW/4 NW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
63	-	29N 12W	32 - SW/4 NW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
64	B-10405-24 6-24-53	29N 12W	32 - SE/4 NW/4	40.00	Stanolind	State of RI New Mexico	12 $\frac{1}{2}$ %	Stanolind 1/2 WI Benson & Kontin 1/2 WI	43.7500 43.7500
65	-	29N 12W	32 - NW/4 SW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
66	B-10405-3 6-24-53	29N 12W	32 - SE/4 SW/4	40.00	F. V. Norvell	State of RI New Mexico	12 $\frac{1}{2}$ %	F. V. Norvell	87.5000
67	B-11318-10 6-26-54	29N 12W	32 - SW/4 SW/4	40.00	H. R. Anderson	State of RI New Mexico	12 $\frac{1}{2}$ %	H. R. Anderson	87.5000
68	-	29N 12W	32 - NW/4 SE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
69	E-2754 7-8-59	29N 12W	32 - SW/4 SE/4	40.00	S. E. Day	State of RI New Mexico	12 $\frac{1}{2}$ %	S. E. Day	87.5000
70	B-10405-9 6-24-53	29N 12W	32 - NE/4 SE/4	40.00	L. M. Johnson	State of RI New Mexico	12 $\frac{1}{2}$ %	L. M. Johnson	87.5000

STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP R	DESCRIPTION	ACRES	LEASE OWNER CF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER		
						OWNER	RI OR ORRI	OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	OWNER	INTEREST
71	B-10405-27 6-24-53	29N 12W	32 - SE/4 SE/4	40.00	Harry Wright	State of New Mexico	RI	12 $\frac{1}{2}$ %	Harry Wright	87.5000
72	B-10644-17 9-10-53	29N 12W	36 - NE/4 NE/4	40.00	Stanolind	State of New Mexico	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
73	B-10644-19 9-10-53	29N 12W	36 - NW/4 NE/4	40.00	Clarence Rupp	State of New Mexico	RI	12 $\frac{1}{2}$ %	Clarence Rupp	87.5000
74	B-11303 6-10-54	29N 12W	36 - NW/4 NW/4	40.00	T P Coal & Oil Co.	State of New Mexico	RI	12 $\frac{1}{2}$ %	T P Coal & Oil Co.	87.5000
75	-	29N 12W	36 - SW/4 NW/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-
76	B-10644-22 9-10-53	29N 12W	36 - SE/4 NW/4	40.00	Stanolind	State of New Mexico	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 WI Benson and Montin 1/2 WI	43.7500 43.7500
77	B-10644-9 9-10-53	29N 12W	36 - S/2 NE/4	80.00	Pearl Kercheval	State of New Mexico	RI	12 $\frac{1}{2}$ %	Pearl Kercheval	87.5000
78	B-9104-4 4-30-51	29N 13W 29N 12	36 - SE/4 NW/4 36 - S/2 SW/4	120.00	Albuquerque Assoc. Oil Co.	State of New Mexico	RI	12 $\frac{1}{2}$ %	Albuquerque Assoc. Oil Co.	87.5000
79	B-9577	29N 12W	36 - NW/4 SE/4	40.00	Paton Bros.	State of New Mexico	RI	12 $\frac{1}{2}$ %	Paton Bros.	87.5000
80	-	29N 12W	36 - NE/4 SE/4	40.00	Not Leased	State of New Mexico	Min.	All	Not Leased	-

STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP	R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	
							OWNER	ORRI INTEREST	OWNER	INTEREST
81	-	29N	12W	36 - SE/4 SE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
82	-	29N	13W	36 - NE/4 NE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
83	-	29N	13W	36 - NE/4 NW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
84	B-11017-8 2-18-54	29N	13W	36 - W/2 NW/4	80.00	John A. Owings	State of RI New Mexico	12 3/8%	John A. Owings	\$7,5000
85	B-3311-9 5-16-55	29N	13W	36 - NW/4 SW/4	40.00	John A. Owings	State of RI New Mexico	12 3/8%	John A. Owings	\$7,5000
86	-	29N	13W	36 - SE/4 NE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
87	-	29N	13W	36 - SW/4 NE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
88	-	29N	13W	36 - NE/4 SW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
89	-	29N	13W	36 - NW/4 SE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
90	B-11017 2-18-54	29N	13W	36 - NE/4 SE/4	40.00	Stanolind	State of RI New Mexico	12 3/8%	Stanolind 1/2 WI Benson and Montin 1/2 WI	43,7500 43,7500

STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP R	DESCRIPTION SEC SECTION SUBDIVISIONS	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER		
						OWNER	RI OR ORRI	INTEREST	OWNER	INTEREST
91	B-11017-15 2-18-54	29N 13W	36 - SW/4 SW/4 ←	40.00	Stanclind	State of RI New Mexico	RI	12 1/2%	Stanclind 1/2 WI Benson & Montin 1/2 WI	43,7500 43,7500
92	B-11017-11 2-18-54	29N 13W	36 - SE/4 SW/4	40.00	John N. Jetkiewicz	State of RI New Mexico	RI	12 1/2%	John N. Jetkiewicz	87,5000
93	B-11017-1 2-18-54	29N 13W	36 - SW/4 SE/4	40.00	E. H. Colby	State of RI New Mexico	RI	12 1/2%	E. H. Colby	87,5000
94	E-2526 3-10-59	29N 13W	36 - SE/4 SE/4	40.00	C. C. Seymour	State of RI New Mexico	RI	12 1/2%	C. C. Seymour	87,5000

TOTAL STATE LAND ----- 3,186.60

PATENTED LAND

TRACT No.	LEASE EXPIRATION DATE	TWP R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
						OWNER	ORRI INTEREST	OWNER	INTEREST
95	Not leased	29N 13W	13 - SE/4 NW/4, NE/4 SW/4 W/2 SE/4	160.00	Not Leased	Dorothy J Krause Geo. H. Krause	RI	Dorothy J Krause 1/2 WI Geo. H. Krause 1/2 WI	43.7500 43.7500
96	8-2-53	29N 13W	13 - NW/4 NW/4	40.00	Stanolind	Enos J Strawn & Dorothy B Strawn	RI	Stanolind 1/2 WI Benson and Montin 1/2 WI	43.7500 43.7500
97	11-12-53	29N 13W	13 - NW/4 SW/4	40.00	Stanolind	Jessie Cox Church- hill	RI	Stanolind 1/2 WI Benson and Montin 1/2 WI	43.7500 43.7500
98	12-16-53	29N 13W	13 - E 1071' SW/4 NW/4	32.00	Stanolind	Arthur Coy & Ruth Coy	RI	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
99	11-29-53	29N 13W	13 - W/2 SW/4 SW/4	20.00	Stanolind	J B Brown & Vada B Brown	RI	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
100	11-1-53	29N 13W	13 - E/2 SW/4 SW/4, SE/4 SW/4	60.00	Stanolind	Gladys Booram	RI	Stanolind 1/2 WI Benson & Montin 1/2 WI	21.8750 21.8750
101	Not leased	29N 13W	23 - E/2 SW/4 SW/4, SE/4 SW/4	12.00	Not Leased	Thomas Kerby & Josephine M. Kerby  John A. Lee	RI	Stanolind 1/2 WI Benson & Montin 1/2 WI	21.8750 21.8750 87.5000

Begin at a point on N line Sec 23, 40 rds E from NW corner of the NE/4 of said Sec; Thence S 746.5'; Thence E 770'; Thence N 746.5'; Thence W 770' to place of beginning.

PATENTED LAND

TRACT NO	LEASE EXPIRATION DATE	TWP R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND		
						Owner	RI OR ORRI	INTEREST	Owner	INTEREST
102	2-20-57	29N 13W	23 - E/2 NE/4, SW/4 NE/4 & 13 acres in S part of NW/4 NE/4	133.00	Stanolind	Helen Zimmerman & R. J. Zimmerman	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
103	Not Leased	29N 13W	23 - NW/4, N/2 SW/4	240.00	Not Leased	Wm. S. Allen & Enla L. Allen	RI	12 1/2%	William S. Allen & Enla L. Allen	57.5000
104	Not Leased	29N 13W	23 - Begin at NW cor. of the NE/4 of Sec. 23, Thence S 60 rds; Thence E 40 rds; Thence N 60 rds; Thence W 40 rds to beginning.	15.00	Not Leased	A. E. Dustin Est.	RI	12 1/2%	A. E. Dustin Est.	57.5000
105	9-17-52	29N 13W	24 - W 12 ac NW/4 NW/4 Sec. 24	12.00	Stanolind	John B. & Wanda Lee Burrell	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
106	3-13-52	29N 13W	24 - E 25 ac NW/4 NW/4 Sec. 24	28.00	Stanolind	Owen K McCarty & Cecille F McCarty	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
107	3-8-52	29N 13W	24 - NE/4 NW/4	40.00	Stanolind	Jos T & Kathleen Kellenaers	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
108	3-3-52	29N 13W	24 - S/2 NW/4, SW/4 NE/4	120.00	Stanolind	S. B. Lancaster	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
109	Not Leased	29N 13W	24 - NW/4 NE/4 less 1/2 ac in extreme SE cor	39.50	Not Leased	Clara Zanolio James F Zanolio Nicholos C Zanolio Josephine Zanolio Mable Zanolio Grace Z. Discus	RI RI RI RI RI RI	62 1/2% 7 1/4% 7 1/4% 7 1/4% 7 1/4% 7 1/4%	Clara Zanolio 62 1/2% of James F Zanolio 7 1/4% of Nicholos C Zanolio 7 1/4% of Josephine Zanolio 7 1/4% of Mable Zanolio 7 1/4% of Grace Z. Discus 7 1/4% of	57.5000 57.5000 57.5000 57.5000 57.5000 57.5000

PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP	R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		INTEREST	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
							OWNER	ORRI		OWNER	INTEREST
110	9-8-53	29N	13W	24 - W/2 E/2 NE/4 & E/2 E/2 NE/4 excepting E 5 ac of SE/4 NE/4	75.00	Stanolind	Anthony J Michel & John A. Michel <i>Mitchel</i>	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
111	Not Leased	29N	13W	24 - 1/2 ac S of Public Road in SE cor of NW/4 NE/4	.50	Not leased	S. B. Lancaster	RI	12 $\frac{1}{2}$ %	S. B. Lancaster	87.5000
112	5-15-52	29N	13W	24 - S/2 S/2	596.93	Stanolind	H. L. Sterling & Iva Sterling	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
113	2-24-57	29N	13W	25 - SW/4 NE/4	160.00	Stanolind	Phil Schenck & Alberta Schenck	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
114	2-11-57	29N	13W	25 - SE/4 NE/4	159.12	Stanolind	W. T. Calloway	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
115	10-5-53	29N	12W	13 - Lot 2 or SW/4 NW/4, SE/4 NW/4, NE/4 SW/4	119.37	Stanolind	Sandia Corp.	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
116	10-5-53	29N	12W	13 - W/2 SE/4	80.00	Stanolind	Allen M. Tonkin & Nancy P. Tonkin	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
117	8-17-53	29N	12W	19 - SE/4 SE/4 20 - W/2 SW/4 SW/4	60.00	Stanolind	Geldie A. Chapman & Pearl <i>Kera</i>	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
118	5-8-57	29N	12W	19 - E 60 ac E/2 SW/4	60.00	Stanolind	Thos F. Kerby & Evelyn Kerby	RI	12 $\frac{1}{2}$ %	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500

PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST		
						OWNER	ORRI INTEREST	OWNER	INTEREST	
119	9-17-57	29N 12W	19 - W 20 ac E/2 SW/4	20.00	Stanolind	Thos F. Kerby & Evelyn Kerby	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
120	2-8-57	29N 12W 29N 13W	19 - W/2 NW/4, V 23.46 ac of NW/4 SW/4 24 - E 5 ac cf SE/4 NE/4	107.31	Stanolind	H. H. Smith & Evelyn V Smith	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
121	9-17-52	29N 12W	19 - E 16 ac of NW/4 SW/4	16.00	Stanolind	Howard H. Smith & Evelyn V Smith	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
122	2-12-52- Not Leased	29N 12W	19 - W/2 SE/4, SW/4 NE/4	120.00	Benson & Montin	Mamie Whitenack	RI	12 1/2%	Benson & Montin	87.5000
123	2-11-57	29N 12W	30 - SE/4 SE/4, W/2 SE/4, SE/4 SW/4	160.00	Stanolind	Dayo & Rosa Miller Luke H & Dorothy Helen. Pouson	RI	6 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
124	3-19-52	29N 12W	32 - II/2 NE/4, NE/4 NW/4 29 - IV/4 SE/4, S/2 SE/4 28 - SW/4 SW/4 33 - IV/4 NW/4	320.00	R. E. Ransdell	Alex & Petrita Jaquez & Heirs of Juan Jaquez	RI	12 1/2%	R. E. Ransdell	87.5000
125	8-17-53	29N 12W	29 - NE/4 20 - SW/4 SE/4	200.00	Stanolind	F L Lee & Eva Lee W C & Ora Mae Huish	RI	6 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
126	1-31-57	29N 12W	29 - IV/4 20 - SE/4 SW/4	200.00	Stanolind	L V & Pearl A Goff George T. & Alice Kartchner	RI	6 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
127	8-17-53	29N 12W	20 - E/2 SW/4 SW/4	20.00	Stanolind	J D & Eugenia Roquemore	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500

PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP	R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		INTEREST	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
							OWNER	RI OR ORRI			
128	12-16-53	29N	12W	25 - E/2 SE/4 27 - NW/4 SW/4, W/2 SW/4 SW/4	140.00	Stanolind	Jesse T. Brimhall Veda C. Brimhall	RI	6 1/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
"	8-18-53			28 - E/2 SE/4 27 - NW/4 SW/4, W/2 SW/4 SW/4	140.00	Stanolind	M H Stark & Eula Stark	RI	6 1/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
129	2-27-52	29N	12W	26 - S/2 NW/4, NW/4 NW/4 NE/4 SW/4	160.00	Stanolind	G W & H B Sammons CC & Ethelwyn Culpepper	RI	6 1/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
130	2-27-57	29N	12W	26 - S/2 NE/4, NW/4 SE/4	120.00	Stanolind	J E & Hazel Crawford	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
131	Not Leased	29N	12W	27 - E/2 SW/4 SW/4	20.00	Not Leased	Robb Woods	RI	12 1/2%	Robb Woods	87.5000
132	12-16-53	29N	12W	27 - SE/4 SW/4	40.00	Stanolind	Jess T & Veda C. Brimhall	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
133	Not Leased	29N	12W	27 - NE/4 SW/4	40.00	Not Leased	Geo H, Krause <i>Emma Krause, Daniel V. Hampton</i> Chas J. Wright	RI	6 1/4%	<i>Emma Krause</i> Geo H. Krause 1/2 WI Daniel V. Hampton 1/4 WI Chas J. Wright 1/4 WI	43.7500 21.8750 21.8750
134	9-17-52	29N	12W	27 - W/2 SW/4 SE/4	20.00	Stanolind	Mrs. C.V.H. Carlisle	RI	6 1/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
"	8-18-53	29N	12W	27 - W/2 SW/4 SE/4	20.00	Stanolind	M H & Eula Stark	RI	6 1/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
135	8-18-53	29N	12W	27 - E/2 SW/4 SE/4 34 - NW/4 NE/4, E/2 NE/4 NE/4	80.00	Stanolind	M H & Eula Stark	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500

PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP	R	SEC	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		INTEREST	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
								OWNER	RI OR ORRI			
136	Not Leased	29N	12W	27	- W/2 SE/4 SE/4 34 - W/2 NE/4 NE/4	40.00	Net Leased	Camera Palmer	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
137	9-17-52	29N	12W	27	- E/2 SE/4 SE/4	20.00	Stanolind	G W & H B Sammons C C & Ethelwyn H Culpepper	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
138	Not Leased	29N	12W	27	- S/2 NW/4, NW/4 NW/4	120.00	Not Leased	T R Knowles & Sydney Sher Greathel & Bert Olsen	RI	12.1094	T R Knowles & Sydney Sher Greathel & Bert Olsen	34.7656 2.7344
139	8-13-58	29N	12W	27	- NE/4 NW/4 22 - SE/4 SW/4	80.00	Stanolind	Frank & Chrissie Marsrow	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
140	Not Leased	29N	12W	22	- SW/4 SW/4	40.00	Not Leased	T. R. Knowles	RI	12 1/2%	T. R. Knowles	37.5000
141	9-24-57	29N	12W	22	- S/2 SE/4	80.00	Stanolind	Thos Gordon & Mary Eliz. Gordon	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
142	1-31-57	29N	12W	34	- NE/4 SW/4, SE/4 35 - SW/4 NW/4, W/2 SW/4	320.00	Stanolind	Joe S & Helen Hartman, E. A. & Ruth H. Schreck, Wm P & Ruby Longhurst	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
143	6-28-53	29N	12W	34	- S/2 N/2	160.00	Stanolind	Chas R Keller, Jr. & June O Keller	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
144	3-12-52	29N	12W	34	- N/2 NW/4 33 - N/2 NE/4	160.00	Stanolind	Peto J Medina, Mary P Medina, Eu- dora Medina, Francis Medina & Joe E Medina Tony P Medina	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500

PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP	R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
							OWNER	RI OR ORRI INTEREST	OWNER	INTEREST
145	8-16-53	29N	12W	35 - W/2 NE/4, E/2 NW/4	160.00	Stanolind	Jno B & Winnie Arrington, Faye Arrington Haines, Ruth & Geo G. Pearson Amy Arrington, Alice M & Melvin Ibey, Ester & B J Chelte	RI 12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
146	1-31-57	29N	12W	35 - E/2 NE/4, E/2 SW/4, SE/4	320.00	Stanolind	J S & Helen Hartman RI Chas R Keller, Jr. E. A. & Ruth H. Schreck; Ruby & Wm P Longhurst Ella & Henry M. Blaise	RI 12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
147	10-23-57	29N	12W	26 - NE/4 SE/4	40.00	Stanolind	Maude B. Farrell RI	RI 6 3/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
"	1-30-57	29N	12W	26 - NE/4 SE/4	40.00	Stanolind	J E & Hazel Crawford	RI 6 3/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
148	10-23-57	29N	12W	26 - SE/4 SE/4	40.00	Stanolind	Maude B Farrell RI	RI 6 3/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
"	Not Leased	29N	12W	26 - SE/4 SE/4	40.00	Not Leased	B H & Dyvena Crawford	RI 6 3/4%	B H & Dyvena Crawford	57.5000
149	1-30-52	29N	12W	26 - NE/4, E/2 NW/4, SW/4 NW/4 and N/2 SW/4	360.00	Stanolind	J W & Lcis E Doak RI	RI 12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500

April 1951

PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST		
						OWNER	RI OR ORRI INTEREST	OWNER	INTEREST	
150	3-12-57	29N 12W	25 - SW/4 SE/4, NE/4 NW/4	30.00	Stanolind	Maria C Peterson	RI	7.5125%	Stanolind 5/16 WI Benson & Montin 5/16 WI	27.3433 27.3433
"	3-12-59	29N 12W	25 - SW/4 SE/4, NE/4 NW/4	"	Stanolind	Cecilia <sup>P</sup> Ransom	RI	2.34375	Stanolind 3/32 WI Benson & Montin 3/32 WI	5.2031 5.2031
"	2-1-54	29N 12W	25 - SW/4 SE/4, NE/4 NW/4	"	Stanolind	Cecil R & Hazel Talbot Peterson	RI	2.34375	Stanolind 3/32 WI Benson & Montin 3/32 WI	5.2031 5.2031
151	12-4-53	29N 12W	25 - S-3/4 NW/4 SE/4	30.00	Stanolind	Clair & Violet Patterson & J W & Jean Adams	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
152	1-30-57	29N 12W	25 - W/2 NW/4, N/2 SW/4	160.00	Stanolind	J E & Hazel L Crawford	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
153	Not Leased	29N 12W	25 - E-1/4 NW/4, S/2 SW/4	120.00	Not Leased	B. H. Crawford	RI	12 1/2%	B. H. Crawford	57.5000
154	Not Leased	29N 12W	25 - S 74 ac E/2 SE/4	74.00	Not Leased	E. A. Crawford	RI	12 1/2%	E. A. Crawford	57.5000
155	Not Leased	29N 13W	13 - W 249' SW/4 NW/4	5.00	Not Leased	Mary Roberts Berry	RI	12 1/2%	Mary Roberts Berry	57.5000
156	Not Leased	29N 12W	25 - N 10 ac NW/4 SE/4	10.00	Not Leased	Elsworth R & Nova K. Caldwell	RI	12 1/2%	Elsworth R & Nova K. Caldwell	57.5000
157	Not Leased	29N 12W	25 - N 6 ac E/2 SE/4	6.00	Not Leased	E. A. Crawford	RI	12 1/2%	E. A. Crawford	57.5000

April 1951

RECAPITULATION

<u>LANDS</u>	<u>AREA ACRES</u>
TOTAL FEDERAL LAND - - - - -	24,716.72
TOTAL NAVAJO INDIAN LANDS (Allotted) - - - - -	4,905.46
TOTAL STATE LANDS - - - - -	3,186.60
TOTAL PATENTED LANDS - - - - -	<u>6,515.73</u>
TOTAL UNIT AREA - - - - -	39,324.51

SCHEDULE OF COMMITMENTS  
TO THE GALLEGOS CANYON UNITIZATION  
August 1, 1951

TRACT NO.	ROYALTY INTERESTS		WORKING INTERESTS	
	Subscribing Owners	Non-Subscribing Owners	Subscribing Owners	Non-Subscribing Owners
1	All	-	All	-
2	"	-	"	-
3	"	-	"	-
4	"	-	"	-
5	"	-	"	-
6	"	-	"	-
7	"	-	"	-
8	-	-	-	W. H. Sloan
9	All	-	All	-
10	"	-	"	-
11	"	-	"	-
11-A	-	-	-	H. K. Beardmore
12	All	-	All	-
13	"	-	"	-
14	"	-	"	-
15	"	-	"	-
16	"	-	"	-
17	-	C. C. Seymour	"	-
18	All	-	"	-
19	"	-	"	-
20	"	-	"	-
21	"	-	"	-
22	"	-	"	-
23	-	-	-	L. N. Hagood
24	All	-	All	-
25	"	-	"	-
26	"	-	"	-
27	"	-	"	-
28	-	-	-	George Siegel
29	All	-	All	-
30	"	-	"	-
31	"	-	"	-
32	"	-	"	-
33	"	-	"	-
34	"	-	"	-
34-A	"	-	"	-
35	"	-	"	-
36	"	-	"	-
37	*	-	"	-
38	All	-	"	-
39	"	-	"	-
40	"	-	"	-
41	"	-	"	-
42	"	-	"	-
43	All except ...	Heirs of Isabelle (Will has not been probated)	"	-
44	All	-	"	-
45	"	-	"	-
46	-	-	-	Skelly Oil Co.
47	All	-	All	-
48	-	Not Leased	-	Not Leased
49	-	" "	-	" "
50	-	" "	-	" "
51	All	-	All	-
52	-	Not Leased	-	Not Leased
53	All	-	All	-
54	"	-	"	-
55	"	-	"	-
56	-	-	-	Skelly Oil Co.
57	-	-	-	Paul T. Purcell
58	All	-	All	-

\* Commitments of Indians under this tract are currently being secured. These same Indians have already executed the agreement for Tract No. 45.

#11/155

TRACT NO.	ROYALTY INTERESTS		WORKING INTERESTS	
	Subscribing Owners	Non-Subscribing Owners	Subscribing Owners	Non-Subscribing Owners
59	All	-	All	-
60	"	-	"	-
61	"	-	"	-
62	-	Not Leased	-	Not Leased
63	-	" "	-	" "
64	All	-	All	-
65	-	Not Leased	-	Not Leased
66	-	" "	-	" "
67	All	-	All	" "
68	-	Not Leased	-	" "
69	All	-	All	-
70	"	-	"	-
71	"	-	"	-
72	"	-	"	-
73	-	-	-	Clarence Rupp
74	All	-	All	-
75	-	Not Leased	-	Not Leased
76	-	-	-	Skelly Oil Co.
77	-	-	-	Pearl Kercheval
78	All	-	All	-
79	-	-	-	Paton Bros.
80	-	Not Leased	-	Not Leased
81	-	" "	-	" "
82	-	" "	-	" "
83	-	" "	-	" "
84	All	-	All	-
85	"	-	"	-
86	-	-	-	Not Leased
87	-	-	-	" "
88	-	-	-	" "
89	-	-	-	" "
90	All	-	All	" "
91	"	-	"	-
92	"	-	"	-
93	"	-	"	-
94	"	-	"	-
94-A	"	-	"	-
95	"	-	"	-
96	"	-	"	-
97	"	-	"	-
98	"	-	"	-
99	"	-	"	-
100	"	-	"	-
101	-	Not Leased	-	Not Leased
102	-	All	All	-
103	-	Not Leased	-	Not Leased
104	-	" "	-	" "
105	All	-	All	-
106	"	-	"	-
107	"	-	"	-
108	"	-	"	-
109	-	Not Leased	-	Not Leased
110	All	-	All	-
111	"	-	"	-
112	"	-	"	-
113	"	-	"	-
114	-	All	"	-
115	-	"	"	-
116	-	"	"	-
117	All	-	"	-
118	"	-	"	-
119	"	-	"	-
120	"	-	"	-
121	"	-	"	-
122	"	-	"	-

# 121/35  
152-100

TRACT NO.	ROYALTY INTERESTS		WORKING INTERESTS	
	Subscribing Owners	Non-Subscribing Owners	Subscribing Owners	Non-Subscribing Owners
123	All	-	All	-
124	-	All	-	All
125	All	-	All	-
126	"	-	"	-
127	"	-	"	-
128	-	M. H. & Eula Stark	"	-
129	-	G. W. & G. B. Sammons	"	-
		C. C. & Ethelwyn Culpepper	"	-
130	All	-	"	-
131	"	-	"	-
132	"	-	"	-
133	"	-	"	-
134	-	M. H. & Eula Stark	"	-
135	-	" " "	"	-
136	All	-	"	-
137	-	All	"	-
138	-	Not Leased	-	Not Leased
139	-	All	All	-
140	-	Not Leased	-	Not Leased
141	All	-	All	-
142	All except ...	E. A. & Ruth Schreck	"	-
143	"	-	"	-
144	"	-	"	-
145	All except ...	J. B. & Winnie Arrington	"	-
146	All except ...	E. A. & Ruth Schreck	"	-
147	All	-	"	-
148	-	B. H. & Dyvena Crawford	"	-
149	All	-	"	-
150	"	-	"	-
151	"	-	"	-
152	"	-	"	-
153	-	Not Leased	-	Not Leased
154	-	" "	-	" "
155	All	-	All	-
156	-	Not Leased	-	Not Leased
157	-	" "	-	" "

# 17185

LIST OF COMPANIES AND INDIVIDUALS WHO HAVE EXECUTED OR RATIFIED, AS WORKING INTEREST OWNERS, THE UNIT AGREEMENT AND UNIT OPERATING AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE GALLEGOS CANYON UNIT AREA, COUNTY OF SAN JUAN, STATE OF NEW MEXICO.

A. List of subscribers whose executed instruments have been received by Benson and Montin as of April 24, 1951.

- Benson and Montin
- Stanolind Oil and Gas Co.
- Southern Union Gas Co.
- Summit Oil Co.
- The Texas Co.
- Mid Continent Petroleum Corp.
- Albuquerque Associated Oil Co.
- Ni loco Company
- E. H. Colby
- Ernest A. Hanson
- L. B. Hodges
- J. J. Hudson
- Elma R. Jones
- Emma Louise Krause
- Dorothy J. Krause
- George Krause
- S. R. Lancaster
- John A. Owings
- Bertha Rahn
- Freda Rahn
- Otto Schindler
- C. C. Seymour
- Arthur W. Sunter
- E. B. Todhunter
- Robb Woods
- Charles J. Wright
- Mary Roberts Berry
- L. M. Johnson
- John W. Hjertstedt
- Tom Bolack
- Phillips Gates
- Thelma Gapon

Grace Van Hook  
H. K. Riddle

B. List of subscribers whose executed instruments are reported to be in the mail as of April 24, 1951.

- T. R. Knowles
- Sidney Sher
- Texas Pacific Coal and Oil Co.

CERTIFIED TO BE A TRUE COPY  
Albert R. Green

To: BHP  
Attn: Donald Rheinhart

From: Duane Spencer, BLM Farmington

Subject: Unit commitment status definitions

Attached are the definitions we use when defining the commitment status of a lease to a unit agreement. These definitions are in use ~~X~~ Bureauwide.

Please call me at (505)327-5344 if you have any questions.

*Duane Spencer*

BEFORE EXAMINER STOENER	
OIL CONSERVATION DIVISION	
<i>BHP</i>	EXHIBIT NO. <i>4</i>
CASE NO.	<i>10345/10346</i>

#### COMMITMENT STATUS

The various possible commitment categories of a unit tract and its effect on operations are:

- a) Fully Committed (FC) - indicates that all interest owners in that tract have signed. This includes the lessor, lessee of record, overrides, if any, and working interests if different from the lessee of record. The working interests must also have signed the operating agreement. A fully committed tract is eligible for all benefits under the unit.
- b) Effectively Committed (EC) - indicates that all interest owners, except overrides, have signed. An effectively committed tract is also eligible for all benefits under the unit.
- c) Partially Committed (PC) - in reference to a patented tract, it indicates the lessor (mineral interest owner) has not signed but the lessee and working interest have committed their interest. In reference to a State or Federal tract, it indicates the lessee of record has not signed but the working interest and lessor have committed their interests (Note: In some States, commitment by a lessee of record who owns no working interest is considered as unnecessary and the tract may be considered as effectively committed without such signature). A PC lease is not subject to any benefit by unit operations unless there are actual operations and/or production on the lease itself or it is included within and receives an allocation of production from a participating area. Unitized drilling is permissible on a PC tract but if unitized production is obtained on the PC tract and a participating area is established, the working interest operator must allocate the entire production to the participating area and also pay the noncommitted parties their just royalty on a leasehold basis.
- d) Not Committed (NC) - any tract in which a working interest has not committed, regardless of other committed interest, is considered as not committed and is not subject to the Unit Agreement.

#### COMMON SOURCE OF SUPPLY

An underground reservoir, all parts of which are permeably connected so as to permit the migration of oil or gas or both from one portion thereof to another wherever and whenever pressure differentials are created as a result of the production of oil or gas from that producing formation.

#### COMMUNITIZATION AGREEMENT

An agreement to combine two or more mineral leases in order to have sufficient acreage to comply with the spacing required to drill a well.

#### COMPENSATORY ROYALTY

A royalty paid in lieu of drilling a well which would otherwise be required under the requirements of the lease.

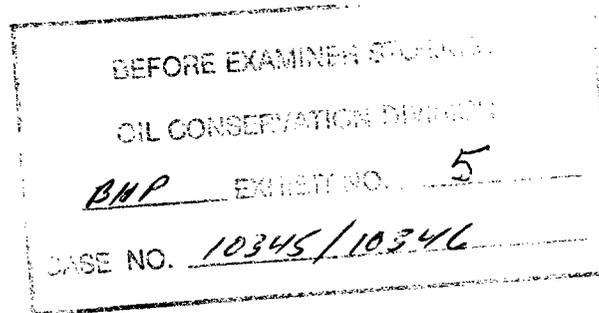
#### CONTRACTION

To diminish in size. Section 2 of the unit agreement provides that the unit area shall when practicable be contracted to exclude lands whenever it is deemed necessary or advisable.

#### COOPERATIVE AGREEMENT

An agreement or plan of development and operation for the recovery of oil and gas made subject thereto in which separate ownership leases or portion of leases are independently operated without allocation of production.

October 31, 1990



**BHP**  
**Petroleum**  
(Americas) Inc

Mrs. Louise Locke  
c/o Don Locke  
139 1/2 E. 2nd  
Rifle, Colorado 81650

Re: Offer to Purchase Leasehold Interest  
Gallegos Canyon Unit  
San Juan County, New Mexico

Dear Mr. Locke:

BHP Petroleum (Americas) Inc. (BHP) offers to purchase from Mrs. Louise L. Locke one hundred percent (100%) of Mrs. Locke's right, title and interest in and to the following described oil and gas lease insofar as such lease covers and affects those certain depths from the surface down to the Base of the Pictured Cliffs formation.

<u>LESSOR</u>	<u>LEGAL DESCRIPTION</u>	<u>ACRES</u>	
		<u>GROSS</u>	<u>NET</u>
William B. Allen and Melba J. Allen, his wife and Eula L. Allen, a widow	<u>T29N, R13W</u> Section 23: NW1/4	160.00	160.00

This offer is subject to the following terms and conditions:

1. The purchase price for the above described lease is \$20,000.00, payable at closing for assignment of all of Mrs. Locke's right, title and interest in such lease from the surface down to the base of the Pictured Cliffs formation.
2. The effective date of the proposed transaction will be October 31, 1990.
3. Closing for the transaction contemplated herein shall take place by overnight delivery of a properly executed assignment in a form substantially identical to the assignment enclosed herewith, from you as Mrs. Locke's Attorney-in-Fact to BHP and the delivery of funds by check from BHP on or before November 20, 1990.
4. This offer is subject to BHP's review of and satisfaction with title to Mrs. Locke's leasehold interest including any contractual obligations or other salient factors affecting such title.

Mr. Don Locke  
October 31, 1990  
Page 2

5. At any time and from time to time after the effective date hereof, upon BHP's request, you, as Mrs. Locke's Attorney-in-Fact, agree to execute, acknowledge and deliver or cause to be delivered, all further documents or instruments necessary to complete the transaction contemplated herein.

If the foregoing terms and conditions are acceptable, please so indicate by signing in the space provided below and returning one signed duplicate of this letter by November 9, 1990.

Thank you in advance for your prompt reply. Please call if BHP can be of any further assistance.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.



Donald Reinhardt  
Senior Landman  
Inland Business Unit

DR/lid  
Enclosure

ACCEPTED AND AGREED TO this  
\_\_\_\_\_ day of November, 1990.

By: \_\_\_\_\_  
Don Locke  
Attorney-in-Fact

5847 San Felipe Suite 3600  
Houston, Texas 77057  
Telephone: (713) 780-5000  
Fax (713) 780-5273  
Telex 9108813603

December 11, 1990

Mr. Don Locke  
139 1/2 2nd  
Rifle, Colorado 81650



Offer to Purchase Leasehold Interest  
San Juan County, New Mexico

Dear Mr. Locke:

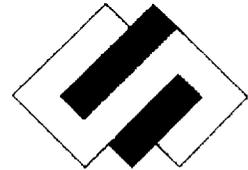
Enclosed for your information are copies of instruments affecting title to Louise Locke's working interest in the NW/4 Section 23-T29N, R13W, San Juan County, New Mexico. The instruments were copied for BHP by its New Mexico attorney from materials being examined for a title opinion which is yet unfinished. Copies of these instruments are being faxed today to Richard Tully in Farmington. Please let me know if I can be of any additional assistance.

Very truly yours,

A handwritten signature in cursive script that reads "Donald Reinhardt".

Donald Reinhardt  
Senior Landman

BHP PETROLEUM (AMERICAS) INC.  
5847 San Felipe, Suite 3600  
Houston, Texas 77057  
Telephone (713) 780-5000  
Fax (713) 780-5461



**FACSIMILE TRANSMISSION**

Date: December 11, 1990  
To: Richard Tully  
Company: Attorney  
Phone Number: (505) 327-3388  
Fax Number: (505) 327-7483  
  
From: Donald Reinhardt  
Phone Number: (713) 780-5443  
  
Number of Pages  
Including This  
Cover Sheet: 8

Comments: The following are copies of instruments  
affecting Louise Locke's working interest  
in the NW 1/4 Sec. 23-T29N, R13W. Don Locke  
asked me to fax you copies in order to  
assist you in your review of title. Please  
call if we can be of any additional help.

This transmission was sent from a Xerox 295, telephone number (713) 780-5461.

If there are any problems with transmission, please call Carolyn Lindsey at (713) 780-5027.

RICHARD T.C. TULLY, P.A.  
ATTORNEY AT LAW  
111 NORTH ORCHARD AVENUE  
POST OFFICE BOX 268  
FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY

505-327-3388

February 22, 1991

RECEIVED  
FEB 25 1991  
BIO LAND DEPT.

Donald Reinhardt  
Senior Landman, Inland Business Unit  
BHP Petroleum (Americas) Inc.  
5847 San Felipe, Suite 3800  
Houston, TX 77057

Re: Louise Y. Locke

Dear Mr. Reinhardt:

This law firm has completed its title review of the oil, gas, and associated hydrocarbons from the surface to the base of the Pictured Cliffs Formation underlying the N/2 of Section 23, T-29-N, R-13-W, N.M.P.M., San Juan County, New Mexico.

Our review shows that the working interest from the surface to the base of the Pictured Cliffs Formation is vested in Louise Y. Locke. Further, the surface to the base of the Pictured Cliffs Formation for the N/2 of Section 23 is subject to the Pooling Designation between Lloyd D. Locke, Lloyd B. Taylor, Stanolind Oil and Gas Company, Earl A. Benson, and William V. Montin, which is filed in Book 270, Page 23 of the records of San Juan County, New Mexico.

For your further information, the working interest of Ms. Locke originated from an Assignment dated January 23, 1953 from Earl A. Benson et ux., Wm. V. Montin et ux., and Stanolind Oil and Gas Company to Lloyd D. Locke and Lloyd B. Taylor d/d/a Locke-Taylor Drilling Company, which is filed in Book 224, Page 107 of the records of San Juan County, New Mexico.

We have been advised by our client that the N/2 of Section 23 from the surface to the base of the Pictured Cliffs Formation was never committed to the Gallegos Canyon Unit, and that no information, correspondence, or documents have been sent to her or her deceased husband (Lloyd D. Locke) by the Unit Operator or Suboperator of the Gallegos Canyon Unit.

The Howard Tycksen Pooled Unit No. 1 Well was spud by Locke-Taylor Drilling Company on August 6, 1952, and it was drilled to the Pictured Cliffs Formation. Since the Pictured Cliffs Formation did not appear to be commercially productive,

Donald Reinhardt  
February 22, 1991  
PAGE TWO

the well was plugged back and completed in the Fruitland Formation. The Fruitland Formation was completed on October 22, 1952, and first delivery occurred April 19, 1954.

The Howard Tycksen Pooled Unit No. 1 Well is located in the NE/4NE/4 of Section 23, and has a pooling designation of the N/2 of Section 23. It is located 990' FNL and 990' FEL of Section 23. The Fruitland Formation has been produced continuously from date of first delivery to the present time.

BHP Petroleum (Americas) Inc. has staked and commenced the drilling of the Gallegos Canyon Unit #391 also in the NE/4NE/4 of Section 23 on December 12, 1990. This well is located almost on the same well pad as the Tycksen #1 Well, and is located 975' FNL and 870' FEL of Section 23. The Gallegos Canyon Unit #391 Well is also a Fruitland well, but it shows an E/2 dedication of the pooled unit.

BHP Petroleum (Americas) Inc. ("BHP") has wrongfully invaded the property of our client; it has appropriated, or converted to its own use, the property of our client. It is therefore guilty of trespassing. BHP is also a bad faith trespasser due at least the following factors:

1. The files and records of the Gallegos Canyon Unit Operator and the Suboperator as well as the records of the San Juan County Clerk conclusively show the working interest owner of the N/2 of Section 23 is our client, and not BHP.
2. The files and records of the Gallegos Canyon Unit Operator and the Suboperator as well as the records of the San Juan County Clerk conclusively show that the N/2 of Section 23 from the surface to the base of the Pictured Cliffs Formation has not been committed to the Gallegos Canyon Unit.
3. The files and records of the New Mexico Oil Conservation Division conclusively show that the Howard Tycksen Pooled Unit #1 Well operated by our client has been completed and producing from the Fruitland Formation since April, 1954 (almost 37 years).

Donald Reinhardt  
February 22, 1991  
PAGE THREE

4. The files and records of the New Mexico Oil Conservation Division conclusively show the exact location of the Tycksen #1 Well, a Fruitland producing well, and yet BHP staked its location for the Gallegos Canyon Unit #391 Well, a proposed Fruitland well, 15 feet to the North and 120 feet to the East of the Tycksen #1 Well.
5. As a result of BHP drilling the Gallegos Canyon Unit #391 Well immediately offsetting the Tycksen #1 Well to the same formation, drainage is taking place or is imminent; thereby causing or will cause irreparable damage to our client's property.
6. BHP has no reasonable basis, nor honest, but mistaken belief, upon which it can rely that it had or has the right to drill and complete a well from the surface to the base of the Pictured Cliffs Formation, and especially the Fruitland Formation where a well is already in existence and producing, in the N/2 of Section 23, T-29-N, R-13-W, N.M.P.M.

Our clients have instructed this law firm to recover compensatory damages, punitive damages, destruction of speculative value, attorney's fees, and costs of suit for BHP's bad faith trespass upon our client's property.

Before a lawsuit is initiated, our clients have however expressed a willingness to enter into settlement negotiations for a reasonable length of time.

Without waiving any rights, claims, causes of actions, injuries, and damages, our clients have authorized us to make the following settlement offer:

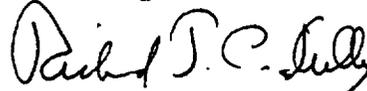
1. BHP will complete and equip the Gallegos Canyon Unit #391 Well in the Fruitland Formation in a reasonably prudent manner on or before April 1, 1991.
2. BHP will change the pooled unit from the Gallegos Canyon Unit #391 to the N/2 of Section 23 on or before April 1, 1991.

Donald Reinhardt  
February 22, 1991  
PAGE FOUR

3. On April 1, 1991 BHP will turn over the operations of the Gallegos Canyon #391 Well to our client, and execute an indemnification agreement with our client that it will hold our client harmless from any and all of its actions and operations pertaining to the well prior to April 1, 1991.
4. On or before March 1, 1991 BHP will pay the sum of \$1,500,000 by company check, cashier's check, or money order payable to the "Richard T. C. Tully, P.A. Trust Fund".
5. Our clients will execute an appropriate release of all claims, rights, injuries, and damages when the items stated in #1, #2, #3, and #4 are completed.

Our client is hopeful this matter can be settled without the initiating of legal action. However, if there is not a mutually agreeable settlement agreement entered into by April 1, 1991, legal action will commence.

Sincerely,



Richard T. C. Tully

RTCT:sak

cc: Louise Y. Locke  
c/o Don Locke  
139-1/2 East 2nd Street  
Rifle, CO 81650

February 28, 1991



Mr. Richard T. C. Tully  
P. O. Box 268  
Farmington, New Mexico 87499-0268

Louise Y. Locke

Dear Mr. Tully:

BHP Petroleum (Americas) Inc. is in receipt of your letter dated February 22, 1991 regarding the Gallegos Canyon Unit Well #391. Please be advised BHP's attorney is reviewing the allegations set out in your letter and BHP will respond accordingly in the very near future.

If BHP can be of any additional assistance in the meantime, please advise.

Very truly yours,

A handwritten signature in cursive script that reads "Donald Reinhardt". The signature is written in dark ink and is positioned above the typed name and title.

Donald Reinhardt  
Senior Landman

DR

April 1, 1991

Mr. Richard T. C. Tully  
P. O. Box 268  
Farmington, NM 87499-0268



Re: Louise Y. Locke

Dear Mr. Tully:

BHP Petroleum (Americas) Inc. (BHP) is in receipt of your February 22, 1991 letter wherein you discussed a number of issues affecting BHP, Louise Y. Locke and the Gallegos Canyon Unit #391 well located in the NE/4 NE/4 Section 23-T29N, R13W.

Please be advised BHP categorically denies any attempt to trespass or otherwise interfere with the rights of your client. Further, BHP has conducted its business in good faith and since receiving your February 22 letter, has confirmed, contrary to previous title information, the ownership you described in the N/2 Section 23 as set out in your letter.

BHP is not willing to complete and turn over its Gallegos Canyon Unit #391 well for your client's benefit. BHP's well is a properly permitted well within the existing spacing orders issued by the State of New Mexico for wells producing from the Basin Fruitland Coal pool.

In the interest of settling this matter, BHP is willing to purchase from your client all of your client's right, title and interest in and to the leasehold interest covering the entirety of the Fruitland Coal interval underlying the N/2 Section 23-T29N, R12W and any improvements, personal property, fixtures or equipment associated therewith or located thereon for a purchase price of \$144,000.00 payable by check with your client reserving a proportionate 7.5% overriding royalty on all oil and/or gas produced from such interval. The purchase price offered corresponds with the highest paid in the area for similar interests purchased by BHP and includes an offer of a reserved overriding royalty much larger than any reserved in any such previous purchases. Any interest conveyed to BHP shall on a form acceptable to BHP and containing language warranting title to the interest to be conveyed.

In addition to providing BHP with an assignment conveying to BHP the interest described herein, at such time as BHP and Mrs. Locke close on the purchase and sale of Mrs. Locke's leasehold interest, Mrs. Locke, or her representatives, will provide BHP with recordable instrument dissolving the N/2 Section 23 pooled unit insofar as it affects the Fruitland Coal interval.

BHP's offer shall remain in effect until 4:30 p.m., April 22, 1991.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.

A handwritten signature in black ink that reads "Donald Reinhardt". The signature is written in a cursive style with a large initial "D".

Donald Reinhardt  
Senior Landman  
Inland Business Unit

DR:CFL

April 1, 1991

Page 2

Mr. Richard T. C. Tully

bc: Mr. Jim Bruce  
Hinkle, Cox, Eaton, Coffield & Hensley  
500 Marquette N.W., Suite 740  
Albuquerque, NM 87102-2121

Mr. Jon Bowden - Legal Dept.  
BHP Petroleum (Americas) Inc.

RICHARD T.C. TULLY, P.A.  
ATTORNEY AT LAW  
111 NORTH ORCHARD AVENUE  
POST OFFICE BOX 268  
FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY

505-327-3388

April 23, 1991

Donald Reinhardt  
Senior Landman  
Inland Business Unit  
BHP Petroleum (Americas) Inc.  
5847 San Felipe, Suite 3600  
Houston, TX 77057

Re: Louise Y. Locke

Dear Mr. Reinhardt:

Receipt is acknowledged of your letter dated April 1, 1991 concerning the Howard Tycksen Pooled Unit No. 1 Well and the Gallegos Canyon Unit #391 Well.

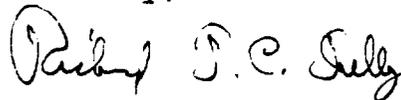
The offer to purchase all of our client's right, title, and interest in the N/2 of Section 23, T-29-N, R-12-W, N.M.P.M., and reserving a 7.5% overriding royalty interest is rejected.

We are presently completing the taking of pictures of the wellsite location; having a wellsite diagram drafted, and securing a reservoir engineering study for all of Section 23 for the Fruitland Formation.

At such time as this work is completed, we will submit a final settlement offer to your company before litigation is initiated. This final settlement offer will probably be forthcoming in the next few weeks.

If you need further information, please advise.

Sincerely,



Richard T. C. Tully

RTCT:sak

cc: Louise Y. Locke  
c/o Don Locke  
139-1/2 East 2nd Street  
Rifle, CO 81650

S151/52532L

RICHARD T.C. TULLY, P.A.

ATTORNEY AT LAW  
111 NORTH ORCHARD AVENUE  
POST OFFICE BOX 268  
FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY  
MICHAEL CUNNINGHAM

505-327-3388

May 14, 1991

Donald Reinhardt  
Senior Landman  
Inland Business Unit  
BHP Petroleum (Americas) Inc.  
5847 San Felipe, Suite 3600  
Houston, TX 77057

Re: Louise Y. Locke

Dear Mr. Reinhardt:

Enclosed for your ready reference are copies of the following instruments pertaining to the Tycksen #1 Well and the Gallegos Canyon Unit #391 Well:

1. Evaluation dated April 25, 1991 by Walsh Engineering & Production Corp.
2. Well site diagram and pictures by Simkins Drafting Service.

As you can readily ascertain, your company had information and knowledge or as a reasonable operator should have had information and knowledge of the ownership and existence of the Tycksen #1 Well from the records of the San Juan County Clerk; the records of the NMOCD in Aztec, New Mexico; and from visual inspection at the well site.

Without waiving any rights, claims, causes of action, injuries, and damages, our clients have authorized us to make the following settlement offer:

1. On or before June 15, 1991 BHP will pay the sum of \$500,000 by company check, cashier's check, or money order payable to the "Richard T. C. Tully, P.A. Trust Fund".
2. Upon receipt of the above-described payment our clients will execute and deliver an assignment of all of their right, title, and interest in the N/2 of Section 23, T-29-N, R-13-N, N.M.P.M. from the surface to the base of the Fruitland Formation, but

Donald Reinhardt  
May 14, 1991  
PAGE TWO

reserving an overriding royalty interest of 12-1/2% of 8/8ths. This overriding royalty interest shall be exclusive of all other royalty interests, overriding royalty interests, production payments, and interests of a similar nature. Such assignment shall be without warranty of title as is customary in the oil and gas industry of the San Juan Basin, and it shall include the Tycksen #1 Well.

3. Our clients will also execute and deliver an appropriate release of all claims, rights, injuries, and damages upon receipt of the above-described payment.
4. If this settlement agreement is not completed by June 15, 1991, then legal action requesting a jury trial will be initiated.

Please advise if you need further information or assistance.

Sincerely,



Richard T. C. Tully

RTCT:sak

Enclosure

cc w/o encl.

Louise Y. Locke  
c/o Don Locke  
139-1/2 East 2nd Street  
Rifle, CO 81650

**SENDER** Complete items 1 and 2 when additional services are desired; and complete items 3 and 4.

Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check boxes for additional services requested.

1.  Show to whom delivered, date, and addressee's address. (Extra charge)  
 2.  Restricted Delivery (Extra charge)

3. Article Addressed to <b>Mr. Richard T. C. Tully</b> <b>P. O. Box 268</b> <b>Farmington, NM 87499-0268</b>	4. Article Number <b>P 566 936 880</b>
Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and <b>DATE DELIVERED</b> .	
5. Signature - Addressee <b>X</b> <i>Richard T. C. Tully</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent <b>X</b> . . . . .	
7. Date of Delivery <b>6-3-91</b>	

PS Form 3811, Apr. 1989      \*U.S.G.P.O. 1989-238-818      **DOMESTIC RETURN RECEIPT**

P 566 936 880

**RECEIPT FOR CERTIFIED MAIL**

NO INSURANCE COVERAGE PROVIDED  
 NOT FOR INTERNATIONAL MAIL  
 (See Reverse)

U.S.G.P.O. 1989-234-555  
 PS Form 3800, June 1985

Sent to . <b>Mr. Richard T. C. Tully</b>	
Street and No. <b>P. O. Box 268</b>	
P.O., State and ZIP Code <b>Farmington, NM 87499-026</b>	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date  <b>05/29/91</b>	

May 29, 1991



Mr. Richard T. C. Tully  
P. O. Box 268  
Farmington, New Mexico 87499-0268

Louise Y. Locke

Dear Mr. Tully:

BHP Petroleum (Americas) Inc. is in receipt of your May 14, 1991 letter with enclosures wherein you submitted a counteroffer to BHP's offer to purchase the Fruitland Coal rights owned by Louise Y. Locke in the N/2 Section 23-T29N, R13W, San Juan County, New Mexico. Having reviewed the counteroffer, BHP wishes to first advise that it is not willing nor interested in purchasing Mrs. Locke's Fruitland Sand rights nor any of her interest in the Tycksen #1 well. The Tycksen #1 well is completed in the Fruitland Sand interval from 900 to 925 feet. It is BHP's intention to complete the Gallegos Canyon Unit #390 and #391 in the Fruitland Coal interval starting at approximately 1180'. Completion of the #390 and #391 wells in this lower interval will not interfere with your client's ability to continue to produce in the Tycksen well.

In evaluating the engineering report, BHP compared Mr. Walsh's reserve estimates and values with those provided BHP in an annual independent reserve study completed earlier this year by Netherland, Sewell & Associates, a very large, international engineering consulting firm located in Dallas, Texas. Having compared the conclusions reached in each such study, it can only be said Mr. Walsh's estimates are at best overly optimistic and, in our view, wholly unreliable. Mr. Walsh's assumption of an initial production rate of 400 MCF/d is not warranted. The GCU #377 well cited in Mr. Walsh's report had an initial production rate of only 250 MCF/d. The average initial production rates in twelve Fruitland Coal wells completed since the drilling of the GCU #377 have averaged only 290 MCF/d. Furthermore, BHP considers the use of a \$1.30 gas sales price for Fruitland Coal gas for the purpose of conducting economic analysis suspect at best considering today gas market and the costs involved in transporting gas out of the basin.

In conclusion, BHP does not consider the analysis performed on Mrs. Locke's interest to be either thorough or truly indicative of its value. In earlier correspondence, BHP made what it felt was an

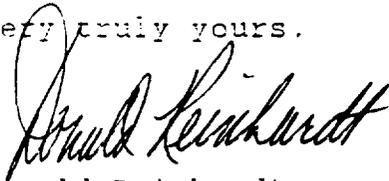
Mr. Richard T. C. Tully  
Page two  
May 29, 1991

exceedingly reasonable offer for your client's Fruitland Coal reserves especially when taking into consideration the reservation of a proportionate 7.5% overriding royalty. BHP is still willing to pay Mrs. Locke the sum of \$144,000.00 for the Fruitland Coal rights in the N/2 Section 23 and allow for the reservation of the proportionate 7.5% overriding royalty.

If your client does not wish to sell the Fruitland Coal rights in the N/2 Section 23, BHP is willing to have your client join as a working interest owner in both wells. Enclosed for your information are copies of BHP's Authorization for Expenditure for each well setting out the estimated costs to drill and complete each well. If your client prefers to join in each well as a 50% working interest owner, an operating agreement can be prepared and furnished for your review.

Your assistance in bringing this matter to a speedy resolution will be greatly appreciated. Please advise within ten day of your receipt of this letter if either of the alternatives set out above are acceptable to your client. If neither alternative is acceptable, BHP will seek other legal means to consolidate the interests in the drillsite spacing units for each of the #390 and #391 wells. Please advise if BHP can be of any additional assistance.

Very truly yours,



Donald Reinhardt  
Senior Landman

DR



**AUTHORITY FOR EXPENDITURE  
Inland Business Unit  
(Drilling, Workovers, Recomp.'s, Etc.)**

Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101208

Contract/Agreement No. \_\_\_\_\_ Land Lease No. \_\_\_\_\_ Budget Year 1991

Project must be commenced by: Date \_\_\_\_\_

Lease Name & Well No. Gallegos Canyon Unit No.390	Prospect Name _____ Prospect No. _____	Activity No. <u>NM003000390</u> Focal Area <u>FA106</u>
Field or Area Basin Fruitland Field	Location SE/SW Section 23 T29N - R13W	County and State San Juan, New Mexico
Type of AFE Drill, Complete, Equip	Development ( X ) Exploratory ( ) AAPG Class: _____ Others _____	Formation & Depth Fruitland Coal - ±1470' Well TD - 1640'
Last Well on Lease Yes ( ) No ( )	Expected Production Gas - ( X ) Oil - ( )	
Project Description: (To Include Special Provisions and Remarks)  Drill, complete, and equip a 1640 foot Fruitland Coal well at the referenced location.		BHP Interest BPO W.I. <u>100.00</u> NRI <u>76.75</u>  APO W.I. _____ NRI _____

**ESTIMATED COSTS**

COMPANY	WORKING INTEREST OR ALLOCATION %		DRILLING WELLS		OTHER Total Cost
	To Csg. Pt.	Aft. Csg. Pt.	Dry Hole	Producer	
BHP Petroleum	100		43,655	132,130	
<b>Total</b>	100		43,655	132,130	
Less: Contributions			( - 0 - )	( - 0 - )	( )
<b>Net Costs</b>			43,655	132,130	

Prepared by Paul C. Bertoglio *PCB* Date May 14, 1990

Recommended:

Operations	Date	Land	Date	Marketing	Date	Technology	Date
_____	_____	_____	_____	_____	_____	<i>J.C. M...</i>	<u>5/24/90</u>
_____	_____	_____	_____	_____	_____	_____	_____
<i>Tom...</i>	<u>6-4-90</u>	_____	_____	_____	_____	_____	_____

Approved *J.M. Edgerton* 6/5/90  
Date



**DETAILED COST ESTIMATE  
DRILLING, RECOMPLETIONS AND WORKOVERS**

Lease Name & Well No. Gallegos Canyon Unit No. 390

AFE No. 9101208

Location SE/SW Section 23 T29N - R13W

County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

<u>CODE 4527-20</u>		<u>Gross Cost To Csg Pt.</u>
01 Rotary Footage		
<u>1,640</u> ft. @ \$ <u>9.00</u>		\$ <u>14,760</u>
02 Rotary Daywork		
<u>2</u> days WDP @ \$ <u>4,000</u> day		<u>8,000</u>
<u>    </u> days WOPD @ \$ <u>    </u> day		
03 Drillsite Camp Expense		
05 Rotary Turnkey		
06 Drilling Deals (W.I.)		
07 Rental Tools/Equipment		<u>1,500</u>
08 Rig Move		
09 Inspection Services		
10 Trucking/Boats		<u>2,000</u>
11 Personnel Transportation		
12 Power/Fuel		
13 Drig Mud & Additives		<u>2,000</u>
14 Drill Bits/Reamers		
16 Water		<u>1,200</u>
17 Mud Logging		
18 Open Hole Logs		<u>4,000</u>
20 DST's/Surveys		
22 Cement & Cementing		<u>2,000</u>
24 Cores		
29 Directional Drilling		
30 Engineering & Consulting		
31 Location Dirtwork/Cln Up		<u>2,500</u>
32 Geological		
34 Drig Permits/Bonds		
35 Drig Title Opinion		
36 Stake/Survey Location		<u>500</u>
37 Right of Way/Damages		<u>2,000</u>
38 Well Control Insurance		
40 Overhead - Drig		
41 Material & Supplies		
42 Co. Labor/Supervision		<u>1,200</u>
43 Contract Labor		
44 Other Drilling Costs		
Supplemental		
Total TCP		\$ <u>41,660</u>
BHP Net		\$ <u>41,660</u>

<u>CODE 4515-10</u>	<u>X-on Hand</u>	<u>TCP</u>
01 Installation Cost		\$ <u>250</u>
06 Casinghead		<u>500</u>
07 Cond./Surface Csg		
<u>120</u> ft 7" 23# K-55		
@ \$ <u>10.37</u> ft		<u>1,245</u>
10 Inter./Liner Csg		
<u>    </u> ft		
@ \$ <u>    </u> ft		
<u>    </u> ft		
@ \$ <u>    </u> ft		
Supplemental		
Total Tangible TCP		\$ <u>1,995</u>
BHP Net		\$ <u>1,995</u>
Total Drilling Cost TCP		\$ <u>43,655</u>
BHP Net Cost TCP		\$ <u>43,655</u>

<u>CODE 4527-30</u>	<u>Gross Completion Costs</u>
01 Completion Rig	\$ <u>7,500</u>
03 Camp Expense	
04 Wireline Services	
07 Rental Tools/Equipment	<u>1,000</u>
09 Inspection Services	
10 Trucking/Boats	<u>2,000</u>
11 Personnel Transportation	
12 Power/Fuel	
14 Drill Bits/Reamers	
15 Completion Fluids	
16 Water	<u>1,000</u>
18 Cased Hole Logs	
19 Perforate	<u>1,500</u>
20 Well Surveys & Testing	
21 Acidize & Frac	<u>17,500</u>
22 Cement & Cementing	<u>5,000</u>
23 Squeeze Jobs	
30 Engr. & Consulting	
31 Location Dirtwork/Cln. Up	<u>1,500</u>
37 ROW/Damages	
40 Overhead - Completion	
41 Material & Supplies	<u>2,000</u>
42 Co. Labor/Supervision	<u>1,500</u>
43 Contract Labor	
45 Other Completion Costs	
Supplemental	
Total Comp. Costs	\$ <u>40,500</u>
BHP Net	\$ <u>40,500</u>

<u>CODE 4515-20</u>	<u>X-on Hd</u>	<u>Comp. Costs</u>
01 Installation Costs		\$ <u>1,500</u>
02 Sucker Rods		<u>1,500</u>
03 Btm Hole Pump		<u>1,200</u>
04 Pumping Unit		<u>5,000</u>
05 Prime Mover		<u>7,500</u>
06 Wellhead/Tree		<u>2,500</u>
07 Casing:		
<u>1,640</u> ft 4 1/2" 10.5# J-55		
@ \$ <u>5.00</u> ft		
<u>    </u> ft		
@ \$ <u>    </u> ft		
<u>    </u> ft		
@ \$ <u>    </u> ft		<u>8,200</u>
08 Tubing:		
<u>1,525</u> ft 2 3/8" 4.7# J-55		
@ \$ <u>3.00</u> ft		<u>4,575</u>
09 Hyd. & Other Pmp Equip.		
20 Packers		
23 Other Well Equipment		

<u>CODE 4515-21</u>	<u>Comp. Costs</u>
01 Installation Costs	\$ <u>5,000</u>
11 Tanks	<u>1,500</u>
12 Buildings	
13 Compressors	
14 Elec Line & Equip.	
15 Sepr. & Treaters	<u>2,500</u>
16 Line Pipe	<u>5,000</u>
17 Dehy. Equipment	
18 Other Lse Equipment	
19 Misc Valves & Ftgs.	<u>2,000</u>
Supplemental	
Total Tang Comp. Cost	\$ <u>47,975</u>
BHP NET	\$ <u>47,975</u>

TOTAL WELL COSTS GROSS \$ 132,130  
BHP NET \$ 132,130

PREPARED BY: Paul C. Bertoglio



#390

AUTHORITY FOR EXPENDITURE
Inland Business Unit
(Drilling, Workovers, Recomp.'s, Etc.)

Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101208

Contract/Agreement No. Land Lease No. Budget Year 1991

Project must be commenced by: Date

Lease Name & Well No. Gallegos Canyon Unit No.390
Prospect Name
Activity No. NM003000390
Prospect No.
Focal Area FA106
Field or Area Basin Fruitland Field
Location SE/SW Section 23 T29N - R13W
County and State San Juan, New Mexico
Type of AFE Drill, Complete, Equip
Development (X) Exploratory ( )
Formation & Depth Fruitland Coal - ±1470'
Expected Production Gas - (X) Oil - ( )
Last Well on Lease Yes ( ) No ( )
Others
Project Description: (To Include Special Provisions and Remarks)
Drill, complete, and equip a 1640 foot Fruitland Coal well at the referenced location.
BHP Interest
BPO W.I. 100.00 NRI 76.75
APO W.I. NRI

ESTIMATED COSTS

Table with columns: COMPANY, WORKING INTEREST OR ALLOCATION %, DRILLING WELLS (Dry Hole, Producer), OTHER (Total Cost). Includes rows for BHP Petroleum and Total costs.

Prepared by Paul C. Bertoglio Date May 14, 1990

Recommended: Operations, Land, Marketing, Technology. Includes signatures and dates for approval.

Joint Interest Approval - It is recognized that the amounts provided for herein are estimates only, and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, either more or less than herein set out.

Company By Date BEFORE EXAMINER STOGNER OIL CONSERVATION DIVISION BHP EXIST NO. 6 CASE NO. 10345/10346



**DETAILED COST ESTIMATE  
DRILLING, RECOMPLETIONS AND WORKOVERS**

Lease Name & Well No. Gallegos Canyon Unit No. 390

AFE No. 9101208

Location SE/SW Section 23 T29N - R13W

County and State San Juan, New Mexico

**INTANGIBLE DRILLING COSTS**

	Gross Cost To Csg Pt.
<b>CODE 4527-20</b>	
01 Rotary Footage	
<u>1,640 ft. @ \$ 9.00</u>	<u>\$ 14,760</u>
02 Rotary Daywork	
<u>2 days WDP @ \$ 4,000 day</u>	<u>8,000</u>
<u>    days WOPD @ \$    day</u>	
03 Drillsite Camp Expense	
05 Rotary Turnkey	
06 Drilling Deals (W.I.)	
07 Rental Tools/Equipment	<u>1,500</u>
08 Rig Move	
09 Inspection Services	
10 Trucking/Boats	<u>2,000</u>
11 Personnel Transportation	
12 Power/Fuel	
13 Drlg Mud & Additives	<u>2,000</u>
14 Drill Bits/Reamers	
16 Water	<u>1,200</u>
17 Mud Logging	
18 Open Hole Logs	<u>4,000</u>
20 DST's/Surveys	
22 Cement & Cementing	<u>2,000</u>
24 Cores	
29 Directional Drilling	
30 Engineering & Consulting	
31 Location Dirtwork/Cln Up	<u>2,500</u>
32 Geological	
34 Drlg Permits/Bonds	
35 Drlg Title Opinion	
36 Stake/Survey Location	<u>500</u>
37 Right of Way/Damages	<u>2,000</u>
38 Well Control Insurance	
40 Overhead - Drlg	
41 Material & Supplies	
42 Co. Labor/Supervision	<u>1,200</u>
43 Contract Labor	
44 Other Drilling Costs	
Supplemental	
Total TCP	<u>\$ 41,660</u>
BHP Net	<u>\$ 41,660</u>

	Gross Completion Costs
<b>CODE 4527-30</b>	
01 Completion Rig	<u>\$ 7,500</u>
03 Camp Expense	
04 Wireline Services	
07 Rental Tools/Equipment	<u>1,000</u>
09 Inspection Services	
10 Trucking/Boats	<u>2,000</u>
11 Personnel Transportation	
12 Power/Fuel	
14 Drill Bits/Reamers	
15 Completion Fluids	
16 Water	<u>1,000</u>
18 Cased Hole Logs	
19 Perforate	<u>1,500</u>
20 Well Surveys & Testing	
21 Acidize & Frac	<u>17,500</u>
22 Cement & Cementing	<u>5,000</u>
23 Squeeze Jobs	
30 Engr. & Consulting	
31 Location Dirtwork/Cln. Up	<u>1,500</u>
37 ROW/Damages	
40 Overhead - Completion	
41 Material & Supplies	<u>2,000</u>
42 Co. Labor/Supervision	<u>1,500</u>
43 Contract Labor	
45 Other Completion Costs	
Supplemental	
Total Comp. Costs	<u>\$ 40,500</u>
BHP Net	<u>\$ 40,500</u>

	X-on Hd	Comp. Costs
<b>CODE 4515-20</b>		
01 Installation Costs		<u>\$ 1,500</u>
02 Sucker Rods		<u>1,500</u>
03 Btm Hole Pump		<u>1,200</u>
04 Pumping Unit		<u>5,000</u>
05 Prime Mover		<u>7,500</u>
06 Wellhead/Tree		<u>2,500</u>
07 Casing:		
<u>1,640 ft 4 1/2" 10.5# J-55</u>		
@ \$ <u>5.00</u> ft		
<u>    ft</u>		
@ \$ <u>    </u> ft		
<u>    ft</u>		
@ \$ <u>    </u> ft		
<u>    ft</u>		<u>8,200</u>
08 Tubing:		
<u>1,525 ft 2 3/8" 4.7# J-55</u>		
@ \$ <u>3.00</u> ft		<u>4,575</u>
09 Hyd. & Other Pmp Equip.		
20 Packers		
23 Other Well Equipment		

	X-on Hand	TCP
<b>CODE 4515-10</b>		
01 Installation Cost		<u>\$ 250</u>
06 Casinghead		<u>500</u>
07 Cond./Surface Csg		
<u>120 ft 7" 23# K-55</u>		
@ \$ <u>10.37</u> ft		<u>1,245</u>
10 Inter./Liner Csg		
<u>    ft</u>		
@ \$ <u>    </u> ft		
<u>    ft</u>		
@ \$ <u>    </u> ft		
Supplemental		
Total Tangible TCP		<u>\$ 1,995</u>
BHP Net		<u>\$ 1,995</u>
Total Drilling Cost TCP		<u>\$ 43,655</u>
BHP Net Cost TCP		<u>\$ 43,655</u>

	Gross Completion Costs
<b>CODE 4515-21</b>	
01 Installation Costs	<u>\$ 5,000</u>
11 Tanks	<u>1,500</u>
12 Buildings	
13 Compressors	
14 Elec Line & Equip.	
15 Sepr. & Treaters	<u>2,500</u>
16 Line Pipe	<u>5,000</u>
17 Dehy. Equipment	
18 Other Lse Equipment	
19 Misc Valves & Ftgs.	<u>2,000</u>
Supplemental	
Total Tang Comp. Cost	<u>\$ 47,975</u>
BHP NET	<u>\$ 47,975</u>

TOTAL WELL COSTS GROSS \$ 132,130  
BHP NET \$ 132,130

PREPARED BY: Paul C. Bertoglio





**DETAILED COST ESTIMATE  
DRILLING, RECOMPLETIONS AND WORKOVERS**

Lease Name & Well No. Gallegos Canyon Unit No. 391

AFE No. 9101209

Location NE/NE Section 23 T29N - R13W

County and State San Juan, New Mexico

**INTANGIBLE DRILLING COSTS**

CODE		Gross Cost To Csg Pt.
01	Rotary Footage	
	<u>1,350</u> ft. @ \$ <u>9.00</u>	\$ <u>12,150</u>
02	Rotary Daywork	
	<u>2</u> days WDP @ \$ <u>4,000</u> day	<u>8,000</u>
	_____ days WOPD @ \$ _____ day	_____
03	Drillsite Camp Expense	_____
05	Rotary Turnkey	_____
06	Drilling Deals (W.I.)	_____
07	Rental Tools/Equipment	<u>1,500</u>
08	Rig Move	_____
09	Inspection Services	_____
10	Trucking/Boats	<u>2,000</u>
11	Personnel Transportation	_____
12	Power/Fuel	_____
13	Drig Mud & Additives	<u>2,000</u>
14	Drill Bits/Reamers	_____
16	Water	<u>1,200</u>
17	Mud Logging	_____
18	Open Hole Logs	<u>4,000</u>
20	DST's/Surveys	_____
22	Cement & Cementing	<u>2,000</u>
24	Cores	_____
29	Directional Drilling	_____
30	Engineering & Consulting	_____
31	Location Dirtwork/Cln Up	<u>2,500</u>
32	Geological	_____
34	Drig Permits/Bonds	_____
35	Drig Title Opinion	_____
36	Stake/Survey Location	<u>500</u>
37	Right of Way/Damages	<u>2,000</u>
38	Well Control Insurance	_____
40	Overhead - Drig	_____
41	Material & Supplies	_____
42	Co. Labor/Supervision	<u>1,200</u>
43	Contract Labor	_____
44	Other Drilling Costs	_____
	Supplemental	_____
	Total TCP	\$ <u>39,050</u>
	BHP Net	\$ <u>24,406</u>

CODE		Gross Completion Costs
01	Completion Rig	\$ <u>7,500</u>
03	Camp Expense	_____
04	Wireline Services	_____
07	Rental Tools/Equipment	<u>1,000</u>
09	Inspection Services	_____
10	Trucking/Boats	<u>2,000</u>
11	Personnel Transportation	_____
12	Power/Fuel	_____
14	Drill Bits/Reamers	_____
15	Completion Fluids	_____
16	Water	<u>1,000</u>
18	Cased Hole Logs	_____
19	Perforate	<u>1,500</u>
20	Well Surveys & Testing	_____
21	Acidize & Frac	<u>17,500</u>
22	Cement & Cementing	<u>5,000</u>
23	Squeeze Jobs	_____
30	Engr. & Consulting	_____
31	Location Dirtwork/Cln. Up	<u>1,500</u>
37	ROW/Damages	_____
40	Overhead - Completion	_____
41	Material & Supplies	<u>2,000</u>
42	Co. Labor/Supervision	<u>1,500</u>
43	Contract Labor	_____
45	Other Completion Costs	_____
	Supplemental	_____
	Total Comp. Costs	\$ <u>40,500</u>
	BHP Net	\$ <u>25,312</u>

CODE		X-on Hand	TCP
01	Installation Cost		\$ <u>250</u>
06	Casinghead		<u>500</u>
07	Cond./Surface Csg		
	<u>120</u> ft 7" 23# K-55		
	@ \$ <u>10.37</u> ft		<u>1,245</u>
10	Inter./Liner Csg		
	_____ ft		
	@ \$ _____ ft		
	_____ ft		
	@ \$ _____ ft		
	Supplemental		
	Total Tangible TCP		\$ <u>1,995</u>
	BHP Net		\$ <u>1,247</u>
	Total Drilling Cost TCP		\$ <u>41,045</u>
	BHP Net Cost TCP		\$ <u>25,653</u>

CODE		X-on Hd	Comp. Costs
01	Installation Costs		\$ <u>1,500</u>
02	Sucker Rods		<u>1,500</u>
03	Btm Hole Pump		<u>1,200</u>
04	Pumping Unit		<u>5,000</u>
05	Prime Mover		<u>7,500</u>
06	Wellhead/Tree		<u>2,500</u>
07	Casing:		
	<u>1,350</u> ft 4 1/2" 10.5# J-55		
	@ \$ <u>5.00</u> ft		
	_____ ft		
	@ \$ _____ ft		
	_____ ft		
	@ \$ _____ ft		<u>6,750</u>
08	Tubing:		
	<u>1,250</u> ft 2 3/8" 4.7# J-55		
	@ \$ <u>3.00</u> ft		<u>3,750</u>
09	Hyd. & Other Pmp Equip.		_____
20	Packers		_____
23	Other Well Equipment		_____
	Supplemental		
	Total Tang Comp. Cost		\$ <u>45,700</u>
	BHP NET		\$ <u>28,563</u>

CODE			
01	Installation Costs		\$ <u>5,000</u>
11	Tanks		<u>1,500</u>
12	Buildings		_____
13	Compressors		_____
14	Elec Line & Equip.		_____
15	Sepr. & Treaters		<u>2,500</u>
16	Line Pipe		<u>5,000</u>
17	Dehy. Equipment		_____
18	Other Lse Equipment		_____
19	Misc Valves & Ftgs.		<u>2,000</u>
	Supplemental		_____

TOTAL WELL COSTS GROSS \$ 127,245  
BHP NET \$ 79,528

PREPARED BY: Paul C. Bertoglio



HINKLE, COX, EATON, COFFIELD &  
HENSLEY

By



James Bruce  
500 Marquette, N.W.  
Suite 800  
Albuquerque, N.M. 87102  
(505) 768-1500

Subscribed and sworn to before me this 10<sup>th</sup> day of  
July, 1991, by James Bruce.

  
Notary Public

My commission expires:

11-22-91

# HINKLE, COX, EATON, COFFIELD & HENSLEY

ATTORNEYS AT LAW

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ALBUQUERQUE, NEW MEXICO 87102-2121

(505) 768-1500

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GARY W. LARSON  
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JOHN R. KULSETH, JR.  
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\*NOT LICENSED IN NEW MEXICO

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(505) 982-4554  
FAX (505) 982-8623

June 18, 1991

Ms. Louise Y. Locke  
c/o Don Locke  
139½ East Second Street  
Rifle, Colorado 81650

Mr. Richard T.C. Tully  
P.O. Box 268  
Farmington, New Mexico 87499

Dear Sirs:

Enclosed for your information are copies of the following:

(1) An Application for compulsory pooling of the Basin-Fruitland Coal Gas Pool underlying the E½ of Section 23, Township 29 North, Range 13 West, in San Juan County, New Mexico; and

(2) An Application for compulsory pooling of the Basin-Fruitland Coal Gas Pool underlying the W½ of Section 23, Township 29 North, Range 13 West, in San Juan County, New Mexico.

These Applications were filed with the Oil Conservation Division on behalf of BHP Petroleum (Americas) Inc.

Records indicate Louise Y. Locke owns mineral interests in the N½ of Section 23. These applications will be heard by the Oil Conservation Division on Thursday, July 11, 1991, at 8:15 a.m. at the Division's offices at 310 Old Santa Fe Trail, Santa Fe, New Mexico. Failure to appear at that time will preclude you from contesting these matters at a later date.

EXHIBIT

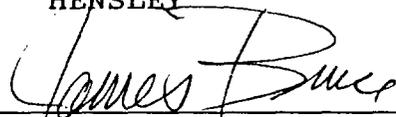
A

June 18, 1991  
Page 2

Very truly yours,

HINKLE, COX, EATON, COFFIELD &  
HENSLEY

By

  
James Bruce

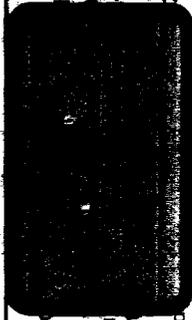
Attorneys for Applicant

JB:jt

Enclosures

**SENDER:**

- Complete items 1, 2, 4a & b.
- Print your name and address on that we can return this card to you back if space does not permit.
- Write "Return Receipt Requested" the article number.



also  to receive the following services (for an extra fee):

- 1.  Addressee's Address
- 2.  Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:

Louise Y. Locke  
139 1/2 E. 2nd St  
Rifle, CO 81650

4a. Article Number

P 544 758 369

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

Apr 6/20/91

8. Addressee's Address (Only if requester and fee is paid)

5. Signature (Addressee)

*Louise Y. Locke*

6. Signature (Agent)

*Ray Locke*

PS Form 3811, October 1990 \*U.S. GPO: 1990-273-861

**DOMESTIC RETURN RECEIPT**

United States Postal Service

Official Business



JUN 24 1991

POSTAGE PAID PERMIT NO. 1234  
COFFIELD & HENSLEY



PENALTY FOR PRIVATE  
USE, \$300

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- Mr. James Bruce  
HINKLE, COX, EATON, COFFIELD  
& HENSLEY  
500 Marquette N.W., Suite 800  
Albuquerque, NM 87102



**SENDER:**

- Complete items 1, 2, and 4a for additional services.
- Complete items 3, 4b, and 4c & d.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece next to the article number.

I also wish to receive the following services (for an extra fee):

- Addressee's Address
  - Restricted Delivery
- Consult postmaster for fee.

3. Article Addressed to:

Richard T.C. Tully  
 P.O. Box 269  
 Farmington, NM 87499

4a. Article Number

P 544 758 370

4b. Service Type

- Registered  Insured
- Certified  COD
- Express Mail  Return Receipt for Merchandise

7. Date of Delivery

6-20-91

5. Signature (Addressee)

*[Signature]*

6. Signature (Agent)

*[Signature]*

8. Addressee's Address (Only if requested and fee is paid)

United States Postal Service

Official Business

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JUN 24 1991



PENALTY FOR PRIVATE  
USE, \$300

HINKLE, COX, EATON  
COFFIELD & HENSLEY

Print your name, address and ZIP Code here

- Mr. James Bruce  
Hinkle, Cox, Eaton, Coffield  
& Hensley  
500 Marquand Blvd, Suite 800  
Albuquerque, NM 87102

P 544 758 370

**RECEIPT FOR CERTIFIED MAIL**

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(See Reverse)

U.S.G.P.O. 1989-234-5FF

S Form 380<sup>®</sup> June 1985

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Special Delivery Fee	
Restricted Delivery Fee	
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Return Receipt showing to whom, Date, and Address of Delivery	
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3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse **RESTRICTED DELIVERY** on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811.
6. Save this receipt and present it if you make inquiry.