

BEFORE EXAMINER STOGNER

Oil Conservation Division

_____ Exhibit No. 1

Case No. 9534

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL LOCATION AND ACREAGE DEDICATION PLAT**

Form C-102
Supersedes C-128
Effective 1-1-65

All distances must be from the outer boundaries of the Section

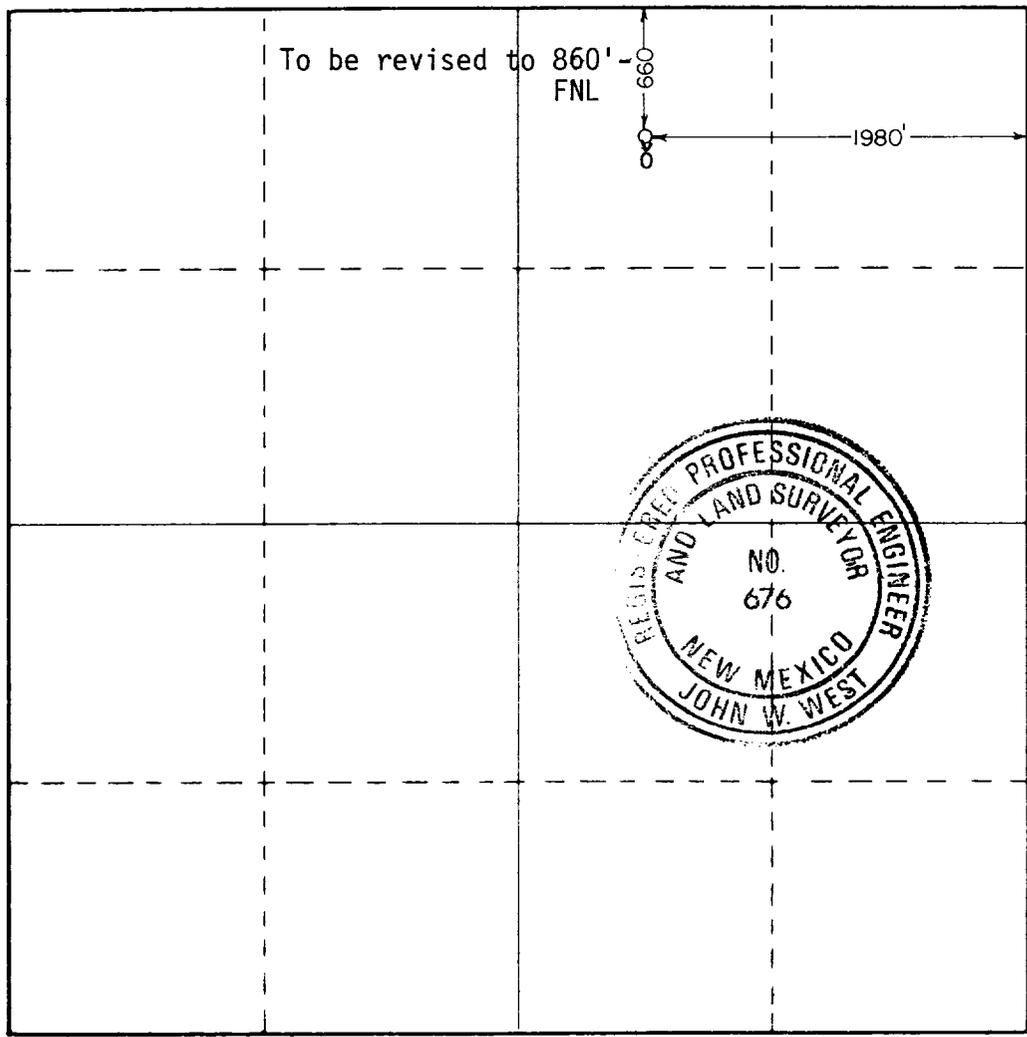
Lessor SOHLO OIL COMPANY		Lease Hood "8"			Well No. 1
Tract Letter B	Section 8	Township 17 South	Range 38 East	County Lea	
Actual Footage Location of Well: 1980 feet from the East line and 660 feet from the North line					
Ground Level Elev. 3714.2	Producing Formation	Pool	Dedicated Acreage: Acres		

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes," type of consolidation _____

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Commission.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Elaine Kubicek
Name
Tech Asst
Position
Standard Oil Prod
Company

Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed
August 30, 1988
Registered Professional Engineer
and/or Land Surveyor

John W. West
Certificate No **JOHN W. WEST, 676**
RONALD J. EIDSON, 3239



96560

BEFORE EXAMINER STOGNER

Oil Conservation Act

Exhibit No. 2

Case No. 4534

EXHIBIT "A-1"

Attached to and made a part of Operating Agreement dated November 2, 1988
by and between Standard Oil Production Company, Operator and Anadarko Petroleum Corporation, Non-Operator

LEASE #	LESSOR	LEASE DATE AND (EXPIRATION DATE)	LANDS COVERED	ACRES		RECORDED		LEASE BURDENS
				GROSS	NET	BOOK	PAGE	
Leases and Interests contributed by Standard Oil Production Company:								
NM01004A	F. Ferrell Davis, et al	12/15/87 (12/15/90)	Insofar and only Insofar as lease covers NE/4 Section 8-17S-38E	160	6.0000	420	463	1/4 R1
NM01004B	Virginia P. Selby	12/08/87 (12/08/90)	Same as above	160	2.0000	420	60	3/16 R1
NM01004C	Ladd Petroleum Corporation	02/25/88 (02/25/90)	NE/4 Section 8-17S-38E	160	8.0000	422	411	3/16 R1
NM01004D	Mary Katherine Ingram	02/04/88 (02/04/91)	Same as above	160	2.5000	422	407	3/16 R1
NM01004E	Ruth T. Skaggs	12/07/87 (12/07/92)	Insofar and only Insofar as lease covers NE/4 Section 8-17S-38E	160	0.1875	420	66	3/16 R1
NM01004F	Dannie A. Carter	12/09/87 (12/09/92)	Same as above	160	0.1875	420	50	3/16 R1
NM01004G	Ann Stierberg Stone	12/09/87 (12/09/92)	Same as above	160	0.1875	420	461	3/16 R1
NM01004H	Rollins M. Koppel, et ux	12/09/87 (12/09/92)	Same as above	160	0.1875	420	459	3/16 R1
NM01004J	Ronald J. Byers	01/04/88 (01/04/91)	NE/4 Section 8-17S-38E	160	4.0000	421	141	1/4 R1
NM01004K	J.S. Martin	02/04/88 (02/04/91)	Same as above	160	8.0000	422	409	3/16 R1
NM01004L	Loma Inc.	02/26/88 (02/26/91)	Same as above	160	8.0000	422	162	1/5 R1
NM01004M	Robert D. Snow	02/22/88 (02/22/91)	Same as above	160	1.2960	422	795	3/16 R1
NM01004N	R. G. Anderson Consolidated Trust	02/26/88 (02/26/91)	Same as above	160	7.5000	423	195	3/16 R1
NM01004P	Mary Elizabeth Roelke	02/23/88 (02/23/91)	Same as above	160	1.2320	423	191	3/16 R1
NM01004Q	Melinda Investment Corporation	03/07/88 (03/07/91)	Same as above	160	14.2500	423	477	1/4 R1

EXHIBIT "A-1" continued

NM01004R	The Dentsch Company	03/24/88 (03/24/91)	NE/4 Section 8-17S-38E	160	1.9125	423	764	3/16 R
NM01004S	Dick C. Millam, et ux	03/17/88 (03/17/91)	Same as above	160	1.0000	423	766	3/16 R
NM01004T	Hurley Oil Properties Partnership	03/01/88 (03/01/91)	Same as above	160	7.5000	423	780	3/16 R
NM01004U	Mary F. Steedman	03/21/88 (03/21/91)	Same as above	160	0.6750	424	747	3/16 R
NM01004V	Louise S. Randolph	07/12/88 (07/12/91)	Same as above	160	1.2320	428	280	3/16 R
NM01004X	Texaco, Inc.	08/31/88 (02/28/90)	Same as above	160	36.0000	430	240	1/4 R
NM01004Y	Kent C. Phipps Trust	02/23/88 (02/23/93)	Same as above	160	2.0000	430	252	3/16 R
NM01004AF	E. Lila Snow	02/25/88 (02/25/91)	Same as above	160	0.2400	430	763	3/16 R
NM01004AG	Bank of Oklahoma, Trustee of Phillip Taber Bennett and Darcy Ann Coale Trust	09/22/88 (09/22/91)	Same as above	160	2.0000	430	755	1/5 R
NM01004AH	Bank of Oklahoma, Trustee of Laura O. Bennett Trust	09/22/88 (09/22/91)	Same as above	160	2.0000	430	759	1/5 R
NM01004AJ	Sabine Corporation	11/04/88 (11/04/89)	Same as above	160	2.6667	_____	_____	1/4 R
					120.7542			

Leases Contributed Anadarko Petroleum Corporation:

KEC Acquisition Corp.	08/16/88 (08/16/91)	Insofar and only insofar as lease covers NE/4 Section 8-17S-38E	160	35.3333	428	255	1/4 R
W. Wayne Gill, et ux	10/05/87 (10/05/90)	same as above	160	1.0000	416	367	1/4 R
Betty Hawkins McRae	03/22/88 (03/22/91)	Same as above	160	0.0667	428	772	1/5 R
Betty J. Hawkins	09/25/87 (09/25/90)	Same as above	160	0.1333	417	591	1/5 R
Judith H. Moore	03/22/88 (03/22/91)	Same as above	160	0.0667	426	627	1/5 R
				36.6000			

STANDARD OIL PRODUCTION COMPANY
SCHEDULE OF ESTIMATED AND ACTUAL WELL COSTS

A.F.E. #

PROSPECT OR POOL Lovington		LEASE & WELL # SOPC HOOD #8-1		PROPOSED M.D. (TVD) MD 11,550 TVDss	
STATE New Mexico		COUNTY OR PARISH Lea		GEOLOGICAL OBJECTIVE Sirawn	
LOCATION BHL 2100 FEL 710 FNL SECTION 8, T17S, R38E					
GROSS ENVIRONMENTAL COST					
AIR		WATER \$18,000		LAND \$10,000	
				TOTAL \$28,000	
PREPARED BY B.W. Smith		DATE 8-10-88		APPROVED BY <i>[Signature]</i> DATE 8/23/88	
				CATEGORY WELL OS-4 \$400	
				ESTIMATED SPUD DATE 11/15/88	

MAIN ACCOUNT AND SUB	DETAIL ACCOUNT	ITEMS AND DESCRIPTIONS	DRY HOLE COST	TOTAL DRILL & COMPLETE COST	ACTUAL EXPENDITURE
335-010	XXX	LOCATION & ROADS			
	100	LOCATION PREPARATION	15,000	15,000	
	105	WELL ROADS, BRIDGES, CANALS & DOCKS	8,000	8,000	
	110	MAINTENANCE, DAMAGES, & CLEAN-UP	9,600	9,600	
		SUB-TOTAL (SUB-ACCOUNT 010)	32,600	32,600	
335-020	XXX	INSTALL & REMOVE RIG			
	200	MOBILIZATION & DEMOBILIZATION ALLOCATIONS			
	205	MIRL/RDMO & RIG MODIFICATIONS COST	23,000	23,000	
		SUB-TOTAL (SUB-ACCOUNT 020)	23,000	23,000	
335-030	XXX	DRILLING OPERATIONS			
	300	FOOTAGE/TURNKEY			
	305	DAYWORK 33.0 FT. @ \$ /FT. 33.0 DAYS @ \$3,800/D	126,000	126,000	
	310	QUARTERS & CATERING			
	315	FUEL, POWER & WATER	5,000	5,000	
	320	DRILLING BITS	30,000	30,000	
	325	DRILLING FLUIDS & SERVICES	20,000	20,000	
	330	CEMENTING SERVICES & ACCESSORIES	15,900	15,900	
	335	OTHER OPERATING COSTS & SERVICES	2,400	2,400	
	340	ABANDONMENT OPERATIONS	5,000		
	345	DIRECT SUPERVISION	21,500	21,500	
	350	OVERHEAD CHARGES	6,000	6,000	
		SUB-TOTAL (SUB-ACCOUNT 030)	231,800	226,800	
335-040	XXX	RENTAL EQUIPMENT & SERVICES			
	400	DRILL PIPE & BOTTOM-HOLE ASSEMBLY	10,000	10,000	
	405	WELL CONTROL EQUIPMENT & SERVICES	900	900	
	410	MUD RELATED EQUIPMENT & SERVICES	0	0	
	415	TUBULAR HANDLING EQUIPMENT & SERVICES	7,700	7,700	
	420	DIRECTIONAL EQUIPMENT & SERVICES	30,000	30,000	
	425	OTHER RENTAL EQUIPMENT & SERVICES	5,700	5,700	
	430	ABANDONMENT RENTALS & SERVICES	2,000		
		SUB-TOTAL (SUB-ACCOUNT 040)	56,300	54,300	
335-050	XXX	TRANSPORTATION			
	500	TRUCKING & OTHER FREIGHT	4,500	4,500	
	505	MARINE			
	510	AIRCRAFT			
		SUB-TOTAL (SUB-ACCOUNT 050)	4,500	4,500	
335-060	XXX	FORMATION EVALUATION			
	600	ELECTRIC LINE LOGGING	17,000	17,000	
	605	MUD LOGGING & SERVICES	7,000	7,000	
	610	CORING, CORE ANALYSES & SERVICES	0	0	
	615	DST & OPENHOLE EVALUATION COSTS	3,800	3,800	
	620	GEOLOGICAL CONSULTANT & SPECIAL STUDIES	2,000	2,000	
		SUB-TOTAL (SUB-ACCOUNT 060)	29,800	29,800	
335-080	800	OTHER INTANGIBLE CHARGES (CREDIT)			

FORM SPC 120(1/86)

RECEIVED
 CHECK NO. 9534
 DATE 8/4

SCHEDULE OF ESTIMATED AND ACTUAL WELL COSTS (CONTINUED)

PROSPECT OR FIELD		LEASE & WELL NO			A.F.E. NO		
Lovington		SOPC HOOD #8-1					
MAIN ACCOUNT AND SUB	DETAIL ACCOUNT	ITEMS AND DESCRIPTIONS			DRY HOLE COST	TOTAL DRILL & COMPLETE COST	ACTUAL EXPENDITURE
336-010	XXX	DEPRECIABLE WELL EQUIPMENT					
	010	STRUCTURAL PIPE:	FT.	*OD (T)	0	0	
	011	CONDUCTOR CASING:	450 FT.	13-3/8" OD (T)	10,000	10,000	
	012	SURFACE CASING:	4,550 FT.	8-5/8" OD (T)	54,000	54,000	
	013	PROTECTION CASING:	FT.	*OD (T)	0	0	
	014	DRILL LINERS:	FT.	*OD (T)	0	0	
	015	LINER HANGERS & CASING ACCESSORIES		(T)	0	0	
	016	CASING HEAD & INTERMEDIATE ASSEMBLIES		(T)	2,800	2,800	
		SUB-TOTAL (SUB-ACCOUNT 010)		(T)	66,800	66,800	
336-020	XXX	DEPRECIABLE WELL EQUIPMENT - OTHER					
	020	PRODUCTION LINER:	FT.	*OD (T)		0	
	021	PRODUCTION/TIEBACK:	11,550 FT.	5-1/2" OD (T)		99,000	
	022	TUBING:	11,250 FT.	2-7/8" OD (T)		47,000	
	023	TUBINGHEAD ASSEMBLY & CHRISTMAS TREE		(T)		10,600	
	024	PACKERS & OTHER DOWNHOLE EQUIPMENT		(T)		3,500	
	025	PUMPING UNITS & RODS		(T)		0	
	026	OTHER CONTROLLABLE WELL EQUIPMENT		(T)		2,000	
	027	LABOR & INSTALLATION COSTS OF WELL EQUIPMENT		(T)	1,000	2,500	
		SUB-TOTAL (SUB-ACCOUNT 020)		(T)		164,600	
336-030	XXX	NON-CONTROLLABLE WELL EQUIPMENT					
	030	OTHER WELL EQUIPMENT - Packers & Other Downhole Equipment		(T)		0	
336-040	XXX	DEPRECIABLE LEASE EQUIPMENT					
	040	TANK BATTERY FACILITIES		(T)		45,000	
	041	FLOWLINES & LEASE FACILITIES		(T)		4,000	
	042	OTHER CONTROLLABLE LEASE EQUIPMENT		(T)		1,000	
	043	LABOR & INSTALLATION COSTS OF LEASE EQUIPMENT		(T)		1,000	
		SUB-TOTAL (SUB-ACCOUNT 040)		(T)		51,000	
336-050	XXX	NON-CONTROLLABLE LEASE EQUIPMENT					
	050	OTHER LEASE EQUIPMENT		(T)		0	
335-070	XXX	COMPLETION/TESTING OPERATIONS (N° TESTS)					
	700	REMEDIAL WELLSITE WORK				1,000	
	705	MIR/VRDMO COMPLETION UNIT				0	
	710	COMPLETION RIG:	4 DAYS @	1,500/D		6,000	
	715	QUARTERS & CATERING				0	
	720	FUEL, POWER & WATER				0	
	725	COMPLETION FLUIDS & SERVICES				1,500	
	730	CEMENT SERVICES, SQUEEZE CEMENT & PLUGS				19,600	
	735	PERFORATING & OTHER COMPLETION SERVICES				3,000	
	740	GRAVEL PACKING, SAND CONTROL & FORMATION STIMULATION				3,000	
	745	COMPLETION PIPE, BOTTOMHOLE ASSEMBLIES & BITS				1,500	
	750	HANDLING/TESTING OF COMPLETION TUBULAR EQUIPMENT				9,000	
	755	PRODUCTION TESTING:	10.0 DAYS @	\$200.0 /D		2,000	
	760	OTHER COMPLETION RENTAL EQUIPMENT				1,500	
	765	TRANSPORTATION: LAND ^{XX} , MARINE _____, AIR _____				7,700	
	770	CASED-HOLE ELECTRIC LINE LOGS				2,000	
	775	OTHER EVALUATIONS & SPECIAL SERVICES				1,000	
	780	OPTIONAL INTANGIBLE LABOR & INSTAL COSTS OF L & W EQUIPMENT				0	
	785	DIRECT SUPERVISION				1,500	
	790	OVERHEAD CHARGES				1,000	
	795	EQUIPMENT EXPENSED FOR WORKOVERS				0	
		SUB-TOTAL (SUB-ACCOUNT 070)				61,300	
		TOTAL DRY OR COMPLETED WELL COST			445,800	714,700	
		TOTAL NUMBER OF ESTIMATED RIG DAYS			33.0	37.0	
		% RIG DAYS INCLUDED FOR CONTINGENCIES			0	0	

JOINT INTEREST APPROVAL	
COMPANY	
APPROVED	
TITLE	DATE

Orion Oil & Gas Properties

2420 Lakeview
Amarillo, Texas 79109

MICHAEL J. BENNETT
GREG GOLLADAY

PHONE
(806) 358-7291

September 5, 1988

Ray F. Tissue, Jr.
13770 Vista Dorado
Salinas, CA

Case No. 5
Date No. 9534

Re: Oil and Gas Lease covering the N $\frac{1}{2}$ of
Sec. 8 & Nw $\frac{1}{4}$ of Sec. 9, T17S-R38E, Lea
County, New Mexico.

Dear Mr. Tissue:

Pursuant to our agreement, please find enclosed an Oil and Gas Lease, Shut-in Payment Division Order and Bonus Draft covering your mineral interest in the above-referenced tract. Terms and conditions of said lease are as follows:

BONUS: \$175.00 per net mineral acre
ROYALTY: three-sixteenths (3/16)
TERM: three (3) years
RENTALS: \$1.00 per acre, per year (paid-up)

We initially agreed at a Bonus Consideration of \$150.00 per net mineral acre. However, we have since had to increase our offer to other parties in this tract and therefore increased your consideration likewise.

As we discussed, this lease is a "top lease" and will not be of full force and effect until October 12, 1988 -- the date your former lease, executed October 11, 1985, expires. This is the reason for the Exhibit "A" attached to the Lease.

If the enclosed instruments meet with your approval, please do the following in order to insure their proper execution:

- 1) Sign the Oil and Gas Lease and Shut-in Payment Division Order exactly as your name appears, making sure your signatures are properly acknowledged by a Notary Public. All red marks either require a signature and/or information.
- 2) Endorse the Bonus Draft and deposit it along with the fully executed original Oil and Gas Lease and Shut-in Payment Division Order as a Collection Item at the Collection Department of your bank. Your bank will then forward all papers to our bank for payment.
- 3) All papers enclosed marked "copy" as well as the copies of Deeds you requested, are for your files.

COPY

As you will note, we have credited your interest as being 1.416667 net mineral acres in the Nw $\frac{1}{4}$ of Section 8, and .95625 net mineral acres each in both the Ne $\frac{1}{4}$ of Section 8 and in the Nw $\frac{1}{4}$ of Section 9.

We appreciate the opportunity afforded us in the leasing of your mineral interest and we request that should you have any questions or comments regarding the enclosed, please contact us at your earliest convenience. Your consideration in this matter is greatly appreciated.

Very truly yours,

ORION OIL & GAS PROPERTIES



Michael J. Bennett

MJB:wg
enc.

On approval of lease described hereon, and on approval of title to same by drawee not later than 30 banking days after arrival of this draft at collecting bank.

DRAFT
(WITH RIGHT TO REDRAFT)

06243

Lea County NM STATE

September 5 19 88

PAY TO THE ORDER OF Ray F. Tissue, Jr., dealing in his sole and separate property \$ *589.27*

Five-hundred eighty-nine & 27/100

DOLLARS
WITH EXCHANGE

This draft is drawn to pay for Oil and Gas Lease, dated September 5, 1988, but effective October 12, 1988 and covering The N $\frac{1}{2}$ of Section 8 & the Nw $\frac{1}{4}$ of Section 9, T17S-R38E, Lea Co., NM (all Lessor's mineral interest

The payee and endorsers hereof, and the grantors of the lease described hereon, do hereby constitute and appoint the collecting bank as escrow agent to hold this draft for the time above specified subject alone to acceptance of payment hereof by the drawee, within said time, and without any right of the payee or endorsers hereof, or said grantors, to recall or demand return of this draft prior to the expiration of the above specified time, and there shall be no liability whatsoever on the collecting bank for refusal to return the same prior to such expiration.

In the event this draft is not paid within said time, the collecting bank shall return the same to forwarding bank and no liability for payment or otherwise shall be attached to any of the parties hereto. If this draft is not deposited within 14 days of date, Drawer has the option to revoke this draft without recourse.

TO (S.O.P.C.) DRAWEE PROSPECT E. Lovington AFE #291-8107
AT: TEXAS COMMERCE BANK - WESTWOOD, N.A
P.O. BOX 36830
HOUSTON, TEXAS 77038
COLLECTING BANK
3.329167 n.m.a.

NOTIFY: Jim Sikes

Michael J. Bennett DRAWER
NOTICE: DO NOT HANDLE AS A CASH ITEM

COPY

OIL AND GAS LEASE

THIS AGREEMENT made this 5th day of September, 1988, between Ray F. Tissue, Jr., dealing in his sole and separate property

Lessor (whether one or more), whose address is: 13770 Vista Dorado, Salinas, CA and SOHIO PETROLEUM COMPANY (a.k.a. STANDARD OIL PRODUCTION COMPANY) Lessee, WITNESSETH: 5151 San Felipe, P. O. Box 4587, Houston, TX 77210

1. Lessor in consideration of Ten and More (\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in Lea County, New Mexico, to-wit:

The North-half (N1/2) of Section 8; and the Northwest-quarter (Nw1/4) of Section 9, Township 17-South, Range 38-East of the N.M.P.M.

containing 480.00 acres more or less

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of five years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or land with which said land is pooled hereunder. ending 10/12/91

3. The royalties to be paid by Lessee are: (a) on oil, 3/16 of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16

of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut in and thereafter at annual intervals the sum of \$1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease, or any portion thereof as to oil and gas, or either of them, with other land, lease or leases in the immediate vicinity thereof to the extent, hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the New Mexico Oil Conservation Commission, or other lawful authority or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease, or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit. Lessee may at its election exercise its pooling option after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. Operations for drilling on or production of oil or gas from any part of the pooled unit which includes all or a portion of the land covered by this lease regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease, and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them, shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled units. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. In addition to the foregoing, Lessee at its option is hereby given the right and power from time to time to commit said land or any part or formation or mineral substance covered hereby to any cooperative or unit agreement or plan of development and operation, and to any modifications thereof, which have been approved by the New Mexico Oil Conservation Commission or other lawful governmental authority. In such event, the royalty payable to Lessor hereunder shall be computed and paid on the basis of the oil or gas allocated to such land under the terms of any such agreement or plan of operation, which basis shall be the same by which the royalty due the United States or the State of New Mexico is computed and paid. This lease shall not expire during the life of such agreement or plan and shall be subject to the terms thereof and said agreement or plan of operation shall be filed with the New Mexico Oil Conservation Commission, or other lawful authority, and Lessee shall record in the County in which the leased premises are situated, an instrument describing such agreement or plan of operation and reflecting the commitment thereto, and the same may be recorded either before or after the completion of wells.

5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the lease premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under said land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

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

IN WITNESS WHEREOF, this instrument is executed on the date first above written. **SEE EXHIBIT "A" attached hereto and made a part hereof.

COPY

SS# 559-58-0742

Ray F. Tissue, Jr., dealing in his sole and separate property

Lessor

Lessor

No. _____

Oil and Gas Lease

FROM

TO

Dated _____, 19____
No. Acres _____

County, N. M.

Term _____

This instrument was filed for record on the

_____ day of _____, 19____,

at _____ o'clock _____ M., and duly

recorded in Book _____, Page _____

of the _____ records of this office.

County Clerk

By _____, Deputy

When recorded return to _____

My commission expires _____, 19____

Notary Public

19 88 by Ray F. Tissue, Jr., dealing in his sole and separate property

The foregoing instrument was acknowledged before me this _____ day of September

STATE OF CALIFORNIA }
County of _____ ss.

INDIVIDUAL ACKNOWLEDGMENT

My Commission Expires: _____

Notary Public

of _____ on behalf of said corporation.

by _____, _____ corporation

President _____

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

STATE OF NEW MEXICO }
County of _____ ss.

CORPORATION ACKNOWLEDGMENT

My commission expires _____, 19____

Notary Public

19 _____ by _____

The foregoing instrument was acknowledged before me this _____ day of _____

STATE OF NEW MEXICO, }
County of _____ ss.

INDIVIDUAL ACKNOWLEDGMENT

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated September 5, 1988, by and between Ray F. Tissue, Jr., dealing in his sole and separate property as Lessor, and SOHIO PETROLEUM COMPANY (a.k.a. STANDARD OIL PRODUCTION COMPANY), as Lessee, covering the N $\frac{1}{2}$ of Sec. 8 and the Nw $\frac{1}{4}$ of Sec. 9, T17S-R38E, Lea County, New Mexico.

- 11) Lessee's right, title and interest under this lease (top lease) shall vest immediately; however, rights of entry and possession shall be subordinate and subject to an Oil and Gas Lease dated October 11, 1985, and recorded in Volume 393, Page 218 of the Oil and Gas Lease Records of Lea County, New Mexico (hereinafter called "Base Lease"). Top lessee shall have no right of entry of possession for the purpose of exercising lessee's rights hereunder to the extent that such exercise may be adverse to the right of the prior lessee pursuant to the base lease, during the term of the lease. Notwithstanding anything to the contrary herein, the primary term of this lease (top lease) shall commence on the earlier of the following events:
- (a) The expiration or termination of the base lease as to all or any part of the acreage covered therein; or
 - (b) The recordation in Lea County, New Mexico, of a full release or partial releases as to all or any part of the acreage covered therein;

but in no event, later than April 1, 1989.

Otherwise this top lease shall terminate at lessee's option and be of no further effect.

Any warranty made herein by lessor is subject to and limited by the base lease. Lessor does hereby covenant and agree with lessee to not renew the base lease nor extend or permit the extension of the primary term thereof by any amendment or other act of lessor.

The anniversary date of this lease shall be the date on which the primary term of this lease (top lease) shall commence, as defined above.

END OF EXHIBIT "A"

✓

Ray F. Tissue, Jr., dealing in his sole
and separate property

Signed for identification purposes only.

COPY

Orion Oil & Gas Properties

2420 Lakeview
Amarillo, Texas 79109

MICHAEL J. BENNETT
GREG GOLLADAY

PHONE
(806) 358-7291

September 5, 1988

Ms. Dorothy Jane Tissue
P. O. Box 468
Pebble Beach, CA 93953

Re: Oil and Gas Lease covering the N $\frac{1}{2}$ of
Sec. 8 & Nw $\frac{1}{4}$ of Sec. 9, T17S-R38E, Lea
County, New Mexico.

Dear Ms. Tissue:

Pursuant to our agreement with Ray F. Tissue, Jr., please find enclosed an Oil and Gas Lease, Shut-in Payment Division Order and Bonus Draft covering your mineral interest in the above-referenced tract. Terms and conditions of said lease are as follows:

BONUS: \$175.00 per net mineral acre
ROYALTY: three-sixteenths (3/16)
TERM: three (3) years
RENTALS: \$1.00 per acre, per year (paid-up)

We initially agreed at a Bonus Consideration of \$150.00 per net mineral acre. However, we have since had to increase our offer to other parties in this tract and therefore increased your consideration likewise.

We discussed with Mr. Tissue that this lease is a "top lease" and will not be of full force and effect until October 12, 1988 -- the date your former lease, executed October 11, 1985, expires. This is the reason for the Exhibit "A" attached to the Lease.

If the enclosed instruments meet with your approval, please do the following in order to insure their proper execution:

- 1) Sign the Oil and Gas Lease and Shut-in Payment Division Order exactly as your name appears, making sure your signatures are properly acknowledged by a Notary Public. All red marks either require a signature and/or information.
- 2) Endorse the Bonus Draft and deposit it along with the fully executed original Oil and Gas Lease and Shut-in Payment Division Order as a Collection Item at the Collection Department of your bank. Your bank will then forward all papers to our bank for payment.
- 3) All papers enclosed marked "copy" as well as copies of Deeds requested by Mr. Tissue, are for your files.

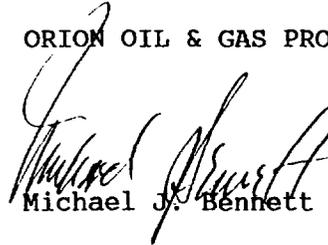
COPY

As you will note, we have credited your interest as being 1.416667 net mineral acres in the Nw $\frac{1}{4}$ of Section 8, and .95625 net mineral acres each in both the Ne $\frac{1}{4}$ of Section 8 and in the Nw $\frac{1}{4}$ of Section 9.

We appreciate the opportunity afforded us in the leasing of your mineral interest and we request that should you have any questions or comments regarding the enclosed, please contact us at your earliest convenience. Your consideration in this matter is greatly appreciated.

Very truly yours,

ORION OIL & GAS PROPERTIES



Michael J. Bennett

MJB:wg
enc.

On approval of lease described hereon, and on approval of title to same by drawee not later than 30 banking days after arrival of this draft at collecting bank.

DRAFT
(WITH RIGHT TO REDRAFT)

06244

Lea County, NM STATE

September 5 19 88

PAY TO THE

ORDER OF Dorothy Jane Tissue, a widow

\$ *589.27*

Five-hundred eighty-nine & 27/100**

DOLLARS
WITH EXCHANGE

This draft is drawn to pay for Oil and Gas Lease, dated September 5, 1988, but effective October 12, 1988 and covering

All of Lessor's mineral interest in the N $\frac{1}{2}$ of Sec. 8, and the N $\frac{1}{2}$ of Sec. 9, T17S-R38E, Lea Co., NM

The payee and endorsers hereof, and the grantors of the lease described hereon, do hereby constitute and appoint the collecting bank as escrow agent to hold this draft for the time above specified subject alone to acceptance of payment hereof by the drawee, within said time, and without any right of the payee or endorsers hereof, or said grantors, to recall or demand return of this draft prior to the expiration of the above specified time, and there shall be no liability whatsoever on the collecting bank for refusal to return the same prior to such expiration.

In the event this draft is not paid within said time, the collecting bank shall return the same to forwarding bank and no liability for payment or otherwise shall be attached to any of the parties hereto. If this draft is not deposited within 14 days of date, Drawer has the option to revoke this draft without recourse.

TO (S.O.P.C.) DRAWEE

PROSPECT E. Lovington AFE #291-8107

AT: TEXAS COMMERCE BANK - WESTWOOD, N.A.
P.O. BOX 36830
HOUSTON, TEXAS 77036
COLLECTING BANK

3.329167 n.m.a.

Michael J. Bennett DRAWER
NOTICE: DO NOT HANDLE AS A CASH ITEM

NOTIFY: Jim Sikes

COPY

OIL AND GAS LEASE

THIS AGREEMENT made this 5th day of September, 1988, between Dorothy Jane Tissue, a widow

Lessor (whether one or more), whose address is: P. O. Box 468, Pebble Beach, CA 93953
and SOHIO PETROLEUM COMPANY (a.k.a. STANDARD OIL PRODUCTION COMPANY) Lessee, WITNESSETH:

1. Lessor in consideration of --Ten and More-- 5151 San Felipe, P. O. Box 4587, Houston, TX 77210 Dollars (\$ 10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in Lea County, New Mexico, to-wit:

The North-half (N½) of Section 8; and, the Northwest-quarter (Nw¼) of Section 9, Township 17-South, Range 38-East of the N.M.P.M.
containing 480.00 acres more or less

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of five years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or land with which said land is pooled hereunder, ending 10/12/91

3. The royalties to be paid by Lessee are: (a) on oil, 3/16 of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16

of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut-in and thereafter at annual intervals the sum of \$1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease, or any portion thereof as to oil and gas, or either of them, with other land, lease or leases in the immediate vicinity thereof to the extent, hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the New Mexico Oil Conservation Commission, or other lawful authority or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease, or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit. Lessee may at its election exercise its pooling option after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas has theretofore been commenced. Operations for drilling on or production of oil or gas from any part of the pooled unit which includes all or a portion of the land covered by this lease regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease, and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them, shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. In addition to the foregoing, Lessee at its option is hereby given the right and power from time to time to commit said land or any part or formation or mineral substance covered hereby to any cooperative or unit agreement or plan of development and operation, and to any modifications thereof which have been approved by the New Mexico Oil Conservation Commission or other lawful governmental authority. In such event, the royalty payable to Lessor hereunder shall be computed and paid on the basis of the oil or gas allocated to such land under the terms of any such agreement or plan of operation, which basis shall be the same by which the royalty due the United States or the State of New Mexico is computed and paid. This lease shall not expire during the life of such agreement or plan and shall be subject to the terms thereof and said agreement or plan of operation shall be filed with the New Mexico Oil Conservation Commission, or other lawful authority, and Lessee shall record in the County in which the leased premises are situated, an instrument describing such agreement or plan of operation and reflecting the commitment thereto, and the same may be recorded either before or after the completion of wells.

5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the lease premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under said land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

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

IN WITNESS WHEREOF, this instrument is executed on the date first above written. ****SEE EXHIBIT "A", attached hereto and made a part hereof.**

SS# 557-14-1450

Lessor

Dorothy Jane Tissue, a widow

Lessor

COPY

No. _____

Oil and Gas Lease

FROM

TO

dated _____, 19____
No. Acres _____

County, N. M.

Term _____

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

County Clerk

When recorded return to _____ Deputy

My commission expires _____, 19____, Notary Public

19__88 by Dorothy Jane Tissue, a widow

The foregoing instrument was acknowledged before me this _____ day of September

STATE OF CALIFORNIA }
County of _____ ss.

INDIVIDUAL ACKNOWLEDGMENT

My Commission Expires: _____ Notary Public

of _____ on behalf of said corporation.

by _____, President

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

STATE OF NEW MEXICO }
County of _____ ss.

CORPORATION ACKNOWLEDGMENT

My commission expires _____, 19____, Notary Public

19____ by _____

The foregoing instrument was acknowledged before me this _____ day of _____

STATE OF NEW MEXICO, }
County of _____ ss.

INDIVIDUAL ACKNOWLEDGMENT

EXHIBIT "A"

Attached to and made a part of that certain Oil and Gas Lease dated September 5, 1988, by and between Dorothy Jane Tissue, a widow, as Lessor, and SOHIO PETROLEUM COMPANY (a.k.a. STANDARD OIL PRODUCTION COMPANY), as Lessee, covering the N $\frac{1}{2}$ of Sec. 8 and the Nw $\frac{1}{4}$ of Sec. 9, T17S-R38E, Lea County, New Mexico.

11) Lessee's right, title and interest under this lease (top lease) shall vest immediately; however, rights of entry and possession shall be subordinate and subject to an Oil and Gas Lease dated October 11, 1985, and recorded in Volume 392, Page 533 of the Oil and Gas Lease Records of Lea County, New Mexico (hereinafter called "Base Lease"). Top lessee shall have no right of entry of possession for the purpose of exercising lessee's rights hereunder to the extent that such exercise may be adverse to the right of the prior lessee pursuant to the base lease, during the term of the lease. Notwithstanding anything to the contrary herein, the primary term of this lease (top lease) shall commence on the earlier of the following events:

- (a) The expiration or termination of the base lease as to all or any part of the acreage covered therein; or
- (b) The recordation in Lea County, New Mexico, of a full release or partial releases as to all or any part of the acreage covered therein;

but in no event, later than April 1, 1989.

Otherwise this top lease shall terminate at lessee's option and be of no further effect.

Any warranty made herein by lessor is subject to and limited by the base lease. Lessor does hereby covenant and agree with lessee to not renew the base lease nor extend or permit the extension of the primary term thereof by any amendment or other act of lessor.

The anniversary date of this lease shall be the date on which the primary term of this lease (top lease) shall commence, as defined above.

END OF EXHIBIT "A"

✓

Dorothy Jane Tissue, a widow

Signed for identification purposes only.

C O D E

SUBSCRIBED AND SWORN TO THIS 17th day of November, 1988.

My Commission Expires:

10-01-91

Janet K. Loeffelbein
Notary Public in and for the State of Texas

STATE OF TEXAS }
 }
COUNTY OF POTTER }

Before me, the undersigned, a Notary Public, within and for said County and State, on this 17th day of November, 1988, personally appeared Michael J. Bennett, to me personally known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.

My Commission Expires:

10-01-91



Janet K. Loeffelbein
Notary Public in and for the State of Texas

EXHIBIT A

Ray Tissue, Jr.
2900 South Lucia
Carmel, California 93923

Dorothy Jane Tissue
Post Office Box 468
Pebble Beach, California 93953

Nell Deal Kimball
2317 Haynes Drive
Midland, Texas 79705

Fernando Renoncourt
(address unknown)

Paul Balbaud
(address unknown)

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
JOHN H. BEMIS
MARTE D. LIGHTSTONE
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 1, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ray Tissue, Jr.
2900 South Lucia
Carmel, California 93923

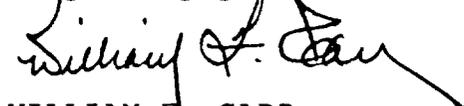
Re: Application of Standard Oil Production Company for
Compulsory Pooling, Lea County, New Mexico

Dear Mr. Tissue:

This letter is to advise you that Standard Oil Production Company has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the Strawn formation for any and all formations and/or pools developed on 40-acre spacing, in and under the NW/4 NE/4 of Section 8, Township 17 South, Range 38 East, N.M.P.M., Lea County, New Mexico. Standard Oil Production Company proposes to dedicate the referenced pooled unit to a well to be located at a standard location.

This application has been set for hearing before a Division Examiner on November 22, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR STANDARD OIL PRODUCTION COMPANY
WFC:mlh

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. 2. Restricted Delivery.

3. Article Addressed to:
 Ray Tissue
 2900 South Lucia
 Carmel, California 93923

4. Article Number
 P 784 192 755

Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD

Always obtain signature of addressee or agent and DATE DELIVERED.

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

5. Signature Addressee
 Ray Tissue

6. Signature Sender
 Ray Tissue

7. Date of Delivery
 11/14/88

PS Form 3800, Feb. 1986
 NOV 21
 DOMESTIC RETURN RECEIPT

P 784 192 755
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Ray Tissue, Jr.	
Street and No 2900 South Lucia	
P.O., State and ZIP Code Carmel, California 93923	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date <i>November 1, 1988</i>	

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
JOHN H. BEMIS
MARTE D. LIGHTSTONE
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 1, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dorothy Jane Tissue
Post Office Box 468
Pebble Beach, California 93953

Re: Application of Standard Oil Production Company for
Compulsory Pooling, Lea County, New Mexico

Dear Ms Tissue:

This letter is to advise you that Standard Oil Production Company has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the Strawn formation for any and all formations and/or pools developed on 40-acre spacing, in and under the NW/4 NE/4 of Section 8, Township 17 South, Range 38 East, N.M.P.M., Lea County, New Mexico. Standard Oil Production Company proposes to dedicate the referenced pooled unit to a well to be located at a standard location.

This application has been set for hearing before a Division Examiner on November 22, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR STANDARD OIL PRODUCTION COMPANY
WFC:mlh

P 784 192 756
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Dorothy Jane Tissue	
Street and No Post Office Box 468	
P.O. State and ZIP Code Pebble Beach, CA 93953	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date November 1, 1988	

PS Form 3800, June 1985

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 box(es) for additional service(s) requested.

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

3. Article Addressed to:
 Dorothy Jane Tissue
 Post Office Box 468
 Pebble Beach, CA 93953

4. Article Number
 P 784 192 756

Type of Service:
 Registered Certified Express Mail Insured COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X *[Signature]*

7. Date of Delivery
 3 Nov 88

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

PS Form 3811, Feb. 1985

DOMESTIC RETURN RECEIPT

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
JOHN H. BEMIS
MARTE D. LIGHTSTONE
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 1, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Nell Deal Kimball
2317 Haynes Drive
Midland, Texas 79705

Re: Application of Standard Oil Production Company for
Compulsory Pooling, Lea County, New Mexico

Dear Ms Kimball:

This letter is to advise you that Standard Oil Production Company has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the Strawn formation for any and all formations and/or pools developed on 40-acre spacing, in and under the NW/4 NE/4 of Section 8, Township 17 South, Range 38 East, N.M.P.M., Lea County, New Mexico. Standard Oil Production Company proposes to dedicate the referenced pooled unit to a well to be located at a standard location.

This application has been set for hearing before a Division Examiner on November 22, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR STANDARD OIL PRODUCTION COMPANY
WFC:mlh

P 784 192 764
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Nell Deal Kimball	
Street and No 2317 Haynes Drive	
P.O. State and ZIP Code Midland, Texas 79705	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date November 1, 1988	

PS Form 3800, June 1985

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

1. Show to whom delivered, date, and addressee's address.

2. Restricted Delivery.

3. Article Addressed to:
Nell Deal Kimball
2317 Haynes Drive
Midland, Texas 79705

4. Article Number
P 784 192 764

Type of Service:
 Registered Certified Express Mail
 Insured COD

Always obtain signature of addressee or agent and **DATE DELIVERED**.

5. Signature - Addressee
 Nell Deal Kimball

6. Signature - Agent

7. Date of Delivery
NOV. 4 1988

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

Complete items 1 and 2 when additional services are desired, and complete items 3 and 4. Failure to do this will prevent this receipt 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 box(es) for additional service(s) requested.

BEFORE THE
OIL CONSERVATION DIVISION
NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

IN THE MATTER OF THE APPLICATION
OF STANDARD OIL PRODUCTION COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

NOV 1 1981

OIL CONSERVATION DIVISION CASE NO. _____

APPLICATION

STANDARD OIL PRODUCTION COMPANY by and through its undersigned attorneys, hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978), for an order pooling all of the mineral interests from the surface to the base of the Strawn formation for any and all formations and/or pools developed on 40-acre spacing in and under the NW/4 NE/4 of Section 8, Township 17 South, Range 38 East, NMPM, Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant owns or represents approximately 99% of the working interest in and under the NW/4 NE/4 of Section 8, and Applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be located at a standard location in Section 8.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the NW/4 NE/4 of said Section 8 except for the following mineral interest owners:

Ray Tissue, Jr. 2900 South Lucia Carmel, California 93923	.00598 MI
Dorothy Jane Tissue Post Office Box 468 Pebble Beach, California 93953	.00598 MI
Nell Deal Kimball 2317 Haynes Drive Midland, Texas 79705	.00166 MI
Fernando Renoncourt (address unknown)	.00166 MI
Paul Balbaud (address unknown)	.00125 MI

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and the Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 22, 1988, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:

A handwritten signature in black ink, appearing to read "William F. Carr", is written over a horizontal line. The signature is stylized and cursive.

WILLIAM F. CARR
Post Office Box 2208
Santa Fe, New Mexico 87504
Telephone: (505) 988-4421

ATTORNEYS FOR STANDARD OIL
PRODUCTION COMPANY

EXHIBIT A

Ray Tissue, Jr.
2900 South Lucia
Carmel, California 93923

Dorothy Jane Tissue
Post Office Box 468
Pebble Beach, California 93953

Nell Deal Kimball
2317 Haynes Drive
Midland, Texas 79705

TXO Production Corp.
900 Wilco Building
Midland, Texas 79701
Attn: Carol Sledge

Fernando Renoncourt
(address unknown)

Paul Balbaud
(address unknown)

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
JOHN H. BEMIS
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PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 1, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Ray Tissue, Jr.
2900 South Lucia
Carmel, California 93923

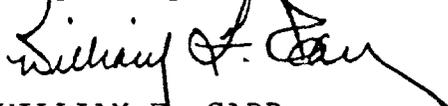
Re: Application of Standard Oil Production Company for
Compulsory Pooling, Lea County, New Mexico

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This application has been set for hearing before a Division Examiner on November 22, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR STANDARD OIL PRODUCTION COMPANY
WFC:mlh

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

3. Article Addressed to:
 Ray Tissue
 2900 South Lucia
 Carmel, California 93923

4. Article Number
 P 784 192 755
 Type of Service:
 Registered
 Certified
 Express Mail
 Insured
 COD

5. Signature Addressed
 X
Ray Tissue

6. Signature Address
 X
Ray Tissue

7. Date of Delivery
 NOV 21 11 48 AM '85

PS Form 3800, Feb. 1985
 NOV 21

DOMESTIC RETURN RECEIPT

P 784 192 755
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Ray Tissue, Jr.	
Street and No. 2900 South Lucia	
P.O. State and ZIP Code Carmel, California 93923	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date, and Address of Deliver.	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date <i>Nov 21, 1985</i>	

PS Form 3800, June 1985

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
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PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 1, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Dorothy Jane Tissue
Post Office Box 468
Pebble Beach, California 93953

Re: Application of Standard Oil Production Company for
Compulsory Pooling, Lea County, New Mexico

Dear Ms Tissue:

This letter is to advise you that Standard Oil Production Company has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the Strawn formation for any and all formations and/or pools developed on 40-acre spacing, in and under the NW/4 NE/4 of Section 8, Township 17 South, Range 38 East, N.M.P.M., Lea County, New Mexico. Standard Oil Production Company proposes to dedicate the referenced pooled unit to a well to be located at a standard location.

This application has been set for hearing before a Division Examiner on November 22, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR STANDARD OIL PRODUCTION COMPANY
WFC:mlh

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 box(es) for additional service(s) requested.

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

3. Article Addressed to:
 Dorothy Jane Tissue
 Post Office Box 468
 Pebble Beach, CA 93953

4. Article Number
 P 784 192 756

Type of Service:
 Registered Certified Express Mail
 Insured COD

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
 X

6. Signature - Agent
 X *M. Kernan*

7. Date of Delivery
 3 Nov 88

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

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

P 784 192 756
RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

Sent to Dorothy Jane Tissue	
Street and No Post Office Box 468	
P.O. State and ZIP Code Pebble Beach, CA 93953	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom, Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date <i>November 1, 1988</i>	

PS Form 3800, June 1985

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
JOHN H. BEMIS
MARTE D. LIGHTSTONE
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 1, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Nell Deal Kimball
2317 Haynes Drive
Midland, Texas 79705

Re: Application of Standard Oil Production Company for
Compulsory Pooling, Lea County, New Mexico

Dear Ms Kimball:

This letter is to advise you that Standard Oil Production Company has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the Strawn formation for any and all formations and/or pools developed on 40-acre spacing, in and under the NW 4 NE/4 of Section 8, Township 17 South, Range 38 East, N.M.P.M., Lea County, New Mexico. Standard Oil Production Company proposes to dedicate the referenced pooled unit to a well to be located at a standard location.

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Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR STANDARD OIL PRODUCTION COMPANY
WFC:mlh

P 784 192 764
RECEIPT FOR CERTIFIED MAIL

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

Sent to Nell Deal Kimball	
Street and No 2317 Haynes Drive	
P.O., State and ZIP Code Midland, Texas 79705	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date November 1, 1988	

PS Form 3800, June 1985

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 box(es) for additional service(s) requested.

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

3. Article Addressed to:
 Nell Deal Kimball
 2317 Haynes Drive
 Midland, Texas 79705

4. Article Number
 P 784 192 764
 Type of Service:
 Registered
 Certified
 Insured
 Express Mail
 COD

Always obtain signature of addressee or agent and **DATE DELIVERED.**

5. Signature - Addressee
 Nell Deal Kimball

6. Signature - Agent

7. Date of Delivery
NOV. 4 1988

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

PS Form 3811, Feb. 1986

DOMESTIC RETURN RECEIPT

CAMPBELL & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
MARK F. SHERIDAN
J. SCOTT HALL
JOHN H. BEMIS
MARTE D. LIGHTSTONE
PATRICIA A. MATTHEWS

JEFFERSON PLACE
SUITE 1 - 110 NORTH GUADALUPE
POST OFFICE BOX 2208
SANTA FE, NEW MEXICO 87504-2208
TELEPHONE: (505) 988-4421
TELECOPIER: (505) 983-6043

November 22, 1988

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

TXO Production Corp.
900 Wilco Building
Midland, Texas 79701

Attn: Carol Sledge

Re: Application of Standard Oil Production Company for
Compulsory Pooling, Lea County, New Mexico

Dear Ms Sledge:

This letter is to advise you that Standard Oil Production Company has filed an application with the New Mexico Oil Conservation Division seeking the force pooling of all mineral interests to the base of the Strawn formation for any and all formations and/or pools developed on 40-acre spacing, in and under the NW/4 NE/4 of Section 8, Township 17 South, Range 38 East, N.M.P.M., Lea County, New Mexico. Standard Oil Production Company proposes to dedicate the referenced pooled unit to a well to be located at a standard location.

This application has been set for hearing before a Division Examiner on December 7, 1988. You are not required to attend this hearing, but as an owner of an interest that may be subject to pooling, you may appear and present testimony. Failure to appear at that time and become a party of record will preclude you from challenging this application at a later date.

Very truly yours,



WILLIAM F. CARR
ATTORNEY FOR STANDARD OIL PRODUCTION COMPANY
WFC:mlh

P 784 192 810

RECEIPT FOR CERTIFIED MAIL

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

Sent to Attn: Carol Sledge TXO Production Corp.	
Street and No 900 Wilco Building	
P.O., State and ZIP Code Midland, Texas 79701	
Postage	\$.25
Certified Fee	.85
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	.90
Return Receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$ 2.00
Postmark or Date Kousubun 22, 1988	

PS Form 3800, June 1985

PS Form 3811, Feb. 1986

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 the 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. Consent postmaster for fees and check box(es) for additional service(s) requested.

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

3. Article Addressed to: TXO Production Corp.
900 Wilco Building
Midland, Texas 79701
Attn: Carol Sledge

4. Article Number
P 784 192 810

Type of Services:
 Registered Certified
 Insured COD
 Express Mail

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X *Carol Sledge*

7. Date of Delivery
1-22

8. Addressee's Address (ONLY if requested and fee paid)
*TXO Corp
4900*

DOMESTIC RETURN RECEIPT

BEFORE THE
OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY, MINERALS AND NATURAL RESOURCES

RECEIVED

IN THE MATTER OF THE APPLICATION
OF STANDARD OIL PRODUCTION COMPANY
FOR COMPULSORY POOLING,
LEA COUNTY, NEW MEXICO.

NOV 1 1977

OIL CONSERVATION DIVISION CASE NO. _____

APPLICATION

STANDARD OIL PRODUCTION COMPANY by and through its undersigned attorneys, hereby makes application pursuant to Section 70-2-17, N.M.S.A. (1978), for an order pooling all of the mineral interests from the surface to the base of the Strawn formation for any and all formations and/or pools developed on 40-acre spacing in and under the NW/4 NE/4 of Section 8, Township 17 South, Range 38 East, NMPM, Lea County, New Mexico, and in support thereof would show the Division:

1. Applicant owns or represents approximately 99% of the working interest in and under the NW/4 NE/4 of Section 8, and Applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced pooled unit to a well to be located at a standard location in Section 8.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all other interest owners in the NW/4 NE/4 of said Section 8 except for the following mineral interest owners:

Ray Tissue, Jr. 2900 South Lucia Carmel, California 93923	.00598 MI
Dorothy Jane Tissue Post Office Box 468 Pebble Beach, California 93953	.00598 MI
Nell Deal Kimball 2317 Haynes Drive Midland, Texas 79705	.00166 MI
Fernando Renoncourt (address unknown)	.00166 MI
Paul Balbaud (address unknown)	.00125 MI

4. Said pooling of interests will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the Applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interests should be pooled, and the Applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before a duly appointed Examiner of the Oil Conservation Division on November 22, 1988, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions for Applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling and after completion, including overhead charges, and imposing a risk factor for the risk assumed by the Applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted,

CAMPBELL & BLACK, P.A.

By:

A handwritten signature in cursive script, appearing to read "William F. Carr", is written over a horizontal line.

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ATTORNEYS FOR STANDARD OIL
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