

# Exhibit No. 3

REPRODUCED BY  
WEST TEXAS ELECTRICAL LOG SERVICE

1306 Commerce Street  
Dallas 1, Texas

REFERENCE No. A 635-B

## LOG WELLS COMPANY

Location of Well		COMPANY: KERNAN OIL CO. WELL: BAISH NO. B-36 FILE: FIELD: WALJAWAR COUNTY: LEA STATE: N.Y. LOCATION: 564' FN4W/L OF SEC. 29-173-32E		LOCATION: COUNTY: LEA FIELD: WALJAWAR STATE: N.Y.	
3985.3' G.L.					
LOG MEASURED FROM ROTARY TABLE ELEVATION 3996.7'					
DRILLING MEASURED FROM H. TABLE ELEVATION 3996.7'					
PERMANENT DATUM 9 5/8" BHADEN H. ELEVATION 3985.3'					
RUN NUMBER	1	1	2	2	
TYPE OF LOG	GAMMA RAY	NEUTRON	GAMMA RAY	NEUTRON	
DATE	12-16-48	12-16-48	2-8-49	2-8-49	
COMPANY DEPTH	8200'	8200'	10500'	10500'	
MAXIMUM DEPTH REACHED	8197'	8197'	10500'	10500'	
WELL FLUID	9.4# MUD	9.4# MUD	9.4# MUD	9.4# MUD	
FLUID LEVEL	FULL	FULL	FULL	FULL	
MAXIMUM TEMPERATURE	3 5/8	3 5/8	3 5/8	3 5/8	
O.D. OF INSTRUMENT—INCHES	274	275	274	275	
SENSITIVITY REFERENCE	KELLY	KELLY	KELLY	KELLY	
RECORDED BY	McGILL	McGILL	McGILL	McGILL	
WITNESSED BY					
CASING RECORD			OPEN HOLE RECORD		
RUN NO.	1	1	BIT SIZE—IN.	7 7/8	4184' TO T.D.
SIZE—IN.	9 5/8		INTERVAL		
WT.—LB.					
INTERVAL	SURFACE TO 4184'				
	TO				
	TO				
	TO				
	TO				
REMARKS OR OTHER DATA					
GAMMA RAY			NEUTRON		
RADIATION INTENSITY INCREASES			RADIATION INTENSITY INCREASES		
7.5"			5.0"		

SUPPLEMENTAL AND AMENDATORY AGREEMENT TO  
MALJAMAR COOPERATIVE AGREEMENT  
(Supplement No. 5)  
1 Sec. No. 341

P L A N     O F     O P E R A T I O N

Continental Oil Company, Operator under Supplemental and Amendatory Agreement to Maljamar Cooperative Agreement, (Supplement No. 5), 1 Sec. No. 341, proposes this the initial Plan of Operation as contemplated by Section 10 of such Agreement for conducting the pressure maintenance operation provided for therein.

The Grayburg-San Andres Operating Agreement appurtenant to Supplement No. 5 of even date, contemplates that Operator conduct a controlled pressure maintenance project designed to maintain a desired rate of Participating Area production, utilizing the most efficient injection rates, pressure and injection wells calculated to most effectively recover the fully unitized substances within the fully unitized formation.

Operator believes that the accomplishment of the foregoing objective will be obtained by conducting the operation on less than all of the Participating Area, and by extending the operation successively to additional areas in order to maintain such a desired rate of production.

In order to determine the most efficient injection rates, pressures and injection wells for the recovery of the fully unitized substances, Operator proposes to proceed with the initial phase designed to produce data for the resolution of those questions. Meanwhile the

injection of gas will be continued to the extent dictated by good engineering practices.

The New Mexico Oil Conservation Commission, by its Order Numbers R-841 and R-1075, has authorized injection as contemplated in such initial phase. It is anticipated that such initial phase will continue for approximately two years and that by the end of that period, Operator can have determined the extent of expansion of such initial phase desirable to most efficiently recover the fully unitized substances from the fully unitized formation at the desired rate of production.

It is proposed that continuing this initial phase of the operation, will proceed as follows:

Drilling and Conversion of Wells for Injection -

Initially, one well will be drilled as a water injection well (as shown enclosed in a square on the attached plat), two present gas injection wells which are open hole completions (enclosed in circles) will be converted to water injection wells and one presently producing oil well with open hole completion (enclosed in hexagon) will be converted to a water injection well.

When water facilities are installed, water injection operations will be commenced through these four injection wells for the obtaining of injection performance.

In addition, one well, to be located 25' from the South line and 1,325' from the West line of Section 21, Township 17 South, Range 32 East, will be drilled to obtain additional reservoir core data, pressures, etc., and will be initially completed as a producing well.

The results of this phase will furnish the engineering data to aid in designing the future equipment requirements and the proper pressure maintenance program for

maximum oil recovery. The information obtained by this work will be additional core analysis, reservoir pressures, water injection rates, injection control in individual zones and injection pressures. Based on the results so obtained, a reasonable determination can possibly be made of the injection rates, pressures and well injection density which will result in ultimate maximum economic oil recovery.

To provide additional injection and pressure data on the sixth zone and to provide for additional stimulation of oil in the area, the Pearl "B" No. 21, located 2,615' from the South line and 1,295' from the East line of Section 25, Township 17 South, Range 32 East, will be converted from a producing well to a water injection well.

Construct Water Supply Line -

A 12-3/4" water supply line will be constructed from the George Williams water supply well to the area indicated on the attached plat. The necessary pumping equipment will be installed in the George Williams water supply well to furnish water to this area. A water storage tank will be installed on top of the Caprock in the center of Section 19, Township 17 South, Range 33 East. At such time as the pressure maintenance program is further expanded, additional water supply wells will be equipped and the supply line extended to such wells as needed.

Install Injection System -

The initial injection plant and water distribution system within the field depends on expected required injection pressures. From injection data presently available on our original injection well, it appears that a system designed for a range of from 2,000 to 3,000 psi will be necessary. Additional information is being compiled on nearby waterfloods and will be further analyzed prior to the initial installation on this part of the system.

From the injection in the first four wells, the approximate pressures which will be required can be determined.

Consolidation of Oil Gathering System -

Only sufficient consolidation will be completed in the immediate future to obtain necessary engineering data and for proper separation of production for unit operations.

The following general steps will be taken to obtain information from this initial phase:

1. Cores will be taken during the drilling of new wells for determining reservoir characteristics.
2. Records of injection volumes and rates will be maintained which will help to determine the most efficient pressure maintenance program. A logging program will be carried on, where practical, in the old wells to determine and compare the formation lithology with logs and core analysis of newly drilled wells. Injection profiles and tracer surveys will be made periodically to determine points and volumes of water entry.

When this phase has been concluded and the expansion thereof is ready for accomplishment beyond the provisions of Order R-1075, Operator will file with the Commission a Supplemental Plan of Operation for administrative approval.

A handwritten signature in dark ink, appearing to read "Wm. A. Mead". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Wm. A. Mead, Chairman  
Operators Committee  
Maljamar Cooperative Agreement

NMOCC ORDERS AND ADMINISTRATIVE APPROVALS AFFECTING

EXHIBIT NO. 5

MCA UNIT INJECTION WELLS AND NON-STANDARD LOCATIONS

<u>WELL NAME IN ORIGINAL ORDER</u>		<u>PRESENT WELL NAME</u>	<u>LOCATION</u>	<u>ORDER AUTHORIZING INJECTION</u>	<u>ORDER AUTHORIZING INJECTION</u>
<u>GAS INJECTION WELLS</u>					
<u>Mal James Oil &amp; Gas Company</u>		<u>Continental Oil Company</u>			
<u>Balish A-8</u>		<u>Balish A No. 8</u>		1980' FNL, 660' FWL, Sec. 21, T17S, R32E	485
<u>Barney Cockburn</u>		<u>Miller A No. 6</u>		1980' FNL, 660' FWL, Sec. 26, T17S, R32E	485
<u>Burrito Oil Company</u>		<u>Wm. Mitchell B No. 33</u>		2610' FSL, 2640' FWL, Sec. 19, T17S, R32E	Administrative Approval 4-6-45
<u>Wm. Mitchell B No. IP 4</u>		<u>Wm. Mitchell B No. 42</u>		2615' FSL, 2610' FWL, Sec. 20, T17S, R32E	Administrative Approval 4-6-45
<u>Wm. Mitchell B No. IP 5</u>		<u>Wm. Mitchell B No. 44</u>		25' FSEL, Sec. 19, T17S, R32E	Administrative Approval 4-6-45
<u>Wm. Mitchell B-IP No. 12</u>		<u>Wm. Mitchell B No. 17</u>		660' FSEL, Sec. 17, T17S, R32E	Administrative Approval 4-6-45
<u>Wm. Mitchell B No. 17</u>		<u>Wm. Mitchell B No. 45</u>		2615' FSL, 25' FWL, Sec. 20, T17S, R32E	Administrative Approval 4-6-45
<u>Wm. Mitchell B-IP No. 18</u>		<u>Wm. Mitchell B No. 36</u>		25' FSL, 2590' FWL, Sec. 20, T17S, R32E	Administrative Approval 4-6-45
<u>Wm. Mitchell B-IP No. 36</u>		<u>Balish B No. 16</u>		25' FSL, 50' FWL, Sec. 22, T17S, R32E	Administrative Approval 4-6-45
<u>Balish B No. IP 10</u>		<u>Balish A No. 28</u>		2530' FNL, 215' FEL, Sec. 21, T17S, R32E	Administrative Approval 11-27-51
<u>Balish A No. IP 19</u>		<u>Balish B No. 17</u>		2555' FNL, 2615' FWL, Sec. 22, T17S, R32E	Administrative Approval 4-6-45
<u>Balish B No. IP 20</u>		<u>Balish A No. 26</u>		2615' FNL, Sec. 21, T17S, R32E	Administrative Approval 4-6-45
<u>Balish A No. IP 26</u>		<u>Balish B No. 18</u>		25' FSL, 2610' FWL, Sec. 22, T17S, R32E	Administrative Approval 4-6-45



WELL NAME IN ORIGINAL ORDER	PRESENT WELL NAME	LOCATION	ORDER AUTHORIZ- ING NSL	ORDER A ING IN
<u>Kewanee Oil Company (Continued)</u>				
<u>Pearl 24 B IP 44</u>	Pearl B No. 24	1345' F&W, L Sec. 25, T17S, R32E	763	R-146
Pearl 25 B IP 45	Pearl B No. 25	1345' F&W, L, 2615' F&W, L, Sec. 25, T17S, R32E	770	R-483
<u>WATER INJECTION WELLS</u>				
<u>Continental Oil Company</u>				
Kewanee Pearl 21 B	Pearl B No. 21	2665' F&W, L, 1295' F&W, L, Sec. 25, T17S, R32E	763	R-1075*
Kewanee Pearl 26 B	Pearl B No. 26	2615' F&W, L, 25' F&W, L, Sec. 30, T17S, R33E	770	R-841
New Well	New Well	25' F&W, L, 1325' F&W, L, Sec. 21, T17S, R32E	R-1075	R-1075*
Buffalo Balsh A No. 21	Balsh A No. 21	1395' F&W, L, 1347' F&W, L, Sec. 21, T17S, R32E	821	R-1075*
New Well	New Well	1325' F&W, L, 2615' F&W, L, Sec. 21, T17S, R32E	R-1075	R-1075*
Kewanee Balsh B IP No. 11	Queen B No. 38	80' F&W, L, 25' F&W, L, Sec. 28, T17S, R32E	Administrative Approval 4-6-45	R-1075*
New Well	New Well	25' F&W, L, 1325' F&W, L, Sec. 21, T17S, R32E	R-1075	R-1075*
Kewanee Balsh B No. IP 35	Queen B No. 42	75' F&W, L, 2560' F&W, L, Sec. 28, T17S, R32E	Administrative Approval 4-6-45	R-1075*
New Well	New Well	1325' F&W, L, 25' F&W, L, Sec. 28, T17S, R32E	R-1075	R-1075*
New Well	New Well	1325' F&W, L, Sec. 28, T17S, R32E	R-1075	R-1075*
New Well	New Well	1325' F&W, L, 2635' F&W, L, Sec. 28, T17S, R32E	R-1075	R-1075*

\*Approved but not in operation as injection wells.



WELL NAME IN ORIGINAL ORDER	PRESENT WELL NAME	LOCATION	ORDER AUTHORIZING NSL	REMARKS
PRODUCING WELLS - NSL				
Kewanee Oil Company	Continental Oil Company			
Pearl 21 B	Pearl B No. 21	2665' FNL, 1295' FEL, Sec. 25, T17S, R32E	763	
Pearl 23 B	Pearl B No. 23	2615' FSL, 1345' FWL, Sec. 25, T17S, R32E	763	
Balsh B 32	Queen B No. 32	1295' FSL, 2615' FEL, Sec. 27, T17S, R32E	735	
Balsh B 34	Queen B No. 34	2600' FNL, 25' FWL, Sec. 27, T17S, R32E	Administrative Approval 4-6-45	
Balsh B 37	Queen B No. 37	1345' FS&EL, Sec. 27, T17S, R32E	R-484	Administrative Approval 4-3-57 for recompletion in Maljamar Pool
Pearsall A No. 14	Pearsall A No. 14	1345' FNL, 2615' FEL, Sec. 33, T17S, R32E	R-484	Administrative Approval 4-3-57 for recompletion in Maljamar Pool
Buffalo Oil Company				
Balsh A 20	Balsh A No. 20	2615' FNL, 1295' FWL, Sec. 21, T17S, R32E	793	
Balsh A 21	Balsh A No. 21	1395' FSL, 1347' FWL, Sec. 21, T17S, R32E	821	
Balsh A No. 1	Balsh A No. 1	250' FS&EL, Sec. 21, T17S, R32E	Discovery Well	Drilled 7-16-26
State A No. 1	State A No. 1	250' FS&EL, Sec. 16, T17S, R32E	Old Well	Drilled 1927
Carper Drilling Company	Carper Drilling Company			
Simon #9-N	Simon N No. 9	1345' FEL, 1295' FSL, Sec. 29, T17S, R32E	828	
Sears	Sears			
Miller No. 5	Miller A No. 5	1295' FSL, 1370' FWL, Sec. 26, T17S, R32E	781	