

**Querecho Plains Prospect  
Waterflood Project  
Queen Associated Sand Unit  
T18S-R32E  
Lea County, New Mexico**

**NMOCD Case No. 10959**

**Overriding Royalty Interest Contact Report**

NEW MEXICO  
OIL CONSERVATION DIVISION

\_\_\_\_\_  
PAGE 50

CASE NO. 10959+10960

Gary L. and Candace Jo Bennett  
P. O. Box 16844  
Lubbock, Texas 79490

Telephone: (806) 794-3368

3/01/94 Agreement is with attorney for review. Will call with any questions.

3/16/94 Left message on machine.

3/25/94 Left message on machine

3/29/94 Rang 10 times. No answer.

4/04/94 Left message on machine.

4/22/94 Left message on machine.

4/25/94 Left message on machine.

**SENDER:**

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

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

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

Consult postmaster for fee.

**3. Article Addressed to:**

Gary L. Bennett, et ux  
Candace Jo Bennett  
P. O. Box 16844  
Lubbock, TX 79490

**4a. Article Number**

P 028 722 285

**4b. Service Type**

- |   |   |
|---|---|
| <input type="checkbox"/> Registered           | <input type="checkbox"/> Insured                        |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD                            |
| <input type="checkbox"/> Express Mail         | <input type="checkbox"/> Return Receipt for Merchandise |

**7. Date of Delivery**

FEB 14 1991

**5. Signature (Addressee)****6. Signature (Agent)****8. Addressee's Address (Only if requested and fee is paid)**

Thank you for using Return Receipt Service.

John Borg III  
324 Henkel Lane  
Mesa, Arizona 85201-6201

Telephone: (602) 964-8812

John Borg II  
Telephone: (602) 834-5268

3/01/94 Discussed agreements with John Borg "original". His son is reviewing. Will call with any questions.

3/16/94 Discussed with his (III) mom. She gave him the ORRI in '84-'85. He will not participate because "he does not want to see the land depleted w/salt water". Tried to leave name and number. She refused. He is adamant about not participating.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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- Complete items 3, and 4a & b.
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I also wish to receive the following services (for an extra fee):

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

Consult postmaster for fee.

3. Article Addressed to:

**John O. Borg III**  
**324 Henkel Lane**  
**Mesa, AZ 85201-6201**

4a. Article Number

**P 028 722 288**

4b. Service Type

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

7. Date of Delivery

**2-11-94**

5. Signature (Addressee)

*[Signature]*

6. Signature (Agent)

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

Thank you for using Return Receipt Service.

Pamela Brooks  
2545 Tyler Street  
Eugene, Oregon

Telephone: (503) 485-7403

- 3/02/94     She received. Discussed it is the same as QPBS but shallower. Discussed her ORRI is in Cedar Lake which is producing no revenues. With joining the Unit she'll get to share in all proceeds. She's misplaced the agreements but will find, sign and return.
- 3/16/94     Left message on machine.
- 3/25/94     Left message on machine.
- 3/29/94     Left message on machine.
- 4/04/94     Left message on machine.
- 4/25/94     Left message on machine.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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

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

Consult postmaster for fee.

3. Article Addressed to:

Pamela Brooks  
2545 Tyler Street  
Eugene, OR 97405-2266

4a. Article Number

P 028722290

4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered           | <input type="checkbox"/> Insured                        |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD                            |
| <input type="checkbox"/> Express Mail         | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

2-12-94

5. Signature (Addressee)

6. Signature (Agent)

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

Kathleen Capps, Trustee  
P. O. Box 51311  
Midland, Texas 79710-1311

Telephone: (915) 683-3171 Randy Capps  
(915) 699-0838 Teena Karman

3/16/94 Left message on machine.

3/17/94 Randy Capps left message. Called Randy. He will do whatever Bill Crow does. Discussed the numbers favor them joining the Unit and we'll show those to Bill.

3/29/94 Called Randy. Discussed we were tendering Bill Crow an offer. Randy wants one also.

Mailed offer.



Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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- Complete items 3, and 4a & b.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

3. Article Addressed to:

**Kathleen Capps, Tr.  
P. O. Box 51311  
Midland, TX 79710-1311**

(915) 699-0838

5. Signature (Addressee)

*Kathleen Capps*

6. Signature (Agent)

4a. Article Number

**P 028 722 291**

4b. Service Type

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

7. Date of Delivery

*2-11-94*

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

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

1. ☐ Addressee's Address

2. ☐ Restricted Delivery

Consult postmaster for fee.

Cavalcade Oil Corporation  
P. O. Box 16187  
Lubbock, Texas 79490

Telephone: (806) 792-7151

3/03/94 Left message for Joe Conner.

3/08/94 Joe Conner called. Agreement is with counsel. He doesn't see a problem. Will try to have signed and returned middle next week. Will call with any questions.

3/14/94 Joe left message.

3/15/94 Left message for Joe. Joe called and left message. Called Joe. He wants us to buy him out. He is thinking  $\pm$  2M\$ based on 50% of his projected cash flow, provided we handle all paperwork for transaction. Discussed paperwork is no problem, but I'll have to run numbers. Should have something in the mail to him this week.

Mailed offer.

<b>SENDER:</b> <ul style="list-style-type: none"><li>• Complete items 1 and/or 2 for additional services.</li><li>• Complete items 3, and 4a &amp; b.</li><li>• Print your name and address on the reverse of this form so that we can return this card to you.</li><li>• Attach this form to the front of the mailpiece, or on the back if space does not permit.</li><li>• Write "Return Receipt Requested" on the mailpiece below the article number.</li><li>• The Return Receipt will show to whom the article was delivered and the date delivered.</li></ul>		<p>I also wish to receive the following services (for an extra fee):</p> <p>1. <input type="checkbox"/> Addressee's Address</p> <p>2. <input type="checkbox"/> Restricted Delivery</p> <p>Consult postmaster for fee.</p>	
3. Article Addressed to: <b>Cavalcade Holdings</b> <b>6901 Quaker Avenue</b> <b>Lubbock, TX 79413</b> <b>Att: Joe Conner</b>		4a. Article Number <b>P 028 722 292</b>	
		4b. Service Type <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise	
		7. Date of Delivery <b>2/14/94</b>	
5. Signature (Addressee) <i>Rachelle Trana</i>		8. Addressee's Address (Only if requested and fee is paid)	
6. Signature (Agent)			

Thank you for using Return Receipt Service.

William R. Crow  
5007 Canterbury Drive  
Midland, Texas 79705

Telephone: (915) 683-5060

3/17/94 .13 ownership. Calculated he would get 286 BO in Unit 255 BO left. Will send him an offer.

3/29/94 Mailed offer.

4/12/94 Bill called. Respectfully declined our offer. Needed four times that to get his interest. Was not willing to make a written counteroffer. "Will take his chances with the OCD".

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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- Complete items 3, and 4a & b.
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I also wish to receive the following services (for an extra fee):

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

Consult postmaster for fee.

3. Article Addressed to:  
William C. Crow  
5007 Canterbury Drive  
Midland, Texas 79705

4a. Article Number  
**P 151 907 789**

4b. Service Type  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery  
**JAN 31 1994**

5. Signature (Addressee)  
*W C Crow* (RI) P.P.Q.

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

6. Signature (Agent)

Thank you for using Return Receipt Service.

Rae I. Little, Deceased  
C/O Raymond Rix  
916 S. 9th Street  
Kenedy, Texas

Telephone: (210) 583-3739

- 2/28/94     Talk to Raymond Rix. Was referred to Causey Quillian.
- 3/01/94     Left message for Causey Quillian who is executing for Rae Little Estate.
- 3/03/94     Left message for Causey Quillian.
- 3/03/94     Causey called. Rae's will was over four years old, so estate was partitioned administratively. This was discussed with Janell Glenn of our offices 6/13/88. Anyway, the partition of mineral rights in Sections 22 and 23 went to Billy Rix - Victoria, Texas, Claude Rix - Sinton, Texas, and Raymond Rix - Kenedy, Texas. Causey seems to remember recording instruments in NM but couldn't find in his records.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 or 2 for additional services.
- Complete items 3, 4a & b.
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I also wish to receive the following services (for an extra fee):

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

Consult postmaster for fee.

3. Article Addressed to:

Rae I. Little  
C/O Raymond Rix  
916 South 9th Street  
Kenedy, Texas 78119

4a. Article Number

P 028 722 336

4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered           | <input type="checkbox"/> Insured                        |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD                            |
| <input type="checkbox"/> Express Mail         | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

3-11-94

5. Signature (Addressee)

*Raymond Rix*

6. Signature (Agent)

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

PS Form 3811, December 1991 ☆ U.S.G.P.O. : 1992-307-530

**DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Gregory Panos  
P. O. Box 5203H  
Salt Lake City, UT 84152

Telephone: Unlisted

3/25/94 Left message with Pat Panos trying to find Gregory.



Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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- Complete items 3, and 4a & b.
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I also wish to receive the following services (for an extra fee):

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

Consult postmaster for fee.

3. Article Addressed to:

Gregory P. Panos  
P. O. Box 520311  
Salt Lake City, UT 84152

Telephone not Published

4a. Article Number

P 028 722 313

4b. Service Type

- |   |   |
|---|---|
| <input type="checkbox"/> Registered           | <input type="checkbox"/> Insured                        |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD                            |
| <input type="checkbox"/> Express Mail         | <input type="checkbox"/> Return Receipt for Merchandise |

7. Date of Delivery

2-15-94

5. Signature (Addressee)

6. Signature (Agent)

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

Roland G. Simpson  
536 Gerona Avenue  
San Gabriel, CA 91775-2228

Telephone: (818) 286-6438 (H)  
(213) 488-7561 (W)  
(213) 488-7451 Secretary

- 3/03/94    Talked to mom. Left message on answering machine at work. Left message with secretary.
- 3/17/94    Left message with Debbie (secretary).
- 3/25/94    Called Rolando. He has no problems, just needs to find notary.
- 4/22/94    Discussed w/secretary. Requested to return prior to hearing.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

- Complete items 1 and/ for additional services.
- Complete items 3, and b.
- Print your name and address on the reverse of this form so that we can return this card to you.
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- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt will show to whom the article was delivered and the date delivered.

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

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

Consult postmaster for fee.

3. Article Addressed to:  
**Roland G. Simpson**  
**536 Gerona Avenue**  
**San Gabriel, CA 91775-2228**

4a. Article Number  
**P 028 722 318**

4b. Service Type  
☐ Registered ☐ Insured  
☒ Certified ☐ COD  
☐ Express Mail ☐ Return Receipt for Merchandise

7. Date of Delivery

5. Signature (Addressee)

6. Signature (Agent)

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

PS Form 3811, December 1991 U.S. G.P.O. 1992/307-530

**DOMESTIC RETURN RECEIPT**

Thank you for using Return Receipt Service.

Joe K. Smith  
Star Route  
Carbon, Texas 76435

Telephone: (817) 639-2201 Mom  
(915) 697-0066

3/03/94    Talked to his mom. Her husband is deceased and Joe J. Smith, son, is in Midland. Talked to Joe J.'s wife. Joe has agreement at his office, but he is on a rig. Left our number to call with any questions.

3/17/94    Left message on machine.

3/29/94    Found Joe via Rand Capps who owns Xerix Oil. Joe will do what Randy and Bill Crow do. All three are amiable to an offer.

Mailed offer.

**SENDER:**

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- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

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

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

Consult postmaster for fee.

**3. Article Addressed to:**

Joe L. Smith  
Star Route  
Carbon, Texas 76435

(RI)

Q.P.Q.

**4a. Article Number**

**P 151 907 797**

**4b. Service Type**

- |   |   |
|---|---|
| <input type="checkbox"/> Registered           | <input type="checkbox"/> Insured                        |
| <input checked="" type="checkbox"/> Certified | <input type="checkbox"/> COD                            |
| <input type="checkbox"/> Express Mail         | <input type="checkbox"/> Return Receipt for Merchandise |

**7. Date of Delivery**

2-2-94

**5. Signature (Addressee)****6. Signature (Agent)**

PS Form 3811, November 1990 ★ U.S. GPO: 1991-287-066

**DOMESTIC RETURN RECEIPT**

Carol David Trammell, Separate Property  
P. O. Box 5081  
Walnut Creek, CA 94596

Telephone: (510) 686-5671

- 2/25/94 Mrs. Trammell called - disabled and can't get around. Will try to get notarized. Nations Bank holds trust but only can be signed by Mrs. Trammell.
- 3/02/94 Left message on machine.
- 3/17/94 Left message on machine.
- 3/29/94 Left message on machine.

Is your RETURN ADDRESS completed on the reverse side?

**SENDER:**

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

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

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

Consult postmaster for fee.

3. Article Addressed to:

**Carol David Trammell  
P. O. Box 5081  
Walnut Creek, CA 94596**

4a. Article Number

**P 028 722 321**

4b. Service Type

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

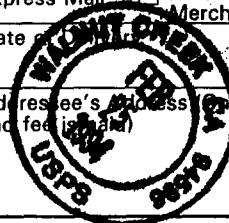
7. Date

5. Signature (Addressee)

*CD Trammell*

6. Signature (Agent)

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



Thank you for using Return Receipt Service.

**ARTICLE REVISIONS TO THE  
PLAN OF UNITIZATION**

EXHIBIT 8

**QUERECHO PLAINS QUEEN ASSOCIATED SAND UNIT 10959 + 10960  
LEA COUNTY, NEW MEXICO**

As negotiated with Working Interest Owners to be presented as testimony and incorporated in the Order creating said unit.

**Unit Agreement (UA)**

Article 5.6, Page 15: Delete "and/or in the remainder of the Querecho Plains Queen Associated Sand Unit, if any."

Article 6.5, Page 20: Add as second sentence: "Unit Operator shall provide non-operators with timely written notice of any matter which will significantly impact Unit Operations."

Article 10.3, Page 32: Add as the last paragraph of Article 10.3: "The indemnity described in this Article 10.3 shall apply only to the loss due to failure, in whole or in part, of title to an interest, except failure of title arising out of Unit Operations."

Article 10.5, Page 33: After the end of the second sentence ending in "Unit Expense", add sentence as follows: "All such rights, interest, or property acquired shall be owned by the Working Interest Owners sharing in such expense."

Article 20.3, Page 43: Revise as follows: "Lien and Security Interest of Unit Operator and Working Interest Owners. Unit Operator and the Working Interest Owners shall have a lien upon and a security interest in the interests of the Operator and the Working Interest Owners in the Unit Area as provided in the Unit Operating Agreement."

**Unit Operating Agreement (UOA)**

Article 3.6.2, Page 8: Revise as follows: "Voting Required. Unless otherwise provided herein or in the Unit Agreement, the Operating Committee shall determine all matters by the affirmative vote of two or more Working Interest Owners having a combined voting interest of at least seventy-five percent (75%); provided, that should any one Working Interest Owner own more than twenty-five (25%) voting interest, its negative vote shall not serve to defeat such matter unless supported by the negative vote of one or more Working Interest Owners."



Article 5.4, Page 12: Add as the last sentence "In the event that a Working Interest Owner shall take the Unitized substances in kind, Unit Operator agrees to promptly provide such Working Interest Owner such information in its files (Title Opinions, Division Order Opinions, Pay Sheets, etc.) to enable the Working Interest Owner to make royalty payments."

Article 5.11, Page 13: Add to the beginning of the first sentence "Subject to Operating Committee approval,".

Article 6.2.3, Page 15: "Lien and Security Interest". A lien and security interest as set forth in Article 10.7, below."

Article 10.1, Page 21: Add as the first sentence, "Unit Operator shall initially pay all Unit Expenses."

Article 10.5, Page 24: Revise second sentence as follows: Replace comma (,) after Unit Operator with semicolon (;) ---"or, at the option of Unit Operator, with the exception of Capital Expenditures for development drilling;"

At the end of the second sentence ending with "Capital Expenditure" add the following sentence. "For expenditures for development drilling, any such defaulting Working Interest Owner shall be deemed to have relinquished to Unit Operator and all non-defaulting Working Interest Owners who shall carry and pay such defaulting Capital Expenditures as described above."

Article 10.7, Page 26: Change heading to read "Lien and Security Interest of Unit Operator and Working Interest Owners" as provided in the last sentence of Article 10.7.

Article 17.3.5, Page 35: Delete "Secondary Phase."

#### **Accounting Procedure (AP)**

Article I.1.2, Page F-1: Change article to read: "Unit Operations shall mean all operations necessary and proper conducted by the Unit or Unit Operator pursuant to this Unit Agreement for or on account of the development, protection and maintenance of the Unitized Formation including the implementation and operation of secondary recovery techniques for the production of Unitized Substances."

Article I.1.7, Page F-2: Change article to read: "First Level Supervisors shall mean those employees whose primary function in Joint Operations is the direct supervision of Unit Operator's field employees and/or contract labor directly employed on the Joint Property in a field operating capacity."

Article I.3.1, Page F-3: Change "ninety (90)" days to "thirty (30)" days.

Article I.5, Page F-4: Revise third sentence to read: "Where there are two or more Non-Operators, the Non-Operators shall endeavor to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Unit Operator."

Article II.2.2, Page F-5: Retitle "Other Direct Labor Costs".

Article II.7.1, Page F-8: Rewrite as follows: Unit Operator shall charge the Joint Account for the use of Unit Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operation expense, insurance, taxes, depreciation, and interest on gross investment less accumulated depreciation not to exceed 10% per year. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

Article II.9, Page F-9: Revise as follows: "Costs incurred by Operator in procuring abstracts and fees paid outside attorneys for title examination or fees paid outside attorneys appearing on behalf of the Joint Property before regulatory or governmental agencies. Expense of handling, investigating and settling litigation or claims, discharging liens, payment of judgements and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the joint property, except that no charge for invoices of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the parties. All other legal expense is considered to be covered by the overhead provisions of Article III unless otherwise agreed to by the Parties, except as provided in Article 13.3 of the Unit Operating Agreement."

Article II.12, Page F-9:

**Ecological and Environmental**

Costs incurred for the benefit of the Joint Property as a result of governmental or regulatory requirements to satisfy environmental considerations applicable to the Joint Operations. Such costs may include surveys of an ecological or archaeological nature and pollution control procedures as required by applicable laws and regulations.

Article III.1.3.1, Page F-10: Following "\$4,600" insert "prorated for less than a full month". This is done in practice in the normal accounting procedure.

Article III.1.3.2(a), Page F-11: Revise as follows:

- (1) Charges for drilling wells shall begin on the date the well is spudded and terminate on the date the drilling rig or completion rig, or other units used in completion of the well is released, which ever is later, except that no charge shall be made during suspension of drilling or completion operations for fifteen (15) or more consecutive calendar days.

Article III.1.3.2(b), Page F-11: Revise as follows:

- (2) Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive work days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, or other units used in workover, commence through date of rig or unit, release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive calendar days.

Article III.1.3.2.(b)(4), Page F-12: Delete Article.

Article III.2, Page F-13: Revise last sentence to read: " For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling, workover wells, and the installation of artificial lift, with the exception of a gas lift system, shall be excluded."