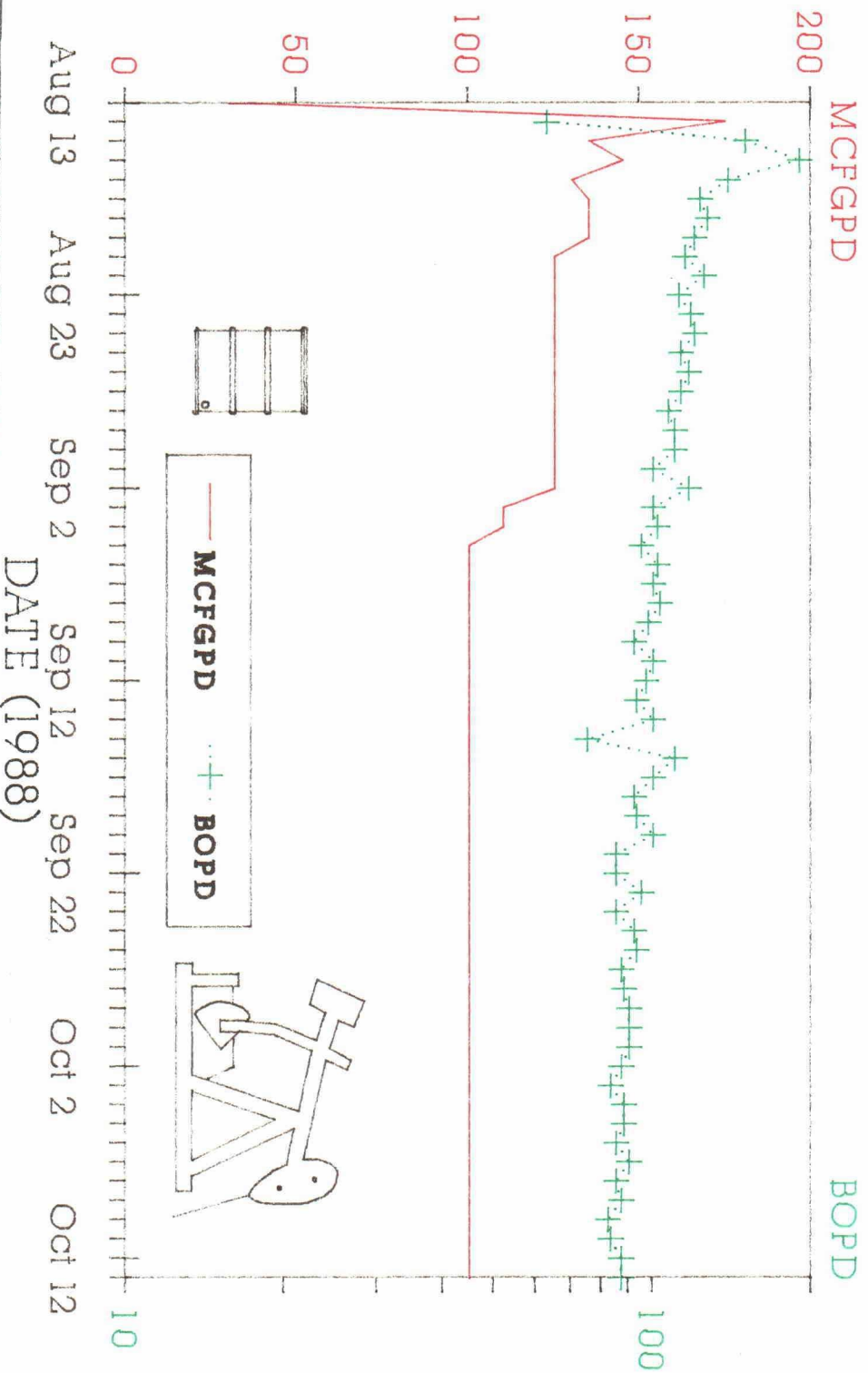


Inexco Hobbs 1 DAILY PRODUCTION RECORD



BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Inexco EXHIBIT NO. 3

CASE NO. 9522

CAC

FIELD : NORTH SHOE BAR(WOLFCAMP)
WELL : BERRY HOBBS NO. 1
DATE : 6/5/88

----- BHP BUILD-UP -----
DST #1 (2ST SHUT-IN)
UPPER WOLFCAMP (10310-383)

dT(HRS)	P(PSI)	(T+dT)/dT	P-Pwf	..... SLOPES .....			.... HORNER PLOT	
				SEMI-LOG	LOG-LOG	SQR ROOT	LOG(T+dT/dT)	P(PSI)
0.000	1234	-	-	-	-	-	-	-
0.017	1499	131.3	265	-	-	-	2.118	1499
0.033	2169	66.2	935	2250.3	1.82	12529.28	1.821	2169
0.050	2741	44.4	1507	3309.8	1.18	13940.13	1.648	2741
0.083	3100	27.1	1866	1666.8	0.42	5517.28	1.432	3100
0.117	3170	19.6	1936	500.9	0.11	1323.50	1.293	3170
0.167	3220	14.0	1986	343.6	0.07	749.81	1.147	3220
0.267	3281	9.1	2047	328.1	0.06	564.03	0.961	3281
0.333	3310	7.5	2076	340.4	0.06	475.78	0.876	3310
0.500	3372	5.3	2138	418.6	0.07	477.82	0.728	3372
0.667	3419	4.3	2185	476.4	0.08	429.66	0.629	3419
0.833	3458	3.6	2224	540.7	0.08	404.67	0.557	3458
1.000	3489	3.2	2255	556.1	0.08	355.79	0.501	3489
1.167	3517	2.9	2283	626.3	0.08	349.46	0.457	3517
1.333	3544	2.6	2310	733.0	0.09	362.04	0.420	3544
1.500	3566	2.4	2332	710.2	0.08	314.09	0.389	3566
1.667	3587	2.3	2353	793.1	0.09	316.98	0.362	3587
2.000	3620	2.1	2386	767.1	0.08	267.82	0.319	3620
2.333	3652	1.9	2418	953.4	0.09	282.41	0.286	3652
2.667	3674	1.8	2440	815.0	0.07	208.59	0.259	3674
3.000	3697	1.7	2463	1035.1	0.08	232.19	0.237	3697
3.167	3708	1.7	2474	1133.2	0.08	231.76	0.227	3708
3.333	3717	1.7	2483	1008.3	0.07	194.68	0.218	3717
3.500	3725	1.6	2491	971.3	0.07	177.44	0.210	3725
3.667	3732	1.6	2498	917.9	0.06	159.00	0.202	3732
3.833	3741	1.6	2507	1270.9	0.08	209.13	0.195	3741
4.000	3750	1.5	2516	1364.8	0.08	213.73	0.188	3750
4.039	3752	1.5	2518	1364.5	0.08	207.40	0.187	3752

P*	.....	4007 PSI	F* AT DATUM	4007 PSI
TRANS.	.....	18.4 MD-FT/CP		
K	.....	0.79 MD		
SKIN	.....	-2.5 DIN		
P-1hr	.....	3323 PSI		
Pavg	(P* +Pwf)/2	2620 PSI		

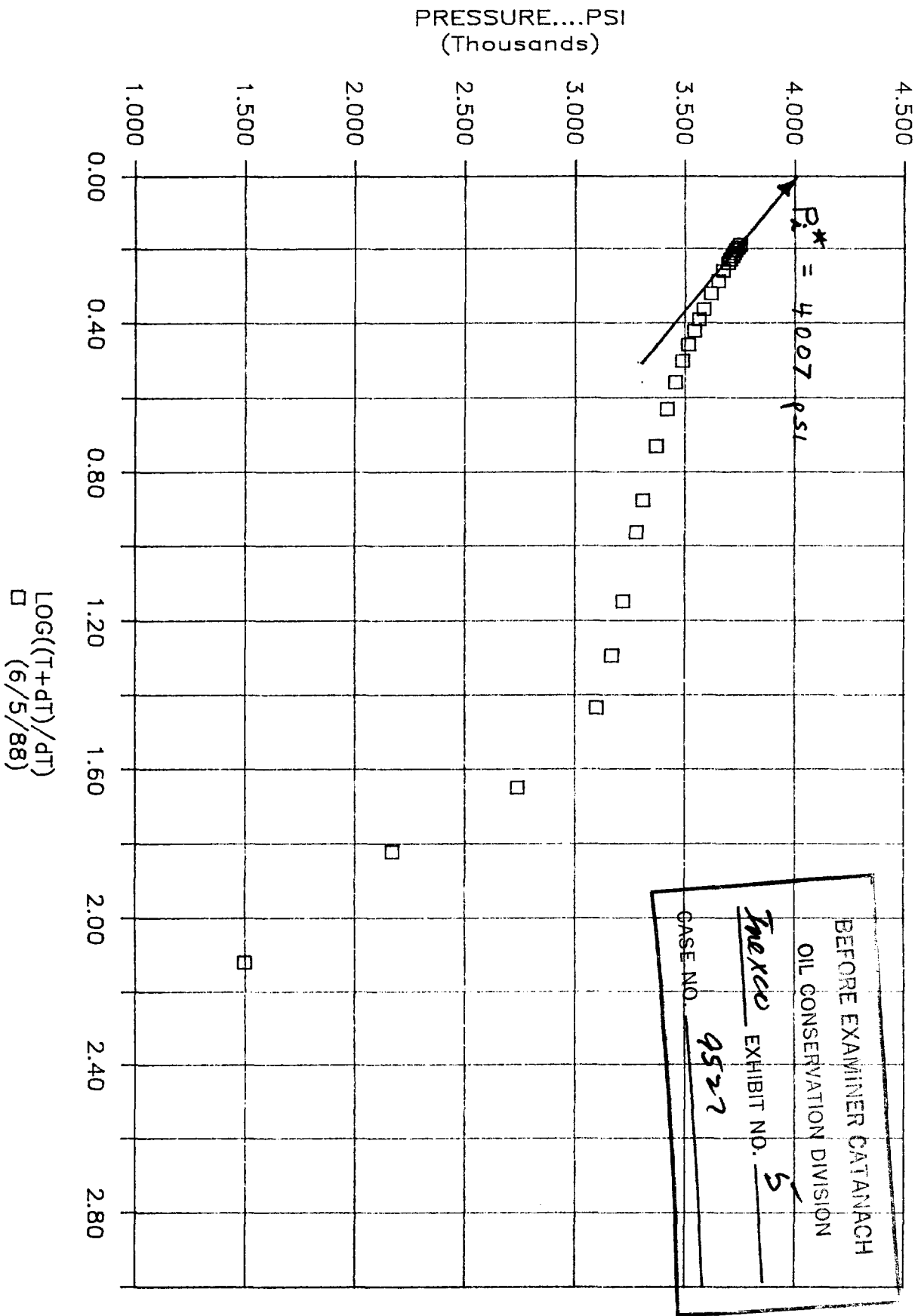
DATA :			TEMPERATURE	185 Deg F.
PRODUCING TIME (T)	2.17 HRS		RKB	3941 FT
SLOPE	1364.0 PSI/CYCLE		BOMB DEPTH	10376 FT
RATE	126 BOPD		GRADIENT	0.310 PSI/FT
VISCOSITY	0.600 CP		DATUM (SS)	6435 FT
FVF	1.225 RBO/STBO		DATUM (MD)	10376 FT
NET PAY	14 FT			
POROSITY	7.0 %			
Ct	2.00E-05 /PSI			
Rw	4.000 INCHES			
Pwf	1234 PSI			
LAST P (FOR P** CALC)	3750 PSI			
LAST dT (FOR P** CALC)	4.00 HRS			

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Inexco EXHIBIT NO. 4
CASE NO. 9527

BERRY HOBBS NO.1

HORNER PLOT



FIELD : NORTH SHOE BAR(WOLFCAMP)
WELL : BERRY HOBBS NO. 1
DATE : 10/13 to 10/31/88

----- BHP BUILD-UP -----
BOTTOM HOLE PRESSURE BUILD-UP
UPPER WOLFCAMP (10357-75)

dT(HRS)	P(PSI)	(T+dT)/dT	P-Pwf	..... SLOPES .....			.... HORNER PLOT	
				SEMI-LOG	LOG-LOG	SQR ROOT	LOG(T+dT/dT)	P(PSI)
0	811	-	-	-	-	-	-	-
1	843	1736.0	32	-	-	-	3.240	843
3	870	579.3	59	56.6	0.56	36.88	2.763	870
5	901	348.0	90	140.1	0.83	61.51	2.542	901
10	957	174.5	146	186.8	0.70	60.46	2.242	957
15	1000	116.7	189	245.9	0.64	60.50	2.067	1000
30	1161	58.8	350	541.5	0.89	100.36	1.770	1161
50	1380	35.7	569	1009.4	0.95	137.40	1.553	1380
70	1613	25.8	802	1649.1	1.02	179.85	1.411	1613
100	2000	18.4	1189	2619.4	1.10	236.93	1.264	2000
130	2386	14.3	1575	3610.8	1.07	275.37	1.157	2386
150	2612	12.6	1801	3722.3	1.02	272.31	1.099	2612
164	2746	11.6	1935	3903.6	0.83	248.49	1.065	2746
266	3227	7.5	2416	2551.4	0.46	136.54	0.876	3227
286	3269	7.1	2458	1546.1	0.24	69.76	0.849	3269
296	3283	6.9	2472	1095.3	0.17	47.76	0.836	3283
306	3300	6.7	2489	1382.5	0.21	58.99	0.824	3300
316	3314	6.5	2503	1182.1	0.17	49.38	0.812	3314
326	3326	6.3	2515	1051.0	0.15	43.00	0.801	3326
336	3336	6.2	2525	907.5	0.13	36.39	0.790	3336
346	3344	6.0	2533	751.5	0.11	29.55	0.779	3344
356	3352	5.9	2541	777.3	0.11	29.98	0.769	3352
366	3362	5.7	2551	1004.1	0.14	38.00	0.759	3362
376	3370	5.6	2559	829.5	0.12	30.82	0.749	3370
386	3379	5.5	2568	962.9	0.13	35.13	0.740	3379
396	3385	5.4	2574	661.9	0.09	23.73	0.731	3385
406	3391	5.3	2580	682.0	0.09	24.03	0.722	3391
416	3397	5.2	2586	702.3	0.10	24.33	0.714	3397
426	3403	5.1	2592	722.7	0.10	24.62	0.705	3403
434	3407	5.0	2596	617.7	0.08	20.74	0.699	3407

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION

Inarco EXHIBIT NO. 6

CASE NO. 9527

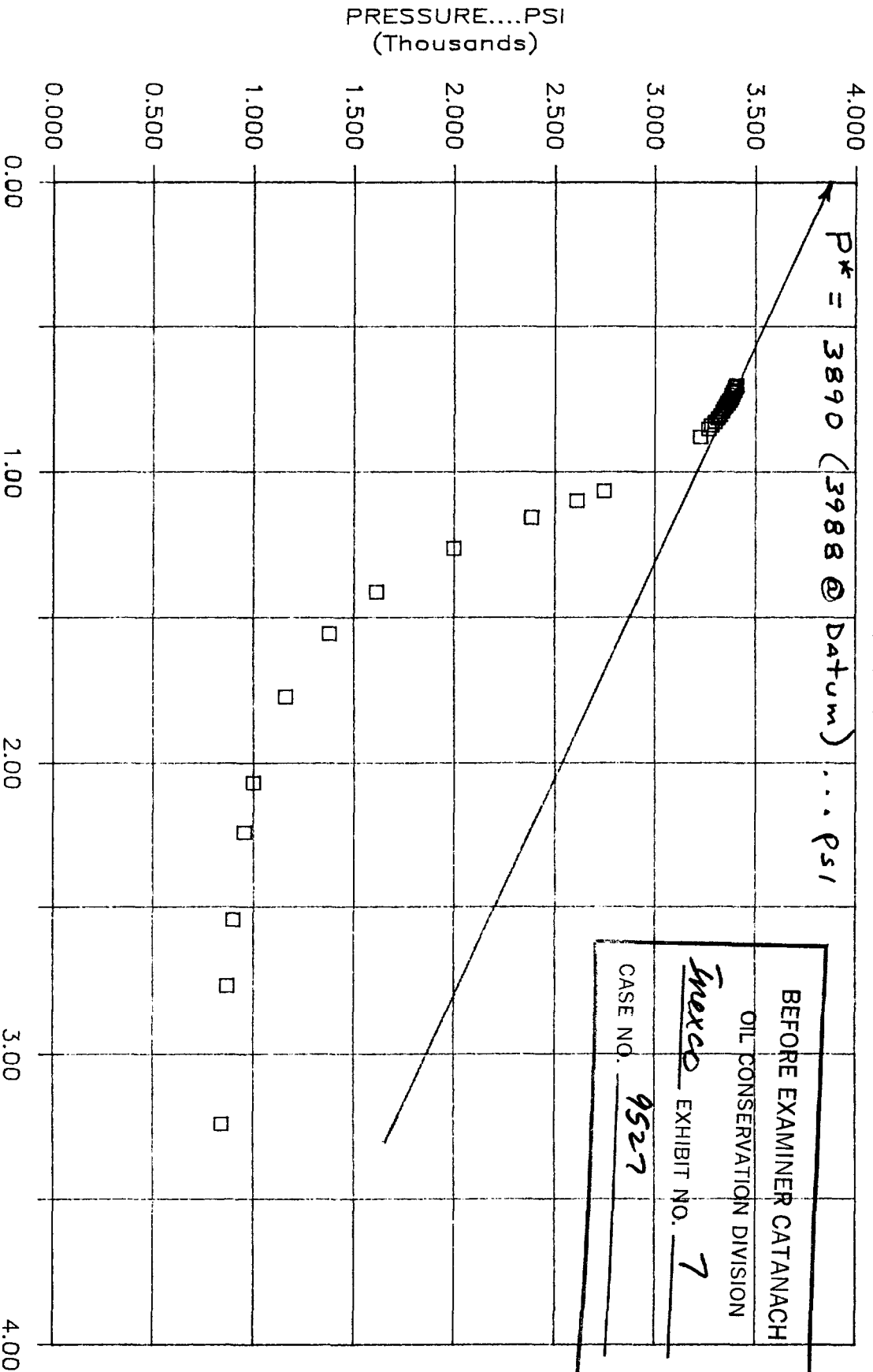
P*	.....	3890 PSI	P* AT DATUM	3988 PSI
TRANS.	.....	24.5 MD-FT/CP		
K	.....	1.05 MD		
SKIN	.....	-3.00 DIM		
P-1hr	.....	1651 PSI		
Pavg	(P* +Pwf)/2	2350 PSI		

DATA :

PRODUCING TIME (T)	.....	1735.00 HRS	TEMPERATURE	185 Deg F.
SLOPE	.....	691.0 PSI/CYCLE	RKB	3941 FT
RATE	.....	85 BOPD	BOMB DEPTH	10029 FT
VISCOSITY	.....	0.600 CP	GRADIENT	0.284 PSI/FT
FVF	.....	1.225 RBO/STBO	DATUM (SS)	6435 FT
NET PAY	.....	14 FT	DATUM (MD)	10376 FT
POROSITY	.....	7.0 %		
Ct	.....	2.00E-05 /PSI		
Rw	.....	4.000 INCHES		
Pwf	.....	811 PSI		
LAST P (FOR P** CALC)	.....	3407 PSI		
LAST dT (FOR P** CALC)	.....	434.00 HRS		

BERRY HOBBS NO.1

HORNER PLOT



□ (10/13 to 10/31/88)

BEFORE EXAMINER CATANACH	
OIL CONSERVATION DIVISION	
INVESTIGATOR	EXHIBIT NO. 7
CASE NO. 9527	

NORTH SHOE BAR (Wolfcamp) FIELD
BERRY HOBBS NO. 1

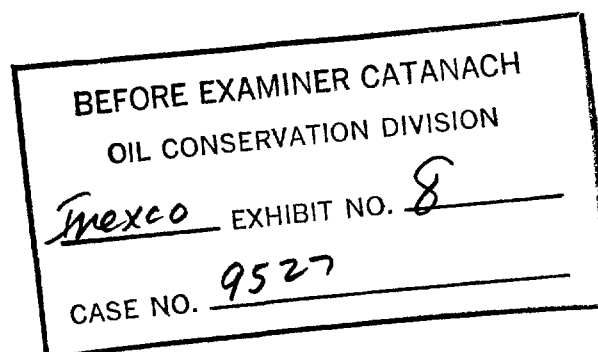
-DRAINAGE CALCULATIONS-

1. $OIP/NAF = 7758 \emptyset (1-SW)/Boi$
 $= 310.3 \text{ BO/NAF}$
2. $OIP/160 \text{ acres} = (OIP/NAF) \times 160 \times \text{Pay}$
 $= 695,000 \text{ BO}$
3. Pressure drop in the Berry Hobbs No. 1 resulting from current production assuming it is draining only 160 acres.

$$\Delta P = \frac{Np}{N} \times \frac{1}{Ce} \times \frac{Bo}{Boi}$$
 $= 478 \text{ psi}$
4. Actual pressure drop = $Pi^* - P^*$
 $= 19 \text{ psi}$
5. Conclusion: Berry Hobbs No. 1 is draining at least 160 acres.

Data:

Porosity (\emptyset)	.....	7	%
SW	.....	30	%
Boi	.....	1.225	RB/STB
Pay	.....	14	Feet
Np	.....	6144	BO
N (OIP/160 ac.)	.....	695,000	BO
Ce (SoCo+SWCW+Cf)/So	.....	.0000185	
Bo/Boi	.....	1.0	(for $\Delta P \leq 1000$)
Pi*	.....	4007	psi
P*	.....	3988	psi



DWH/dll
110788

16577

O & G BCCK 416 490

OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 16th day of September 19 87, between Berry Lee Hobbs, AKA Berry L. Hobbs, Individually and as Agent and Attorney-in-fact for Vicki Lynn Hobbs, Joyce Camille Hobbs Carey and Walter A Moeller, each dealing in their sole and separate property.

lessor (whether one or more), whose address is: P. O. Box 152, Lovington, New Mexico 88260
and Inexco Oil Company, a wholly owned subsidiary of The Louisiana Land and Company, 2950 North Loop West, Suite 1200, Houston, Texas 77092, lessee, WITNESSETH:

1. Lessor, in consideration of Ten and No/100 Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipe lines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Lea, State of New Mexico, and is described as follows:

BEFORE EXAMINER CATANACH

OIL CONSERVATION DIVISION TOWNSHIP-16-SOUTH, RANGE-36-EAST, N.M.P.M.
SECTION 17: NE/4NE/4

Inexco EXHIBIT NO. 9

CASE NO. 9527

Notwithstanding anything contained herein to the contrary, it is agreed that wherever royalty is specified in the amount of one-eighth, such amount is hereby increased to one-fifth.

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain

40.0 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be deemed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. As royalty, lessee covenants and agrees: (a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil; (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas; (c) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election, except that on sulphur mined and marketed the royalty shall be one dollar (\$1.00) per long ton. If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to one dollar (\$1.00) for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to

receive the royalties which would be paid under this lease if the wells were producing, and may be deposited in the

United Bank of Lea County

at Lovington, New Mexico 88260, or its successors, which shall continue as the depositories, regardless of changes in the ownership of shut-in royalty. If at any time that lessee pays or tenders shut-in royalty, two or more parties are, or claim to be, entitled to receive same, lessee may, in lieu of any other method of payment herein provided, pay or tender such shut-in royalty, in the manner above specified, either jointly to such parties or separately to each in accordance with their respective ownerships thereof, as lessee may elect. Any payment hereunder may be made by check or draft of lessee deposited in the mail or delivered to the party entitled to receive payment or to a depository bank provided for above on or before the last date for payment. Nothing herein shall impair lessee's right to release as provided in paragraph 5 hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance; provided, however, units may be established as to any one or more horizons, or existing units may be enlarged as to any one or more horizons, so as to contain not more than 640 surface acres plus 10% acreage tolerance, if limited to one or more of the following: (1) gas, other than casinghead gas, (2) liquid hydrocarbons (condensate) which are not liquids in the subsurface reservoir, (3) minerals produced from wells classified as gas wells by the conservation agency having jurisdiction. If larger units than any of those herein permitted, either at the time established, or after enlargement, are required under any governmental rule or order, for the drilling or operation of a well at a regular location, or for obtaining maximum allowable from any well to be drilled, drilling, or already drilled, any such unit may be established or enlarged to conform to the size required by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded. Each of said options may be exercised by lessee at any time and from time to time while this lease is in force, and whether before or after production has been established either on said land, or on the portion of said land included in the unit, or on other land unitized therewith. A unit established hereunder shall be valid and effective for all purposes of this lease even though there may be mineral, royalty, or leasehold interests in lands within the unit which are not effectively pooled or unitized. Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted upon said land under this lease. There shall be allocated to the land covered by this lease within each such unit (or to each separate tract within the unit if this lease covers separate tracts within the unit) that proportion of the total production of unitized minerals from the unit, after deducting any used in lease or unit operations, which the number of surface acres in such land (or in each such separate tract) covered by this lease within the unit bears to the total number of surface acres in the unit, and the production so allocated shall be considered for all purposes, including payment or delivery of royalty, overriding royalty and any other payments out of production, to be the entire production of unitized minerals from the land to which allocated in the same manner as though produced therefrom under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas. The formation of any unit hereunder which includes land not covered by this lease shall not have the effect of exchanging or transferring any interest under this lease (including, without limitation, any shut-in royalty which may become payable under this lease) between parties owning interests in land covered by this lease and parties owning interests in land not covered by this lease. Neither shall it impair the right of lessee to release as provided in paragraph 5 hereof, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit. At any time while this lease is in force lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 4, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force. If this lease now or hereafter covers separate tracts, no pooling or unitization of royalty interests as between any such separate tracts is intended or shall be implied or result merely from the inclusion of such separate tracts within this lease but lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

5. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

6. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

7. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof of or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, lessee may, nevertheless pay or tender such royalties, or other moneys, or part thereof, to the credit of the decedent in a depository bank provided for above.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after service of such notice on lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said land as are necessary to operations on the acreage so retained.

10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not), or no interest therein, then the royalties and other moneys accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

Berry Lee Hobbs BLHSS# 525-20-9678
BERRY L. HOBBS, AKA BERRY L. HOBBS, Individually VLHSS# 585-68-8378
as Agent & Attorney-in-fact for Vicki Lynn Hobbs, CHICSS# 464-82-1595
Joyce Camille Hobbs Carey & Walter A. Moeller, each WAMSS# 525-80-7532
dealing in their sole and separate property

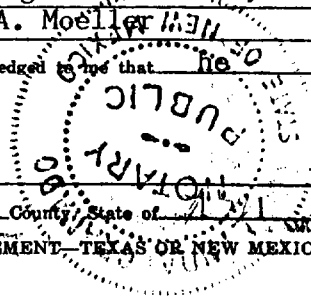
STATE OF NEW MEXICO
COUNTY OF LEA

INDIVIDUAL ACKNOWLEDGMENT—TEXAS OR NEW MEXICO
Berry Lee Hobbs, AKA Berry L. Hobbs,
Individually and as Agent & Attorney-in-

fact for Vicki Lynn Hobbs, CHICSS and Joyce Camille Hobbs Carey & Walter A. Moeller

known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me that he executed the same as his free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this 17th day of September, 1987.
My Commission Expires 6-22-89
Linda Gray
Notary Public in and for Lea County, State of N.M.



STATE OF _____
COUNTY OF _____

INDIVIDUAL ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

Before me, the undersigned authority, on this day personally appeared _____

known to me to be the person whose name is (are) subscribed to the foregoing instrument, and acknowledged to me that he executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.
My Commission Expires _____
Notary Public in and for _____ County, State of _____

STATE OF _____
COUNTY OF _____

HUSBAND AND WIFE ACKNOWLEDGMENT—TEXAS OR NEW MEXICO

Before me, the undersigned authority, on this day personally appeared _____

and _____ husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed for the purposes and consideration therein expressed.

Given under my hand and seal of office this _____ day of _____, 19____.
My Commission Expires _____
Notary Public in and for _____ County, State of _____

LOUISIANA LAND & EXPLORATION CO.
2950 N. LOOP WEST
SUITE 1200
HOUSTON, TEXAS 77052
ATTN: LEASE RECORDS

of the _____ records of this office.
Book _____ Page _____
This instrument was filed for record on the _____ day of _____, 19____ at _____ o'clock _____ M., and duly recorded.

Term _____ County _____
No. Acres _____
Dated _____, 19____
TO _____
FROM _____
Oil, Gas and Mineral Lease
No. _____
Producers 88 (7-89)—Paid Up
With 640 Acres Pooling Provision
Round Printing & Stationery Co., Houston, Texas

ADDENDUM TO OIL, GAS AND MINERAL LEASE

Attached hereto and made a part hereof that certain Oil, Gas and Mineral lease dated September 16, 1987 by and between Berry Lee Hobbs et al as lessors, and Inexco Oil Company, a wholly owned subsidiary of The Louisiana Land and Exploration Company as Lessee.

12. Notwithstanding anything herein contained to the contrary, it is hereby understood and agreed that:

- A. It is expressly understood and agreed that at the expiration of the primary term hereof, this lease shall automatically terminate as to each proration unit provided for by the field rules prescribed by any governmental unit having jurisdiction, or in the event spacing rules have not been prescribed, as to each proration unit provided for by the Oil Conservation Division of the New Mexico Energy and Mineral Department under its statewide spacing rules, upon which there is no well or wells thereon located and then producing oil or gas in commercial quantities unless Lessee is then engaged in drilling or reworking operations in accordance with other provisions hereof. In the event Lessee is engaged in drilling or reworking operations at the expiration of the primary term, this lease shall remain in full force and effect as to all proration units so long as a continuous drilling program is maintained whereby not more than one hundred twenty (120) days shall elapse from the completion of one well to the commencement of another well until all proration units are tested. At the end of the primary term of the continuous drilling program, Lessee, his heirs, or assigns shall prepare and execute a release covering the non-producing proration units.
- B. The period within which Lessee may extend this lease by payment of shut-in royalty on gas wells shall not exceed a cumulative period of three (3) years past the end of the primary term.
- C. Three (3) years after the establishment of the last "proration unit" as defined in 12 (a), or the end of the primary term, whichever is later, this lease shall terminate as to all depths 100 feet below the base of the then deepest producing formation in such "proration units".
- D. Any copies of logs (including mud logs), drilling and completion reports that Lessee furnishes to the New Mexico Conservation Commission shall also be furnished to the Lessor, upon written request. Lessor his heirs, successors, and assigns shall keep such information confidential.
- E. If Lessee drills a dry hole, or plugs and abandons a producing well, Lessee will exercise its best efforts to prevent its employees, contractors and subcontractors from placing any scrap metal or other extraneous material in the well bore. Lessee will exercise its best efforts to make the casing cut-off in such a manner so as to not obstruct any subsequent re-entry efforts.

STATE OF NEW MEXICO
COUNTY OF LEA
FILED

Berry Lee Hobbs
Sign for Identification

OCT 30 1987

at 12:22 o'clock P M
and recorded in Book 416
Page 490
Shirley Hobbs, Lea County Clerk
By *Shirley Hobbs* Deputy



16577