

**MESA GRANDE RESOURCES, INC.**  
1200 PHILTOWER BUILDING  
TULSA, OKLAHOMA 74103  
(918) 581-8494

July 29, 1986

All Royalty Interest Owners  
(See Attached List)

Re: Hawkeye #1 Well  
E/2, Section 23-25N-2W  
Rio Arriba County, New Mexico

Ladies and Gentlemen:

On June 27, 1986, we sent you a Pooling Agreement for your execution covering your interest in the East Half of Section 23.

We have had a number of telephone calls and letters from royalty owners who were concerned that the interest set forth on Exhibit "A" of the Pooling Agreement did not reflect their mineral interest in the spacing unit. This letter is to let you know that the interests set forth on Exhibit "A" of the Pooling Agreement are not intended to reflect current mineral ownership. Instead, this schedule only sets forth the leases which will be subject to the Pooling Agreement and we realize that the mineral ownership has changed since the leases were taken many years ago.

The current mineral ownership is reflected in our Title Opinions and will appear on our Division Order. Some of you have also expressed concern over the notification you received of the Compulsory Pooling Hearing to be held on August 6, 1986. It is not our intention to rush you but it is necessary for us to force-pool one of the working interest owners and we decided in the interest of time and economy to include in that hearing all interests which were not committed by the date of the hearing. Therefore, if we receive your executed signature page for the Pooling Agreement prior to the August 6th hearing, your interest will not be included in the Compulsory Pooling Case.

We appreciate very much your understanding and cooperation in this matter.

Very truly yours.

*Kathy Michael*

Kathy Michael  
Landman

KM:dvw  
Attachment

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico Case No. <u>8964</u> Exhibit No. <u>3</u> Submitted by <u>Mesa Grande Resources</u> Hearing Date <u>August 6, 1986</u>
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ROYALTY INTEREST OWNERS

Attachment to July 29, 1986  
Letter Regarding HAWKEYE #1 Pooling Agreement

Dorothy D. Hatley  
Post Office Box 255, Lebo Route  
West Plains, Missouri 65775

Margaret Cora Finklea  
Post Office Box 68  
Warner, Oklahoma 74469

Frank M. & Dorothy E. Denman  
1824 Woodrow Avenue  
Wichita Falls, Texas 76308

Lance Brewster Reemstma  
4667 Ocean Boulevard, Apt. 306  
San Diego, California 92109

Albert J. & Ruth Anne Blair  
6333 South Richmond  
Tulsa, Oklahoma 74136

The Liberty National Bank &  
Trust Company of Oklahoma City  
Post Office Box 25848  
Oklahoma City, Oklahoma 73125

Edgar A. & Evelyn Boring  
Post Office Box 435  
Blanco, New Mexico 87412

Janice Eugenia Robertson  
Post Office Box 497  
Peralta, New Mexico 87042

Susan Elizabeth Schulze  
Post Office Box 3344  
Harbor, Oregon 97415

Linda Muriel Adkins  
7221 West 13th Street  
Kennewick, Washington 99337

Myra Loudene Jones  
3915 South Aldon  
Tucson, Arizona 85706

Melvin D. & Anne Rueckhaus  
319 7th Street, N.W.  
Albuquerque, New Mexico 87102

Interfirst Bank of Dallas, N.A.  
Post Office Box 83000  
Dallas, Texas 75283  
(Sabine Royalty Trust)

First Interstate Bank of  
Farmington  
Post Office Box 4140  
Farmington, New Mexico 87499  
(Heirs of John A. Pierce)

L. W. Wickes Agent Corporation  
c/o Hinkle, Cox, Eaton,  
Coffield and Hensley  
Post Office Box 2068  
Santa Fe, New Mexico 87504-2068

Cyprus Mines Corporation  
Post Office Box 3299  
Englewood, Colorado 80155  
Attention: Jerry Bensing

Northwest Pipeline Corporation  
Post Office Box 8900  
Salt Lake City, Utah 84108-0900  
Attention: Darrell Gillen

**MESA GRANDE RESOURCES, INC.**

**1200 PHILTOWER BUILDING  
TULSA, OKLAHOMA 74103  
(918) 587-8494**

June 27, 1986

To All Interest Owners  
(See Attached List)

Re: Hawkeye #1 Well  
E/2, Section 23-25N-2W  
Rio Arriba County, New Mexico

Ladies and Gentlemen:

Mesa Grande Resources, Inc. as Operator is planning to commence a well in the E/2 of Section 23, Township 25 North, Range 2 West, Rio Arriba County, New Mexico to test the Gallup formation.

Because the Ernest Hatley lease dated September 12, 1956 covering the NE/4 and the E/2 SE/4 of Section 23 does not contain a pooling provision, it will be necessary for all of the owners of interest under that acreage as well as the working interest owners in the W/2 SE/4 to execute a Pooling Agreement committing their respective interests to the proposed well.

We have prepared and enclose herewith a Pooling Agreement for your review and execution. Also enclosed are two additional signature pages and acknowledgment forms. We request that, after reviewing the Agreement, you execute them having your signature acknowledged by a Notary Public and return to this office the two extra signature pages with acknowledgments attached. The Agreement itself should be retained by you for your files. Married individuals should have their spouses join them in execution of this document.

We will appreciate your prompt return of your signature pages as we have a compulsory pooling case scheduled before the New Mexico Oil Conservation Division on August 6, 1986 at which time the Commission will be requested to force-pool the interest of any parties whose executed signature pages have not been received by that time.

If you have any questions or comments regarding the enclosed Agreement, please feel free to call. We look forward to hearing from you in the near future.

Very truly yours,

Kathy Michael  
Landman

KM:dv  
Enclosures

# INTEREST OWNERS

Hawkeye #1 WELL  
E/2, Section 23-25N-2W  
Rio Arriba County, New Mexico

Mesa Grande Resources, Inc.  
1200 Philtower Building  
Tulsa, Oklahoma 74103  
Attention: Gregory R. Phillips

Duer Wagner III  
1420 Continental Plaza  
777 Main Street  
Fort Worth, Texas 76102 P259-367-034

Mesa Grande, Ltd.  
1305 Philtower Building  
Tulsa, Oklahoma 74103  
Attention: L. Sweet

Ralph Gilliland  
7420 Caruth  
Dallas, Texas 75225 P259-367-035

Arriba Company, Ltd.  
Post Office Box 35304  
Tulsa, Oklahoma 74153  
Attention: G. L. Morris

Mountain States Natural Gas Corp.  
Post Office Box 35426  
Tulsa, Oklahoma 74153 P259-367-036  
Attention: Albert J. Blair, Jr.

Dugan Production Corp.  
Post Office Box 208  
Farmington, New Mexico 87499  
Attention: Robert Stovall

Dorothy D. Hatley  
Box 255, Lebo Route  
West Plains, Missouri 65775 P259-367-037

James B. Fullerton  
Post Office Box 2368  
Denver, Colorado 80201

Margaret Cora Finklea  
Post Office Box 68  
Warner, Oklahoma 74469 P259-367-038

Clark & Oatman  
Post Office Box 1846  
Austin, Texas 78767  
Attention: David Oatman

Charles J. Finklea  
Post Office Box 1426  
Muskogee, Oklahoma 74402 P259-367-039

Hooper, Kimball and Williams, Inc.  
Post Office Box 520970  
Tulsa, Oklahoma 74152  
Attention: Greg D. Owens

Frank M. & Dorothy E. Denman  
1824 Woodrow Avenue  
Wichita Falls, Texas 76308 P259-367-040

Ibex Partnership/P C, Ltd.  
Post Office Box 911  
Breckenridge, Texas 76024-0911  
Attention: Ronald Holloway

Bruce F. & Stella Bristol  
4615 Gulf Freeway  
Houston, Texas 77023 P259-367-041

Reading & Bates Petroleum Co.  
3200 Mid-Continent Tower  
Tulsa, Oklahoma 74103  
Attention: Eric Koelling

Lance Brewster Reemstma  
4667 Ocean Boulevard, Apartment 306  
San Diego, California 92109 P259-367-061

Duer Wagner, Jr.  
Post Office Drawer 980239  
Fort Worth, Texas 76198

Dirk Vanhorn Reemstma  
508 Le Mesa Avenue  
Leucadia, California 92024  
(both Heirs of John A. Pierce) P259-367-062

Albert J. & Ruth Anne Blair  
6333 South Richmond  
Tulsa, Oklahoma 74136 P259-367-043

Interest Owners Hawkeye #1 Well  
Page Two

P259-367-044	Selma Williamson 7812 Ingram Drive, Apartment B Oklahoma City, Oklahoma 73132	P259-367-063 First Interstate Bank of Farmington Heirs of John A. Pierce (David A. Pierce John B. Pierce, Susan Leigh Pierce Nelso P. O. Box 4140, Farmington, NM 87499
P259-367-045	The Liberty National Bank & Trust Company of Oklahoma City Post Office Box 25848 Oklahoma City, Oklahoma 73125	L. W. Wickes Agent Corporation c/o Hinkle, Cox, Eaton, Coffield and Hensley P259-367-058 Post Office Box 2068 Santa Fe, New Mexico 87504-2068 Attention: James Bruce
P259-367-046	Georgia Fay Anderson 3222 South Main Aztec, New Mexico 87410	Cyprus Mines Corporation Post Office Box 3299 P259-367-059 Englewood, Colorado 80155 Attention: Jerry Bensing
P259-367-047	U. S. Royalties Corporation Post Office Box 789 Houston, Texas 77001	San Juan Gas Corporation 1200 Philtower Building Hand-delivered Tulsa, Oklahoma 74103 Attention: E. Alex Phillips
P259-367-048	Edgar A. & D. Evelyn Boring Post Office Box 435 Blanco, New Mexico 87412	Northwest Pipeline Corporation Post Office Box 8900 P259-367-060 Salt Lake City, Utah 84108-0900 Attention: Darrell Gillen
P259-367-049	Jarice Eugenia Robertson Post Office Box 497 Peralta, New Mexico 87042	
P259-367-050	Susan Elizabeth Schulze Post Office Box 3344 Harbor, Oregon 97415	
P259-367-051	Lirda Muriel Adkins 7221 West 13th Street Kernewick, Washington 99337	
P259-367-052	Myra Loudene Jones 3915 South Aldon Tucson, Arizona 85706	
P259-367-053	Melvin D. & Anne Rueckhaus 319 7th Street, N.W. Albuquerque, New Mexico 87102	
P259-367-054	InterFirst Bank of Dallas, N.A. Post Office Box 83000 Dallas, Texas 75283	
P259-367-055	Erin White Schaefer 5835 Stadium Street San Diego, California 92122	
P259-367-056	Wayne L. & Flora Lee Hatley Post Office Box 73 Lindirith, New Mexico 87029	

POOLING AGREEMENT

HAWKEYE #1 WELL

THIS AGREEMENT entered into as of June 24, 1986, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter referred to as "parties hereto."

W I T N E S S E T H

WHEREAS, the parties hereto own working, royalty or other leasehold interests, or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located by the pool rules and spacing orders of the New Mexico Oil Conservation Division; and

WHEREAS, the parties hereto desire to unitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing pooled substances in accordance with the terms and conditions of this agreement, and subject to the pool rules and spacing orders of the New Mexico Oil Conservation Division;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as "pooled area") are described as follows:

Township 25 North, Range 2 West, N.M.P.M.  
Section 23: E/2  
Rio Arriba County, New Mexico

containing 320.00 acres, more or less, and this agreement shall include the Gavilan Mancos Formation and the Gavilan Greenhorn-Graneros-Dakota Formation underlying said lands and the crude oil and associated natural gas, hereinafter referred to as "pooled substances," producible from such Formations.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" designating the operator of the pooled area and showing the acreage and ownership of oil and gas leases in all lands within the pooled area.
3. All matters of operation shall be governed by the operator under and pursuant to the terms and provisions of that certain Operating Agreement dated June 24, 1986 which agreement is incorporated herein by reference.
4. The pooled area shall be developed and operated as an entirety, with the understanding and agreement between the parties hereto that all pooled substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.
5. The royalties payable on pooled substances allocated to the individual leases comprising the pooled area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payments of rentals under the terms of leases subject to this agreement

shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.

6. There shall be no obligation on the lessees to offset any well or wells completed in the same formations as covered by this agreement on separate component tracts into which the pooled area is now or may hereafter be divided, nor shall any lessee be required to measure separately pooled substances by reason of the diverse ownership thereof, but the lessees hereto shall not be released from their obligation to protect said pooled area from drainage of pooled substances by a well or wells which may be drilled offsetting said area.
7. The commencement, completion, continued operation or production of a well or wells for pooled substances on the pooled area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said pooled area, and operations or production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
8. Production of pooled substances and disposal thereof shall be in conformity with allocation, allotments, and quotas made or fixed by any duly authorized person or regulatory body under applicable state statutes. This agreement shall be subject to all applicable state laws or executive orders, rules, and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or if such failure results from, compliance with any such laws, orders, rules or regulations.
9. This agreement is effective June 24, 1986 upon execution by the necessary parties, notwithstanding the date of execution, and shall remain in force and effect as to the Gavilan-Mancos Formation and the Gavilan Greenhorn-Graneros-Dakota Formation individually for so long as pooled substances are, or can be, produced in paying quantities from the pooled formation or formations: Provided, that prior to production in paying quantities from the pooled area with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the pooled area are commenced and are thereafter conducted with reasonable diligence during the period of nonproduction.
10. The covenants herein shall be construed to be covenants running with the land with respect to the pooled interests of the parties hereto and their successors in interests until this agreement terminates and any grant, transfer, or conveyance of any such land or interest subject hereto, whether voluntary or not, shall be and is hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest.
11. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors, and assigns.

Signature Page to Pooling Agreement  
dated June 24, 1986, covering the  
E/2, Section 23-25N-2W, Rio Arriba Co.,  
New Mexico - HAWKEYE #1 WELL

12. 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 parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same document.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the day and year first above written.

OPERATOR:

MESA GRANDE RESOURCES, INC.

By: Gregory R. Phillips

Gregory R. Phillips  
Vice President

ATTEST:

By: Carol A. Smith

Carol A. Smith  
Assistant Secretary



NON-OPERATORS:

MESA GRANDE, LTD.

By: \_\_\_\_\_

L. Sweet, Attorney-in-Fact

ATTEST:

By: \_\_\_\_\_

ARRIBA COMPANY, LTD.

By: \_\_\_\_\_

G. L. Morris, General Partner

ATTEST:

By: \_\_\_\_\_

DUGAN PRODUCTION CORP.

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

JAMES B. FULLERTON

\_\_\_\_\_  
SPOUSE

CLARK & CATMAN

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

HOOPER, KIMBALL AND WILLIAMS, INC.

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

IBEX PARTNERSHIP

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

P C, LTD.

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

READING & BATES PETROLEUM CO.

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_



Signature Page to Pooling Agreement  
dated June 24, 1986, covering the  
E/2, Section 23-25N-2W, Rio Arriba Co.,  
New Mexico - HAWKEYE #1 WELL

\_\_\_\_\_  
DUER WAGNER, JR.

\_\_\_\_\_  
SPOUSE

\_\_\_\_\_  
DUER WAGNER III

\_\_\_\_\_  
SPOUSE

\_\_\_\_\_  
RALPH GILLILAND

\_\_\_\_\_  
SPOUSE

MOUNTAIN STATES NATURAL GAS CORP.

ATTEST:

By: \_\_\_\_\_

By: \_\_\_\_\_

ROYALTY OWNERS:

\_\_\_\_\_  
WILLIAM G. HATLEY, Joint Tenant

\_\_\_\_\_  
DOROTHY D. HATLEY, Joint Tenant

\_\_\_\_\_  
MARGARET CORA FINKLEA,  
Separate Property

\_\_\_\_\_  
CHARLES J. FINKLEA, Trustee  
of the Charles J. Finklea Trust  
dated June 25, 1984

\_\_\_\_\_  
FRANK M. DENMAN, JR.

\_\_\_\_\_  
DOROTHY E. DENMAN

\_\_\_\_\_  
BRUCE F. BRISTOL

\_\_\_\_\_  
STELLA BRISTOL

\_\_\_\_\_  
KATHARINE L. PIERCE, a widow

\_\_\_\_\_  
LANCE BREWSTER REEMSTMA,  
Separate Property

\_\_\_\_\_  
DIRK VANHORN REEMSTMA,  
Separate Property

FIRST INTERSTATE BANK OF FARMINGTON  
Trustee for David A. Pierce, John B.  
Pierce and Susan Leigh Pierce Nelson  
(Heirs of John A. Pierce)

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

\_\_\_\_\_  
ALBERT J. BLAIR, JR.

\_\_\_\_\_  
RUTH ANNE BLAIR

\_\_\_\_\_  
SELMA WILLIAMSON, a widow

THE LIBERTY NATIONAL BANK & TRUST  
COMPANY OF OKLAHOMA CITY, Trustee  
of the Selma Williamson Trust

ATTEST:

By: \_\_\_\_\_

By: \_\_\_\_\_

Signature Page to Pooling Agreement  
dated June 24, 1986, covering the  
E/2, Section 23-25N-2W, Rio Arriba Co.,  
New Mexico - HAWKEYE #1 WELL

GEORGIA FAY ANDERSON,  
Separate Property

U.S. ROYALTIES CORPORATION

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

EDGAR A. BORING, SR., Trustee  
under Trust Agreement dated  
March 20, 1985

D. EVELYN BORING, Trustee  
under Trust Agreement dated  
March 20, 1985

JANICE EUGENIA ROBERTSON,  
Separate Property

SUSAN ELIZABETH SCHULZE,  
Separate Property

LINDA MURJEL ADKINS,  
Separate Property

MYRA LOUDENE JONES,  
Separate Property

MELVIN D. RUECKHAUS

ANNE RUECKHAUS

INTERFIRST BANK DALLAS, N.A.  
Trustee of the Sabine Royalty Trust

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

ERIN WHITE SCHAEFER,  
Separate Property

WAYNE L. HATLEY, Joint Tenant

FLORA LEE HATLEY, Joint Tenant

OVERRIDING ROYALTY INTEREST:

L. W. WICKES AGENT CORPORATION

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

CYPRUS MINES CORPORATION

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

SAN JUAN GAS CORPORATION

By: \_\_\_\_\_  
E. ALEX PHILLIPS, President

ATTEST:

By: \_\_\_\_\_

NORTHWEST PIPELINE CORPORATION

By: \_\_\_\_\_

ATTEST:

By: \_\_\_\_\_

Signature Page to Pooling Agreement  
dated June 24, 1986, covering the  
E/2, Section 23-25N-2W, Rio Arriba Co.,  
New Mexico - HAWKEYE #1 WELL

HEIRS, DEVISEES OR SUCCESSORS IN  
INTEREST OF M. M. WILLIAMSON,  
who may include Selma J. Williamson,  
his widow

ACKNOWLEDGMENTS

INDIVIDUAL

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1986, by \_\_\_\_\_, as  
his/her Separate Property.

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

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

HUSBAND & WIFE

STATE OF \_\_\_\_\_ )  
 ) SS.  
COUNTY OF \_\_\_\_\_ )

The foregoing instrument was acknowledged before me this \_\_\_\_\_  
day of \_\_\_\_\_, 1986, by \_\_\_\_\_ and  
\_\_\_\_\_, Husband and Wife.

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

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

CORPORATION

STATE OF Oklahoma )  
 ) SS.  
COUNTY OF Tulsa )

The foregoing instrument was acknowledged before me this 26th  
day of June, 1986, by Gregory R. Phillips, Vice President  
of Mesa Grande Resources, Inc., a(n) Oklahoma corporation,  
on behalf of the corporation.

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

B. H.  
Notary Public



EXHIBIT "A"

Attached to and made a part of that certain Pooling Agreement dated June 24, 1986 covering the E/2 of Section 23, T25N-R2W, Rio Arriba County, New Mexico, as to the crude oil and associated natural gas produced from the Gavilan Mancos Formation and the Gavilan Greenhorn-Graneros-Dakota Formation.

Lessor	Lease Date	Lessee or Owner of Record	Description	Gross/Net Acres
E. W. Hatley, et ux	6/30/47	Mesa Grande, Ltd. Arriba Company, Ltd. Dugan Production Corp.	$\frac{T25N-R2W}{\text{Sec. 23: NE}\frac{1}{4}}$	160.00/160.00
E. W. Hatley, et ux	6/30/47	Reading & Bates Petroleum Co. Hooper, Kimball and Williams P C, Ltd. Ibex Partnership Clark & Oatman	$\frac{T25N-R2W}{\text{Sec. 23: NE}\frac{1}{4} \text{ SE}\frac{1}{4}}$	40.00/40.00
E. W. Hatley, et ux	6/30/47	Mountain States Natural Gas Corp. Ralph Gilliland Duer Wagner, Jr. Duer Wagner III	$\frac{T25N-R2W}{\text{Sec. 23: SE}\frac{1}{4} \text{ SE}\frac{1}{4}}$	40.00/40.00
Bruce Bristol, et ux	10/10/56	Mesa Grande, Ltd. Arriba Company, Ltd.	$\frac{T25N-R2W}{\text{Sec. 23: W}\frac{1}{2} \text{ SE}\frac{1}{4}}$	80.00/7.50
John A. Pierce, et ux	10/10/56	Mesa Grande, Ltd. Arriba Company, Ltd.	$\frac{T25N-R2W}{\text{Sec. 23: W}\frac{1}{2} \text{ SE}\frac{1}{4}}$	80.00/3.75
John Anderson, et ux	10/10/56	Mesa Grande, Ltd. Arriba Company, Ltd.	$\frac{T25N-R2W}{\text{Sec. 23: W}\frac{1}{2} \text{ SE}\frac{1}{4}}$	80.00/7.50
Charles J. Finnie, et ux	10/10/56	Mesa Grande, Ltd. Arriba Company, Ltd.	$\frac{T25N-R2W}{\text{Sec. 23: W}\frac{1}{2} \text{ SE}\frac{1}{4}}$	80.00/3.75
Frank M. Denman, Jr.	10/26/56	Mesa Grande, Ltd. Arriba Company, Ltd.	$\frac{T25N-R2W}{\text{Sec. 23: W}\frac{1}{2} \text{ SE}\frac{1}{4}}$	80.00/7.50

Lessor	Lease Date	Lessee or Owner of Record		Description	Gross/Net Acres
Gus Anison, et ux	12/13/56	Mesa Grande, Ltd. Arriba Company, Ltd.	95.0000% 5.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/3.75
M. M. Williamson, et ux	2/6/57	Mesa Grande, Ltd. Arriba Company, Ltd.	95.0000% 5.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/6.25
U. S. Royalties Corporation	7/1/85	James B. Fullerton	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/1.333
Edgar A. Boring, Sr., et ux	3/20/85	James B. Fullerton	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/1.333
Susan Elizabeth Schulze	8/1/85	James B. Fullerton	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/1.333
Linda Muriel Adkins, et vir	2/28/86	Mesa Grande Resources, Inc.	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/1.333
Wayne L. Hatley, et ux	5/12/83	Mesa Grande Resources, Inc.	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/20.00
J. W. Jones, et ux	8/1/85	James B. Fullerton	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/1.334
Melvin D. Rueckhaus, et ux	8/1/85	James B. Fullerton	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/2.00
Sabine Royalty Trust	4/1/86	James B. Fullerton	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/8.00
Erin White Schaefer	7/3/85	James B. Fullerton	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/2.00
Janice Eugenia Robertson	8/1/85	James B. Fullerton	100.0000%	<u>T25N-R2W</u> Sec. 23: W $\frac{1}{2}$ SE $\frac{1}{4}$	80.00/1.334

# MESA GRANDE RESOURCES, INC.

1200 PHILTOWER BUILDING  
TULSA, OKLAHOMA 74103  
(918) 587-8494

June 16, 1986

To All Working Interest Owners  
(See Attached List)

Re: Hawkeye #1 Well  
Township 25 North, Range 2 West  
Section 23: East Half  
Rio Arriba County, New Mexico

Gentlemen:

Mesa Grande Resources, Inc. proposes the drilling of a Gallup-Dakota well to be located in the NE/4 SE/4 of Section 23, Township 25 North, Range 2 West, with the E/2 of the section designated as the 320 acre drilling block.

Our records indicate that you are the owner of a working interest within this drilling block. Accordingly, we enclose herewith two (2) copies of our Authority for Expenditure (AFE) along with a proposed Operating Agreement.

After reviewing these materials, if you wish to participate in the drilling of the Hawkeye #1 Well, please so indicate by signing the AFE and returning one executed copy to this office. An Exhibit "A" and signature pages for the Operating Agreement will be furnished to you at a later time.

If you do not wish to participate in the drilling of this well, Mesa Grande Resources, Inc. is interested in acquiring a farmout on your acreage on the following basis:

Mesa Grande Resources, Inc. would earn 100% of your leasehold interest subject to reservation by you of a proportionate 5% overriding royalty convertible to a proportionate 30% working interest in the assigned acreage after payout.

It is our intention to spud the Hawkeye #1 Well in mid-July. Therefore, we would appreciate your early review of and response to our proposals.

Very truly yours,

*Kathy Michael*

Kathy Michael  
Landman

KM:dw  
Enclosures

Certified Mail to Mountain States (P259-367-016)

P 259 367 016

## RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED  
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	Mountain States Natural Gas Corp.
Street and No.	P. O. Box 35426
P.O. State and ZIP Code	Tulsa, Oklahoma 74153
Postage	
Certified Fee	.75
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.70
Return Receipt showing Date and Address of Recipient	
TOTAL Postage and Fees	1.45
Postmark or Date	JUN 17 1986
AFE - Hawkeye #1 Well	
E/2, Sec. 23-25N-2W	

\* U.S.G.P.O. 1985-480-794

S Form 3800, June 1985

PS Form 3811, JUN 1985 747-845	PS Form 3811, JUN 1985 747-845
Domestic Return Receipt	Domestic Return Receipt
1. Sender's Complete Name and Address	1. Sender's Complete Name and Address
2. Recipient's Complete Name and Address	2. Recipient's Complete Name and Address
3. Article Addressed to	3. Article Addressed to
4. Article Description	4. Article Description
5. Registered Mail	5. Registered Mail
6. Certified Mail	6. Certified Mail
7. Express Mail	7. Express Mail
8. Signature of Addressee	8. Signature of Addressee
9. Date of Delivery	9. Date of Delivery
10. Addressee's Address (ONLY if requested and fee paid)	10. Addressee's Address (ONLY if requested and fee paid)

HAWKEYE #1 WELL  
E/2, Section 23-25N-2W  
Rio Arriba County, New Mexico

WORKING INTEREST OWNERS

Mesa Grande, Ltd.  
1305 Philtower Building  
Tulsa, Oklahoma 74103  
Attention: L. Sweet

Dugan Production Corp.  
Post Office Box 208  
Farmington, New Mexico 87499  
Attention: Robert Stovall

Clark & Oatman  
Post Office Box 1846  
Austin, Texas 78767  
Attention: David Oatman

Ibex Partnership  
Post Office Box 911  
Breckenridge, Texas 76024-0911  
Attention: Ronald A. Holloway

Reading & Bates Petroleum Co.  
3200 Mid-Continent Tower  
Tulsa, Oklahoma 74103  
Attention: Eric Koelling

Duer Wagner, III  
1420 Continental Plaza  
777 Main Street  
Fort Worth, Texas 76102

Mountain States Natural Gas Corp.  
Post Office Box 35426  
Tulsa, Oklahoma 74153  
Attention: Albert J. Blair, Jr.

Arriba Company, Ltd.  
Post Office Box 35304  
Tulsa, Oklahoma 74153  
Attention: G. L. Morris

James B. Fullerton  
Post Office Box 2368  
Denver, Colorado 80201

Hooper, Kimball and Williams, Inc.  
Post Office Box 520970  
Tulsa, Oklahoma 74152  
Attention: Greg D. Owens

P C, Ltd.  
Post Office Box 911  
Breckenridge, Texas 76024-0911  
Attention: Ronald A. Holloway

Duer Wagner, Jr.  
Post Office Drawer 980239  
Fort Worth, Texas 76198

Ralph Gilliland  
7420 Caruth  
Dallas, Texas 75225





STATE OF NEW MEXICO  
County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 193\_\_\_\_, before me personally appeared \_\_\_\_\_, known to me to be the person \_\_\_\_\_ described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

Witness my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_  
Notary Public.

STATE OF NEW MEXICO  
County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 193\_\_\_\_, before me personally appeared \_\_\_\_\_, known to me to be the person \_\_\_\_\_ described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

Witness my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_  
Notary Public.

MID-CONTINENT DRILLING CORP.  
OIL AND GAS MINING LEASE  
Eugene W. Hatley  
Jahlie Hatley  
Clark C. Cowden  
To  
Clark C. Cowden Drilling Corp.  
1208 Continental Building  
Albuquerque, N.M.

STATE OF NEW MEXICO  
County of Rio Arriba

I hereby certify that this instrument was filed  
for record on the \_\_\_\_\_ day of \_\_\_\_\_  
August \_\_\_\_\_ A. D. 193\_\_\_\_  
at \_\_\_\_\_ o'clock \_\_\_\_\_ A.M. and was duly recorded  
in Book \_\_\_\_\_ of Records of  
Rio Arriba County

pages 250  
Edward Trujillo  
County Clerk  
Per \_\_\_\_\_  
Deputy

CLARK C. COWDEN DRILLING CORP.  
1208 Continental Building  
Albuquerque, N.M.

STATE OF NEW MEXICO  
County of \_\_\_\_\_

On this \_\_\_\_\_ day of \_\_\_\_\_, 193\_\_\_\_, before me personally appeared \_\_\_\_\_, known to me to be the person \_\_\_\_\_ described in and who executed the foregoing instrument, and acknowledged that \_\_\_\_\_ executed the same as \_\_\_\_\_ free act and deed.

Witness my hand and official seal the day and year last above written.

My commission expires \_\_\_\_\_  
Notary Public.  
County, New Mexico.