

CASE 6365: MICHAEL P. GRACE II FOR COM-
PULSORY POOLING, EDDY COUNTY, NEW MEXICO

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CASE NO.

6365

APPLICATION,
TRANSCRIPTS,
SMALL EXHIBITS,

ETC.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BUILDING
Santa Fe, New Mexico
25 October 1978

EXAMINER HEARING

IN THE MATTER OF:

Application of Michael P. Grace II
for compulsory pooling,
Eddy County, New Mexico.

CASE
6365

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

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1 MR. NUTTER: The first case this afternoon
2 will be Case Number 6365.

3 MS. TESCHENDORF: Case 6365. Application of
4 Michael P. Grace, II, for compulsory pooling, Eddy County,
5 New Mexico.

6 MR. HARRIS: Mr. Examiner, my name is Dahl
7 Harris. I'm with the Albuquerque firm of Harris, Wilkin
8 and Lee. I'm here on behalf of Mr. Grace this afternoon.
9 I will have one witness and four exhibits.

10 I wasn't anticipating these gentlemen being
11 here or I would have had some exhibits prepared for them.

12 MR. NUTTER: Do you have any exhibits for
13 them at all?

14 MR. HARRIS: No, Your Honor. I don't think
15 that they're probably necessary, anyway.

16 May I proceed, Mr. Examiner?

17 MR. NUTTER: We'll call for appearances in
18 this case.

19 MR. McCORMICK: I'm Don G. McCormick, Attorney
20 of Carlsbad, with the firm of McCormick and Forbes, and I
21 represent the Riverside Country Club, which is protesting
22 the application.

23 I also desire to present a letter from Robert
24 S. Light of Carlsbad, who is unable to be here, and who I
25 will represent for what it's worth. He is the owner of

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1 minerals under this half section.

2 MR. NUTTER: And you're representing him as
3 far as presenting that letter for him?

4 MR. MCCORMICK: That's right.

5 MR. NUTTER: What was his name again?

6 MR. MCCORMICK: Robert S. Light, L-I-G-H-T.

7 MR. PITTS: And my name is Albert L. Pitts
8 and I'm an Assistant Attorney General, and I'm representing
9 the interests of the State Game Commission in this matter,
10 and we also are protesting this application.

11 MR. NUTTER: Is your name Alfred or Albert?

12 MR. PITTS: Albert.

13 MR. NUTTER: Albert, okay, thank you.

14 Would you proceed, Mr. Harris?

15 MR. HARRIS: Yes, sir, by your leave, Mr.
16 Examiner.

17 My witness today is Mr. Bob Becker.

18
19 ROBERT W. BECKER

20 being called as a witness and having been duly sworn upon
21 his oath, testified as follows, to-wit:

22
23 DIRECT EXAMINATION

24 BY MR. HARRIS:

25 Q Would you please state your name, your place

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1 of residence?

2 A Robert W. Becker. I'm a consulting geologist
3 in Roswell, New Mexico.

4 Q And have you previously testified before the
5 Oil Conservation Division?

6 A Yes, I have.

7 Q Have you been qualified as an expert?

8 A Yes, I have.

9 MR. HARRIS: Will his qualifications be ac-
10 cepted?

11 MR. NUTTER: Yes, Mr. Becker has testified
12 before.

13 MR. HARRIS: All right, fine.

14 Q (Mr. Harris continuing.) Now, Mr. Becker,
15 what is the purpose of this hearing this afternoon?

16 A The Graces wish to drill a well in the west
17 half of Section 25, 21, 26, Eddy County, New Mexico, and
18 they're trying to get a half section communitized for this
19 well.

20 Q Okay, now are you familiar with the location
21 of that well?

22 A Yes.

23 Q Where is the standard spacing there?

24 A The standard is 320 acres.

25 Q Okay, and this particular well that they wish

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1 to drill, is that in a standard location?

2 A Yes, it is for a Morrow-Pennsylvanian test,
3 yes.

4 Q Now, Exhibit Number One, could you identify
5 that for the Examiner, please?

6 A It's a copy of a letter the Graces sent to
7 all the mineral owners setting out the percentages of
8 ownership and showing that the Graces own the majority of
9 the minerals.

10 MR. NUTTER: Mr. Becker, that's a one-page
11 letter there, isn't it?

12 A Yes, it is.

13 MR. NUTTER: My copy is being reproduced.
14 Would you just read that into the record for us, please?

15 A Yes, sir.

16 MR. NUTTER: Since no one has a copy except
17 you.

18 A Regarding the proposed Burton Flat Undesignated
19 Morrow working interest unit, Eddy County, New Mexico,
20 Michael P. Grace, as operator, proposed forming a 320-acre
21 working interest unit for the drilling of a 12,000 foot
22 Morrow test well, located in the west half of Section 25,
23 Township 21 South, Range 26 East, N.M.P.M.. Estimated
24 costs are \$655,650 for a completed producer and \$500,237
25 for a dry hole. The unit area consists of the west half

1 of Section 25, Township 21 South, Range 26 East, N.M.P.M.,
2 with the following owners: Michael P. Grace, 38.6 percent;
3 Corinne Grace, 21.9 percent; Texas Oil and Gas, 6.25 per-
4 cent; Josephine Tracy Trust, and Laura, 1/2 interest each
5 in 40 acres -- Laura Tracy, I'm sorry. That's Josephine
6 Tracy Trust and Laura Tracy, 6-1/4 percent, and this is
7 1/2 interest each in 40 acres; Cities Service, 12-1/2 per-
8 cent; Presbyterian Church, 3.1 percent; various unleased
9 mineral interest owners in the Big Sky Homes Subdivision
10 in the Country Club area, 11.4 percent, and that's a total
11 of 100 percent.

12 Your joinder in this proposal is requested
13 by either of (1) as a party in drilling of the test well,
14 or (2) committing your acreage on a farmout basis.

15 Your prompt response to this will be greatly
16 appreciated.

17 Sincerely yours, Juanita Jones Weilbarger (sic),
18 agent for Michael P. Grace.

19 Q Okay, Mr. Becker, referring to our Exhibit
20 Number Two, what is that?

21 A Exhibit Number Two is a breakdown of the
22 ownership of the 11.4 percent just -- in the letter just
23 previously referred to.

24 Q Now, has this letter been sent out to that
25 list of people?

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1 A Yes, a letter was sent to each of the various
2 mineral owners.

3 Q What sort of response has been had on that?

4 A No one has preferred to join.

5 Q Okay, has everybody, to your knowledge, been
6 given a copy of this letter?

7 A Most have. Certified copies of the letter
8 were sent out and most of the receipts have been received.

9 Q Now, what is Exhibit Number Three?

10 A Exhibit Three is an AFE, the estimated cost
11 of a Morrow well at the proposed location.

12 Q Okay, now have you viewed this AFE?

13 A Yes, I have.

14 Q Okay, and do you believe that this is an
15 accurate summation of what the costs would be at this loca-
16 tion?

17 A I believe the total costs are in the ballpark,
18 yes.

19 Q How did you arrive at that conclusion?

20 A I compared these costs with the Cities Service
21 Well that was drilled about a year and a half ago and the
22 totals come out around 12 percent higher than the Cities
23 Service well.

24 Q Okay, how do you account for that 12 percent
25 higher?

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1 A I would expect inflation to have been that
2 much more.

3 Q How far away was that Cities Service well
4 drilled?

5 A It's about 3/4 of a mile east.

6 Q Okay, so you consider the well to be, then,
7 comparative in cost?

8 A Relatively the same, yes. Maybe a little
9 less, but about the same.

10 Q Now, I notice that the cost on this AFE is
11 higher than what is shown on Exhibit Number One, the letter
12 sent out to the people. Why, you know, why is there that
13 difference?

14 A Well, when I went over the AFE, originally
15 the drilling costs were for 30 days and I figured from
16 looking at the other well that the -- it would be closer
17 to 45 days, so I have increased the cost of drilling about
18 \$65,000.

19 Q I see. So the major difference between this
20 AFE that's tendered today as Exhibit Number Three and the
21 letter, Exhibit Number One, is that increased time for
22 drilling the well.

23 A That's right.

24 Q Now what are the proposed charges for super-
25 vision of drilling this well?

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1 A Company supervision is \$2000 per month.

2 Q Okay, and how about proposed costs of super-
3 vision for an operating well? How much do you think would
4 be reasonable for that?

5 A Well, probably \$200 to \$250 a month.

6 Q Okay. Now, referring to Exhibit Number Four,
7 what is that?

8 A That's a land plat of the area of the well,
9 showing the west half of Section 25 as the communitized
10 area.

11 Q I believe on the Commissioner's Exhibit the
12 proposed west half site is outlined in orange.

13 Okay, have there been other Morrow wells
14 drilled in this area?

15 A Yes, to the east there are several wells
16 drilled, to the east.

17 Q And what type of risk is involved in drilling
18 a hole of this nature?

19 A Well, a Morrow well is always risky. This
20 is a step-out, actually, it's two locations from the nearest
21 well, and I would consider it quite risky a well.

22 Q Okay, do you have an opinion as to what type
23 of risk factor should be -- would be appropriate to charge
24 in this particular case?

25 A I think the maximum allowed by the Commission.

Q Now, do you have an opinion as to whether the proposed well on this tract at this location would be in the interests of conservation and prevent drilling of unnecessary wells, prevent waste, and --

A Yes, I do.

Q Okay, what is that opinion?

A I believe it protects correlative rights.

Q And would it prevent waste?

A Yes.

Q It would be in the interest of conservation?

A It certainly would, yes.

MR. HARRIS: Mr. Examiner, at this time I would move for the admission of Applicant's Exhibits One through Four.

MR. NUTTER: Exhibits One through Four will be admitted in evidence.

MR. HARRIS: I have no further questions of the witness unless the Examiner would care to question him.

MR. NUTTER: Does anyone have questions?

MR. McCORMICK: Yes, I would.

CROSS EXAMINATION

BY MR. McCORMICK:

Q Mr. Becker, are you an independent geologist?

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A Yes, I am.

Q You are not on the staff of Mr. Grace's organization, are you?

A No, I am not.

Q Where does Mr. Grace live?

A I don't really know. I've talked to him on the phone.

Q But you don't know where he lives?

A No, sir.

Q Do you know where Corinne Grace lives?

A No, sir.

Q I notice that your Exhibit One was dated the 16th of October. That's the first time you've contacted any of the people about joining in this unit?

A To my knowledge, yes.

MR. HARRIS: I would offer a correction on that. My expert isn't privy to the fact that Corinne Grace contacted, I believe, Cities Services and Texas Oil and Gas prior to the sending out of this particular letter.

MR. McCORMICK: Well, I'm speaking of the unleased interests.

Q Is this the first time any of them were contacted?

A I'm not familiar with that, really. I can't answer that.

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1 Q There's actually a well on this property now,
2 isn't there, a drilling rig?

3 A I believe so.

4 Q Do you know how long it's been there?

5 A No, sir.

6 Q What kind of a rig is it?

7 A I believe it's a cable tool.

8 Q It's a water well rig, isn't it?

9 A I'm not sure. I've never been at the --

10 Q Do you know who owns it?

11 A No, sir.

12 Q Do you know how deep the present well is?

13 A No, sir.

14 Q And you don't know when it started?

15 A No, sir.

16 Q In essence you're saying that this would be
17 a reasonable location for a well if one is to be drilled in
18 that area.

19 A I'd prefer to get closer to the present pro-
20 duction, but their lease situation is such that this would
21 be the logical place to drill, yes.

22 Q Do you know on whose land the present well
23 is located?

24 A I believe it's the Bureau of Land -- Fish and
25 Game, isn't it?

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1 Q Have you actually been out to examine this
2 location?

3 A No, sir.

4 Q You don't know the condition of the present
5 well?

6 A No, sir.

7 Q Or how long they've been working on it?

8 A No, sir.

9 Q That's all.

10 MR. PITTS: I have no questions.

11
12 CROSS EXAMINATION

13 BY MR. NUTTER:

14 Q Mr. Becker, are you proposing to dedicate
15 the west half of the section? Now, according to your Ex-
16 hibit Number Four here it would appear from that exhibit
17 that Cities Service is the owner of the southwest quarter
18 of the section, is that correct?

19 A I don't believe so. I believe most of the
20 southwest quarter is owned by Michael P. Grace.

21 Q What does the Cities Service mean there on
22 that southwest quarter, then?

23 Where is their -- do you have a map that shows
24 the ownership of the various lands and where all these
25 people's tracts are?

1 MR. HARRIS: Well, I -- Mr. Examiner, I
2 prepared a copy of that at one time.

3 MR. NUTTER: Apparently from Exhibit Number
4 Two there must be a lot of town lots included in this ap-
5 plication.

6 A Right.

7 Q So do we have a map that shows the town lots
8 and where the lands are?

9 MR. HARRIS: Yeah.

10 MR. McCORMICK: I have such a plat, Your
11 Honor.

12 MR. NUTTER: Are you going to introduce that
13 in the hearing?

14 MR. McCORMICK: Yes, sir.

15 MR. HARRIS: Basically I drew this up when
16 I first got involved, Your Honor, and I think that shows
17 that this is leased lands that Michael P. Grace has; Corinne
18 Grace has this. This strip right in here is owned by the
19 Presbyterian Church. I believe Cities Service and Exxon
20 is up in the northern portion of it -- of the section.
21 And the subdivisions themselves are down in the southeast
22 corner of the west half of that section.

23 MR. NUTTER: That's southeast of the diagonal
24 line across the southwest quarter, then.

25 MR. HARRIS: Yes, sir.

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1 MR. NUTTER: And on your witness' Exhibit
2 Number One that would be what apparently is the city limits
3 of the town of Carlsbad?

4 MR. HARRIS: Yes, Your Honor. The proposed
5 drill site is outside the city.

6 MR. NUTTER: And then we would amend this
7 application, then, so that where it says Cities Service
8 would indicate that that would be a Michael P. Grace lease?

9 MR. HARRIS: Yes, that's correct, Your Honor.

10 MR. NUTTER: And then the lease that's shown
11 here on Exhibit One as being Corinne Grace with the State
12 Game and Fish being mentioned, would be the Corinne Grace
13 lease, and there's a strip of land in between those two?

14 MR. HARRIS: That's correct, Your Honor, a
15 few acres which belongs to the Presbyterian Church.

16 MR. NUTTER: What is that, a roadway or some-
17 thing through there?

18 MR. HARRIS: Well, I --

19 MR. NUTTER: It's awfully long and narrow.

20 MR. HARRIS: Yes. Well, I think that they
21 probably sold out and what was left of what they sold was --
22 is what's shown on the map, though I don't speak from per-
23 sonal knowledge.

24 MR. NUTTER: Now, of these people that are
shown on Exhibit One, Mr. Becker, how many are committed to

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1 drill the well at this time?

2 A I don't --

3 Q (Mr. Nutter continuing.) Or have agreed to
4 drill the well?

5 A No one has joined, or been willing to join.

6 Q Well, I presume Michael and Corinne have
7 agreed.

8 A Yes.

9 Q So they're the first two persons listed here,
10 so we would have a total, then, according to your letter
11 and your testimony, we would have a total of approximately
12 60 percent, then --

13 A 60 percent.

14 Q -- that has agreed --

15 A That's right.

16 Q -- and the remaining 40 percent is unleased
17 or leased that has not agreed to --

18 A Yes, sir.

19 Q Now, the application was for a well to be
20 drilled at a standard location. Do you know what the loca-
21 tion of the well for this unit will be?

22 A Yes, sir, it's 1980 -- 1980 from the north,
23 660 from the west of Section 25, Township 21 South, Range
24 26 East.

25 Q Okay, that coincides with a small circle and

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1 a number one, then, on Exhibit Number Four, is that correct?

2 That's the location of the well.

3 A The small circle, yes, sir.

4 Q And is that the location of this drilling rig,
5 this water well drilling rig that Mr. McCormick was referring
6 to?

7 A I'm --

8 Q Is that where they're drilling?

9 A I'm not certain of the location of the present
10 well. I'm not aware of that.

11 Q Do you know if the Graces, either Michael P.
12 or Corinne has gotten a permit for a well to be drilled on
13 this land from the Oil Division?

14 A I'm not familiar with the well at all, sir.
15 I'm sorry.

16 Q Whether it's projected as an oil and gas well
17 or as a water well?

18 A No, sir, I don't know.

19 MR. HARRIS: Your Honor, I believe that a
20 permit has been obtained. I believe it was obtained as a
21 gas well.

22 MR. NUTTER: We will take administrative
23 notice of our files in regard to this.

24 MR. HARRIS: Yes, I believe it will be in
25 the files.

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1 MR. NUTTER: If a permit has been issued and
2 what the acreage dedication would be.

3 Are there any further questions of Mr. Becker?

4 MR. STAMETS: Yes, sir.

5 MR. NUTTER: Mr. Stamets.

6
7 CROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Mr. Becker, is Exhibit Number Two a summary
10 of the ownership of all acreage in the proposed proration
11 unit?

12 A No, sir, this is the summary of the 11.4 per-
13 cent of the total acreage, shown in the --

14 Q Well, page two of Exhibit Two is -- about
15 half way down the page it says south half northwest quarter
16 less the south 165 feet thereof, New Mexico State Game Com-
17 mission all, lessee Corinne Grace, expiration 5-15-78.

18 MR. HARRIS: Mr. Examiner, I do believe that
19 is a summation of all the owners. It just happens that
20 11 percent, a little over 11 percent of that acreage has
21 80-some people on it, and the remaining approximately 20
22 percent is under control of half a dozen people.

23 Q Okay, so Exhibit Two, then, is the summary of
24 all of the ownership, and I leafed through there and the
25 only two places, then, that I saw the Graces' name were on

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1 page two with the Corinne Grace lease with the New Mexico
2 State Game Commission, and then just the second one below
3 that, the Michael P. Grace lease with the Riverside Country
4 Club.

5 MR. HARRIS: That would be correct.

6 MR. STAMETS: Okay, that's all.

7 MR. NUTTER: And that would be the land then
8 that comprised this 60 percent we were talking about.

9 MR. HARRIS: That is correct.

10 MR. NUTTER: Mr. Becker, could you prepare
11 us a plat that as your client interprets it showing the
12 location of these tracts that are listed on Exhibit Number
13 Two, and the purported ownership of those tracts?

14 A Yes, sir, I'll certainly try.

15 MR. NUTTER: IN case there should be a diversity
16 of opinion as to how this land lays and who owns it, com-
17 pared to Mr. McCormick's exhibit that he's going to present.

18 A Yes, sir.

19 MR. NUTTER: Are there any further questions?

20 MS. TESCHENDORF: Mr. Harris, are you going
21 to have a landman talking about what kind of -- whether or
22 not a voluntary agreement has been attempted with any of
23 these unleased interests?

24 MR. HARRIS: No. What we presented was the
25 fact that this letter, which is Exhibit One, was sent out

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1 to all the owners that we could identify. That list that's
2 shown as Exhibit Two was the result of a compilation by an
3 abstractor that said this is the ownership.

4 That's what we did to run down who the owners
5 were, and then certified letters were sent out; the certi-
6 fied letter, being Exhibit One, was sent out to all the
7 people who are identified as having an ownership interest
8 in that west half.

10 CROSS EXAMINATION

11 BY MS. TESCHENDORF:

12 Q And I understand, Mr. Becker, that this was
13 the only offer or contact made to the unleased interests.

14 A To my knowledge.

15 Q To your knowledge.

16 A I'm not familiar with what went on.

17 MR. HARRIS: Other -- other than contact by
18 Corinne Grace with Cities Service and Texas Oil and Gas,
19 who also have a major interest. She contacted them per-
20 sonally, but other than that, the only contact with these
21 people has been by -- by letter.

22 Q Mr. Becker, this letter was mailed out nine
23 days ago to these people. Have you gotten any of the re-
24 turn receipts back? Do you know?

25 A Most of the certified receipts are back.

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1 MR. HARRIS: If you would desire it as an
2 exhibit, I have a compilation here. There's 90-some of
3 them and with rare exceptions all of them have received
4 copies of it.

5 MR. NUTTER: Well, now, Mr. Harris, with your
6 letter of October 11th you enclosed a copy of the letter
7 dated October 3rd that was sent out by Juanita Jones Weil-
8 berger, agent for Michael Grace.

9 MR. HARRIS: Right.

10 MR. NUTTER: To the interest owners.

11 MR. HARRIS: Since that time there has been
12 two changes. The first application I made was in the name
13 of Corinne Grace. We asked that that be changed to the
14 name of Michael P. That was one change.

15 The other change was that initially when that
16 letter was drafted it was -- they were contemplating buying
17 mineral interests. They changed their mind on that and
18 the actual letter that went out is Exhibit One, which just
19 asks them to join rather than buying -- purchase of the
20 mineral interests.

21 MR. NUTTER: I see, the letter of October 3rd
22 offered three proposals.

23 MR. HARRIS: Correct.

24 MR. NUTTER: As a party in drilling the well,
25 leasing the mineral interest, or committing the acreage on

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1 a farmout basis.

2 The letter of October 16th gave two choices,
3 as a party in drilling or committing the acreage on a farm-
4 out basis.

5 MR. HARRIS: That is correct. It was antici-
6 pated that that October 3rd letter was going to be sent out
7 but the one that was in reality sent out was the October
8 16th letter, only offering two choices.

9 MR. NUTTER: And when was that letter mailed
10 to the affected parties?

11 MR. HARRIS: Well, Mr. Examiner, if you would
12 care to look at these receipts, I believe they were all
13 sent out on about the same date. I believe it was actually
14 sent out on like 10-19.

15 Well, pardon me, that is when they were ac-
16 tually received, the date of delivery at 10-19.

17 MR. NUTTER: Well, Mr. Harris, do you think
18 with the condition of the mails, such as they are today,
19 that to mail something out on October 16th, for them to
20 receive it by October the 19th, and then to have a hearing
21 on October 25th, provides sufficient time for response from
22 these people?

23 MR. HARRIS: Well, Mr. Examiner, under the
24 rules of the OC Division, it provides that the notice of
25 this hearing today would be published by the Division, and

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1 according to the rules of procedure for the Division that
2 is sufficient notice.

3 But in addition to that requirement of the
4 administrative procedure rule for the Division we have also
5 gone out and actually sent actual notice to each individual,
6 in addition to that published notice.

7 MR. NUTTER: Well, published notice was given
8 but it was given before you sent these people an opportunity
9 to join in, apparently.

10 MR. HARRIS: On the minor ownership that is
11 correct. On the probably 80 percent or the 90 percent of
12 the ownership they were verbally contacted because it's
13 tied up basically either by lease or by Texas Oil and Gas
14 or by Public Service, and their --

15 MR. NUTTER: Cities Service, you mean.

16 MR. HARRIS: Yes, Cities Service, pardon me.
17 They were contacted personally. The rest of them, which
18 comprises about 11.4 percent, were sent this notice, and
19 they're basically the people in that subdivision.

20 MR. NUTTER: Okay, well, let's take them
21 one at a time, then.

22 According to Exhibit One Texas Oil and Gas
23 has a half interest in 40 acres. When were they given an
24 opportunity to join in this unit?

25 MR. HARRIS: Pardon me a moment while I pull

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1 out that letter that was sent to them, Your Honor -- or
2 Mr. Examiner.

3 Cities Service was contacted on the 29th of
4 September. Texas Oil and Gas were also contacted on the
5 29th of September, and at that time they declined to join
6 orally.

7 MR. NUTTER: And how about Josephine Tracy
8 Trust and Laura Tracy?

9 MR. HARRIS: Now, Your Honor, maybe perhaps
10 I made an unwarranted presumption, but by -- since Texas
11 Oil and Gas was managing as co-tenant on this trust, that
12 by contacting Oil and Gas we also contacted the trust.

13 MR. NUTTER: Okay, assuming that's so, then
14 we still have the Presbyterian Church. When were they
15 given the opportunity to join?

16 MR. HARRIS: I believe, Your Honor, that they
17 were contacted also by letter rather than by orally.

18 MR. NUTTER: In other words, they would come
19 in --

20 MR. HARRIS: They would fall in the category
21 of the various unleased minerals.

22 MR. NUTTER: -- the 11.4 percent then.

23 MR. HARRIS: Yes. So that would total up
24 14 percent; 14.5 percent were not orally contacted. They
25 were contacted by letter.

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1 MR. NUTTER: Now how was this oral contact
2 made with Texas Oil and Gas and Cities Service?

3 MR. HARRIS: Well, it was actually done two
4 ways. First a phone call was made by Corinne Grace to
5 these people and then it was followed up on the 29th by a
6 letter, so perhaps the telephone call might have been on
7 the 28th rather than the 29th, but at any rate, the follow-
8 up letter was sent to them on the 29th of September.

9 MR. NUTTER: I see.

10 Are there any other questions? Mr.
11 McCormick?

12 MR. MCCORMICK: Mr. Examiner, I'd like to
13 inquire as to where notice of this hearing was published.

14 MR. HARRIS: Well, under the -- I was assuming
15 under the terms of the procedural rules for the OC Division
16 that once a petition is filed, that the OC Division itself
17 publishes notice of that hearing.

18 MR. NUTTER: Mr. McCormick, we're sending
19 for the publication notice. We'll have that in just a
20 minute. I assume publication notice was given.

21 MR. HARRIS: Where the Division published,
22 I'm not sure. That falls under, as I read it, the Division
23 responsibility.

24 MR. MCCORMICK: Mr. Examiner, I have one
25 question here.

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1 It appears that some of the land south of
2 the Pecos River is in the west half of Section 25, and I
3 don't understand that any of those people were notified.

4 MR. NUTTER: That's one reason I wanted Mr.
5 Becker to send us a plat showing where everyone is.

6 Okay, the publication, the service of notice,
7 the service of the case was given by an advertisement which
8 was sent to the Santa Fe paper, as required by law, and
9 also a newspaper of general circulation in the county where
10 the property is located, which was the Artesia Daily Press,
11 or whatever it is, the Artesia Daily Press, and it was
12 published on October the 11th, 1978.

13 The notice in the Santa Fe paper was -- I
14 don't know if it was published in the Santa Fe paper or not.
15 It was supposed to have been.

16 We'll check and see if we've got publication.
17 If we haven't got publication, we might as well recess the
18 hearing.

19 In the meantime, are there any further ques-
20 tions of Mr. Becker?

21 MR. McCORMICK: I'd like to ask.

22 RECROSS EXAMINATION

23 BY MR. McCORMICK:

24 Q How long have you been associated with Mr.
25

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1 Grace?

2 A I worked off and on for Mr. Grace for pro-
3 bably the past four years.

4 Q When did you start working on this particular
5 matter?

6 A Just about a week ago. I was asked to exa-
7 mine the AFE.

8 MR. NUTTER: We will at this time mention
9 that we do have a drilling permit which was approved by
10 our Artesia office on April the 3rd, 1978 for this Corinne
11 Well No. 1, located 1980 from the north and 660 from the
12 west of Section 25, and the acreage dedicated is shown to
13 be the west half, and it's not all one lease so the ex-
14 planation is that the lands have not been pooled but that
15 the pooling clause of the leases will be utilized and un-
16 leased interests will be force pooled.

17 MR. McCORMICK: If the Examiner please, as
18 far as my client is concerned, we obtained actual notice
19 of this six days ago and we would prefer that the hearing
20 go on. We have gone to a lot of expense to bring our
21 witnesses up here.

22 MR. NUTTER: Well, I think we'll find the
23 thing was published. Some times the paper is a little
24 late getting the thing back but they're calling the paper
25 now to find out.

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1 MR. HARRIS: Mr. Examiner, could we just pro-
2 ceed with this and find out at a later time?

3 MR. NUTTER: Are there any further questions
4 of Mr. Becker? He may be excused.

5 Did you have any further witnesses?

6 MR. HARRIS: I have no further witnesses, Mr.
7 Examiner.

8 MR. NUTTER: Okay. Mr. McCormick, you want
9 to call your first witness?

10 MR. MC CORMICK: Yes. Mr. R. C. Roberts.

11
12 R. C. ROBERTS

13 being called as a witness and having been duly sworn upon
14 his oath, testified as follows, to-wit:

15
16 DIRECT EXAMINATION

17 BY MR. MCCORMICK:

18 Q State your name, please.

19 A My name is R. C. Roberts.

20 Q And where do you live?

21 A Midland, Texas.

22 Q What is your occupation?

23 A I'm an independent landman, petroleum landman.

24 Q And did you have occasion to make an owner-
25 ship plat of Section 25, Township 21 South, Range 26 East?

0
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(SERVED SOUTHWEST REPORTER)
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Dallas, Texas 75201

1 A Yes, I did.

2 Q I hand you Protestant's Exhibit One and ask
3 you if that is a plat which you prepared?

4 A Yes, sir, it is.

5 Q Does that faithfully show the ownership of
6 the unplatted land to the best of your knowledge at the
7 date you prepared this plat?

8 A To the best of my knowledge it shows every-
9 thing within the section as being correct.

10 Q Now, is the subdivided portion exactly to
11 scale?

12 A There is a little variation because of the
13 allotted space to put it in. I had to scrounge up some of
14 the lots, so this map was drawn from many different sources.

15 Q All right, sir.

16 A But it is to scale essentially.

17 Q Now, you show a lease ownership by Texas Oil
18 and Gas Company, a half interest in the northwest quarter
19 of the northwest quarter.

20 A That is correct.

21 Q You show a lease ownership by Cities Service
22 of the northeast northwest.

23 A True, that is correct.

24 Q And you show the State Game Commission lease
25 to Corinne Grace.

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1 A Yes, sir.

2 Q And also the strip of land owned by the
3 Presbyterian Church.

4 A That is correct.

5 Q And the lease from Riverside Country Club to
6 Michael P. Grace, five-year lease, dated April 3rd, 1973.

7 A That is correct.

8 Q Now, you do not attempt to show the ownership
9 to the lots and blocks in the platted land, do you?

10 A No, sir.

11 MR. McCORMICK: Will you mark this Exhibit
12 One?

13 (The reporter marked Protestant's
14 Exhibit One for identification.)

15 Q One other question, Mr. Roberts. Approxi-
16 mately how many acres are -- lie in the west half of this
17 section which are platted into town lots?

18 A It can be figured exactly. This is 160
19 down to here --

20 MR. NUTTER: Well, where would you mean by
21 that, sir? Define where you're --

22 A It would be down to here, down to the north-
23 west quarter is 160; add to that 123-1/2 acres belonging
24 to the country club, and then take the difference from 320.

25 Q And what would that leave in the unplatted?

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1 A Well, I'd have to figure it up.

2 MR. NUTTER: Mr. Roberts, where does the
3 country club boundary lie on the south side?

4 A In the middle of the Pecos River.

5 MR. NUTTER: Middle of the river. What about
6 the land south of the river?

7 A Part of that is in Section 25. Now that is
8 divided into town lots also.

9 MR. NUTTER: I see. So in response to his
10 question how much of it is town lots, these little lots
11 over here in the southeast quarter where these streets are
12 and this land south of the Pecos River would be the town
13 lots?

14 A Yes, sir, and the town lots that border the
15 Pecos River, of course, go to the center of the Pecos River.

16 MR. McCORMICK: Their mineral ownerships.

17 A Mineral ownerships, yes, not surface land.

18 Q It's in the neighborhood of 35 or so acres
19 in town lots?

20 A Approximately.

21 Q Is that area densely settled?

22 A Yes.

23 Q All right, almost all lots are built on?

24 A Yes, at least 90 percent.

25 MR. McCORMICK: We offer in evidence the Pro-

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Santa Fe, New Mexico 87501

1 testant's Exhibit One.

2 MR. NUTTER: Country Club Exhibit One will be
3 admitted in evidence.

4 MR. McCORMICK: I have no further questions
5 of this witness.

6
7 CROSS EXAMINATION

8 BY MR. NUTTER:

9 Q Mr. Roberts, on the south side of this tract
10 labeled State Game Commission of New Mexico I see the east-
11 side canal. Now who owns the right-of-way for that east-
12 side canal, or the minerals under that right-of-way?

13 A The abutting surface owners.

14 Q I see. So State Game Commission or the Pres-
15 byterian Church would be the owners of that.

16 A Yes, sir.

17 Q How about West Cherry Lane, who owns that?

18 A The adjoining surface owners mineralwise go
19 to the center of the street.

20 Q I see, so again it would be the State Game
21 Commission or the country club?

22 A Yes, sir.

23 Q Or the First Presbyterian Church?

24 A Well, whichever adjoins on the two sides.

25 MR. NUTTER: Are there any questions of Mr.

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1 Roberts?

2 MR. HARRIS: Yes.

3 MR. NUTTER: Mr. Harris?

4

5 CROSS EXAMINATION

6 BY MR. HARRIS:

7 Q Mr. Roberts, did you happen to add up all the
8 acreage? The easiest way to do it, I guess, is to find
9 out the ownership percentage percentage that's not tied up
10 in Texas Oil and Gas, Cities Service, that's tied up in the
11 subdivision, is probably to add up the lease acreages and
12 subtract that from 320 and that would really tell you what
13 the outstanding ownership is in the subdivision. Is that
14 not correct?

15 A Probably is.

16 Q Okay, so is the center line of the section
17 that dotted line that goes between -- between May, Rayroux,
18 and Cities Service?

19 A Well, I'd have to look at the map to see ex-
20 actly where you're talking about.

21 Q This dotted line, sir, where it runs down
22 here, is that the --

23 A Yes.

24 Q -- center line?

25 A Yes, of the section.

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1 Q Okay, fine. Now, I would take it that Texas
2 Oil and Gas would have 40 acres; Cities Service would have
3 40 acres; State Game Commission would have 87 acres.

4 A Texas Oil and Gas has 20 acres.

5 Q Okay, I see. Texas Oil and Gas has 20 acres
6 and the trust would have 20 acres for a total of 40.

7 A That's correct.

8 Q Okay? And State Game Commission would have
9 87 acres; 10 acres to the Presbyterian Church, and --

10 A No, no. The State Game Commission in that
11 unit would have 70, because 10 acres comes off of the south
12 half of the northwest quarter, which leaves 70 acres owned
13 by the State Game Commission and then 17 acres on the east
14 half of that section.

15 Q I see. And then 10 acres to the Presbyterian
16 Church and 123.5 to the Riverside Country Club, so that is
17 where you arrived at your 35 acres approximately.

18 A Approximately, just -- I didn't put the pencil
19 to it, but you can get it.

20 Q Okay, which would be very close to that 11.4
21 percent that's shown in Petitioner's Exhibit Number One
22 as being outstanding in the subdivision, is that correct?

23 A I don't know, I haven't figured it up.
24 I don't know whether it figures up 11 percent or not.

25 Q Okay, but it would have to be close, wouldn't

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1 it? There's 320 in a half section, and there's 35 there,
2 it would be close to that 11.4.

3 MR. HARRIS: I have no further questions.

4 MR. PITTS: I have no questions.

5 MR. NUTTER: Mr. Stamets.

6
7 CROSS EXAMINATION

8 BY MR. STAMETS:

9 Q Awhile ago Mr. McCormick asked a question
10 about notice and I'm wondering about those lots on the south
11 side of the river in the southwest of the southwest. Do
12 you know if those lots are in the Big Sky Homes Subdivision?

13 A They're not.

14 Q So on that basis would it appear that they
15 have not received notice?

16 A I would think they had not, would be my --

17 Q At least notice as of this letter of October
18 16th?

19 A I can just give you my opinion, which would be
20 no, but I have no way of knowing.

21 Q So it may well be that their only notice of
22 this hearing was in the Artesia paper.

23 A If they read the Artesia paper. That would
24 be the only place they could find it out.

25 MR. HARRIS: If I may, Mr. Examiner.

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RECROSS EXAMINATION

BY MR. HARRIS:

Am I correct, Mr. Roberts, in that you don't know who owns those lots in the southwest corner?

A No, I don't know.

Q Okay, so you haven't been able to examine Petitioner's Exhibit Number Two to tell if indeed they had been given notice, too. As far as you know, everybody has been given notice.

A That's what I just told him. I have no way of knowing. I can only express my opinion.

MR. HARRIS: I have no further questions.

MR. NUTTER: Incidentally, the notice was given in the Santa Fe paper by legal number 17097 on October 12th, 1978. We just haven't received the affidavit of publication yet.

RECROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Roberts, I didn't follow you exactly on this Game Commission land.

Now it says 87 acres but that's the entire tract of land and 17 of it is over in the east half.

A Yes, sir.

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CERTIFIED AND RITLAND REPORTER
3020 Plaza Blanca (955) 471-4400
Santa Fe, New Mexico 87501

1 Q So that leaves 70 acres in the west half of
2 the section. Now didn't you say something about taking 10
3 acres off of it, also?

4 A 10 acres, you see, comes off of the south
5 half of the northwest quarter, which belongs to the Pres-
6 byterian Church. See, it's 165 foot strip across the entire
7 half section.

8 Q Well then how much Game land is in the north-
9 west quarter?

10 A 70 acres.

11 Q Well, it's 70 acres minus 10.

12 A No.

13 MR. McCORMICK: If they had the other 10
14 they would have a full 80.

15 A Yes, see, if they had 10 they would have the
16 full half of the full south half of the northwest quarter.

17 Q Oh, I see, okay.

18 A I think my figuring is right on that.

19 Q Okay. I see.

20 MR. McCORMICK: If the Examiner please, I've
21 just been informed that the Landsun Homes, it's a retirement
22 home operated by the Methodist Church, owns that -- those
23 lots south of the river.

24 MR. NUTTER: Are they listed on Exhibit Number
25 Two, Mr. Harris?

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308 Penn. Bldg. (336) 471-2101
San Antonio, Texas 78201

1 MR. HARRIS: I couldn't tell you, Mr. Examiner
2 Our Exhibit Number Two was prepared by a landman who did
3 the abstract in Carlsbad and said that is the total owner-
4 ship of that west half of that section. I was relying on
5 his expertise in the preparation of that and he said that
6 was the ownership, I assumed that was the ownership.

7 MR. NUTTER: I think it's going to be neces-
8 sary, Mr. Harris, to not only have the plat that Mr. Becker
9 or someone else will prepare, but also to have a copy of
10 those certified mail receipts.

11 MR. HARRIS: Your Honor, I could offer that
12 as an exhibit at this time. There's 87 letters went out.

13 MR. NUTTER: Okay, if we could have those
14 we'd know who they went out to.

15 MR. HARRIS: Right. This is my only copy.

16 MR. NUTTER: Well, you can make a copy and
17 give it to us.

18 MR. HARRIS: Yes, sir.

19 MR. NUTTER: Are there any further questions
20 of Mr. Roberts? He may be excused.

21 MR. McCORMICK: Mr. Stanton Koop, K-O-O-P.

22

23

STANTON L. KOOP

24

being called as a witness and having been duly sworn upon

25

his oath, testified as follows, to-wit:

DIRECT EXAMINATION

BY MR. McCORMICK:

Q State your name, please.

A Stanton L. Koop.

Q Where do you live?

A Carlsbad, New Mexico.

Q What is your occupation?

A I'm president of the Security Savings and Loan in Carlsbad.

Q Are you also president of the Riverside Country Club?

A Yes, sir.

Q And that is a New Mexico corporation?

A Yes, sir.

(The reporter marked RCC Protestant's Exhibit Number Two for identification.)

Q I hand you Protestant's Exhibit Two and ask you if that is a true and correct copy, except for the signatures, of a lease granted by the Riverside Country Club to M. P. Grace on 3 April 1973?

A That's the -- yes, sir.

MR. McCORMICK: We offer this oil and gas lease, Exhibit Two.

(The reporter marked RCC Protestant's

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CERTIFIED AND NOTARIZED REPORTER
2448 Peachtree Avenue, N.E. Atlanta, Georgia 30309
Phone: 478-2448

Exhibit Three for identification.)

Q Mr. Koop, I hand you Defendant's Exhibit Three and ask you if you are familiar with that instrument?

A Yes, sir.

Q Is that a true copy of the notice filed in the Office of the County Clerk by Mr. Grace on the 3rd of April, 1978?

A Yes, sir.

MR. McCORMICK: If the Examiner please, I wish to point out that this declaration of pooled unit was filed the same day this well was started and covered only the two leases that they then claimed to own.

(The reporter marked RCC Protestant's Exhibits Four, Five, and Six for identification.)

MR. McCORMICK: I have no other questions of Mr. Koop.

CROSS EXAMINATION

BY MR. NUTTER:

Q Mr. Koop, you're manager of the country club so you live pretty close by to where this well is drilling.

A Yes, sir.

Q Has there been a rig out there on this well continuously since April the 3rd, 1978?

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CERTIFIED COURT REPORTER
2000 Penn. Avenue, S.W.
Washington, D.C. 20004
Phone: 202-462-8100

1 A Been some kind of a rig, yes, sir. It went
2 on there the night of April the 2nd, I believe.

3 Q And do you have any idea how deep that hole
4 is by now?

5 A I've heard rumors not very deep, 400 feet,
6 something like that.

7 Q Have they drilled consistently on the well
8 or --

9 A No, sir.

10 Q The rig has been there, though?

11 A Yes, sir, sitting there.

12 Q Well, I noticed here in your oil and gas
13 lease that they've got from the country club, it provides
14 that they'll put a rig on the well to be drilled and dili-
15 gently prosecute the drilling of the well with no cessation
16 of more than sixty consecutive days.

17 Have they always managed to get some drilling
18 in sometime during a sixty day period?

19 A Sir, I don't know that. I just -- I couldn't
20 answer that.

21 Q They did get the rig on before the expiration
22 date of the lease, though?

23 A Night before, yes, sir.

24 Q And it's been on there since then.

25 A Yes, sir.

SALLY WALTON BOYD
CERTIFIED REPORTER
300 Park Plaza (905) 421-4168
Suite 11, New Market 87661

1 MR. NUTTER: Are there any further questions
2 of Mr. Koop?

3
4 CROSS EXAMINATION

5 BY MR. STAMETS:

6 Q Mr. Koop?

7 A Yes, sir.

8 Q Do you have any water well on the country
9 club property?

10 A Water wells?

11 Q Yes.

12 A Yes, sir, we do.

13 Q Were you familiar with the drilling of those
14 water wells?

15 A No, sir, I was not.

16 Q Okay. If you contracted for a water well to
17 be drilled on the country club property now and it took
18 from April the 3rd till today to drill that water well,
19 would you consider that diligent operation?

20 A No, sir, I believe I'd need water before
21 then.

22 Q Okay, do you feel that they could have drilled
23 this well in a much more diligent manner than they have?

24 A In my opinion, yes, sir.

25 Q Okay, I have no further questions.

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Kansas City, Mo. New Mexico 87501

1 MR. NUTTER: Are there further questions for
2 the witness? He may be excused.

3 MR. McCORMICK: I now call Mr. Calvin Graef,
4 G-R-A-E-F.

5
6 CALVIN GRAEF

7 being called as a witness and having been duly sworn upon
8 his oath, testified as follows, to-wit:

9
10 DIRECT EXAMINATION

11 BY MR. McCORMICK:

12 Q State your name, please.

13 A My name is Calvin Graef, Carlsbad, New
14 Mexico.

15 Q What is your occupation, Mr. Graef?

16 A I'm retired.

17 Q Do you live near the country club?

18 A Yes, sir.

19 Q Do you also live near this rig that Mr.
20 Grace put on this Game Department land?

21 A Yes, sir.

22 Q Last Thursday did you accompany a photographer
23 to the site of this rig?

24 A I think it was Friday.

25 Q Friday? I hand you Defendant's Exhibit Four

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COURT REPORTER
5007 Main Street (N.E.) 471-4401
Omaha, Ne., New Mexico 87601

1 and ask you if that is a true picture of the drilling rig
2 as it existed on last Friday?

3 A Yes, sir.

4 Q And in fact you are standing in that picture,
5 are you not?

6 A Yes, sir.

7 Q I hand you Exhibit Number Five and ask you
8 what that depicts?

9 A Well, it looked like a junkpile. It's sup-
10 posed to be, they tell me, a water catcher. I don't know
11 much about oil but it's supposed to be water --

12 Q A pit?

13 A Water pit. And one guy wire with a half a
14 garbage can on it.

15 Q And this particular scene in Exhibit Five
16 is truly depicted by this picture, is it?

17 A Yes, sir.

18 Q As it existed on last Friday?

19 A It's the identical picture to this but blown
20 up.

21 Q All right. I hand you Defendant's -- Pro-
22 testant's Exhibit Six and ask you if that is still another
23 picture of the scene?

24 A The same identical picture blown in a differ-
25 ent proportion.

SALLY WALTON BOYD
CERTIFIED SHORTHAND REPORTER
3050 Park Plaza (Opp. 451-4405)
Sunnyvale, Pa., New Mexico 87501

1 Q All right. And is that likewise a true
2 depiction of the scene as it was last Friday?

3 A Yes, sir.

4 MR. MC CORMICK: We offer in evidence Pro-
5 testant's Exhibits Four, Five, and Six.

6 MR. NUTTER: Country Club Exhibits Four
7 through Six will be admitted in evidence.

8 Mr. Graef, you photograph well.

9 A Thank you.

10 MR. NUTTER: Was this rig working the day
11 that you were out there?

12 A No, sir.

13 MR. NUTTER: You're the only one there.

14 A The photographer.

15 MR. NUTTER: And the photographer.

16 CROSS EXAMINATION

17 BY MR. NUTTER:

18 Q You couldn't tell by looking at the rig or
19 observation of the well how deep it was, I guess?

20 A No, sir.

21 Q Do you have any idea how deep the well is?

22 A Just hearsay.

23 Q What have you heard? No, don't answer that.
24
25

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REDIRECT EXAMINATION

BY MR. McCORMICK:

Q Mr. Graef, was the well closed in that day?

A Yes, sir.

Q Was the casing closed in?

A There was a large block of wood about two feet square. It sat right over the casing and on top of that was a, I think it was a 2x12. And on top of that 2x12 was the -- that heavy metal --

Q From a drill stem?

A Drill hanging from the cable.

MR. NUTTER: And the weight of that was sitting down holding that block of wood on top of the casing?

A Yes, sir. If you look there you can see the wood and the block.

MR. NUTTER: Mr. Graef, I was discussing with Mr. Koop awhile ago whether the well has been in active drilling status since it started drilling.

MR. McCORMICK: I have a question on that, which I think --

MR. NUTTER: Okay, go ahead then.

Q (Mr. McCormick continuing.) Will you mark this?

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San Jose, CA 95126

(The reporter marked RCC Protestant's Exhibit Number Seven for identification.)

Q Mr. Graef, I hand you Riverside Country Club Exhibit Seven and ask you if that is an original of a letter which you wrote to me on the 30th of June, 1978?

A 20th.

Q 20th of June, 1978.

A Yes, sir, it is.

Q Now from this -- you observed this well for a period of time commencing April 11, did you not?

A Yes, sir.

Q And at what hours did you observe this well?

A Well, due to my health, I jog twice a day and I play golf during the jogging and at all three times I'm within two to three hundred yards of where this well is.

Q And you were able to observe it on each of the days that are mentioned in this exhibit?

A Yes, sir.

Q And it shows that there was no one around and no activity on April 11th.

A That's right.

Q Same on April 14th?

A That's right.

Q Same on April 18th?

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Santa Fe, New Mexico 87501

1 A That's right.
2 Q April 26th.
3 A Correct.
4 Q April 27.
5 A Right.
6 Q Was that one hour that somebody was there
7 then?
8 A About one hour, yes, sir.
9 Q April 28 no activity?
10 A About -- no, no activity on the 28th.
11 Q Same on the 29th?
12 A None.
13 Q Same on the 30th?
14 A None.
15 Q Same on the 1st of May?
16 A None.
17 Q 2nd of May?
18 A None.
19 Q 3rd of May?
20 A None.
21 Q 4th of May?
22 A None.
23 Q 5th of May?
24 A None.
25 Q 6th of May?

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1 A None.

2 Q 7th of May?

3 A None.

4 Q 8th of May?

5 A None.

6 Q 9th of May?

7 A None.

8 Q Now what happened on the 10th of May?

9 A Approximately two hours.

10 Q Now who was there for two hours?

11 A I saw two men in a pickup. That's all I

12 can say.

13 Q Was the rig operating?

14 A The rig was operating.

15 Q All right. June 16?

16 A No.

17 Q June 17?

18 A No.

19 Q June 18?

20 A No.

21 Q June 19?

22 A No.

23 Q June 20th?

24 A No.

25 Q So of all the days you observed that, com-

1 mencing the 11th of April up to the 20th of June, you found
2 workmen on the location one hour one day and two hours
3 another day.

4 A Yes, sir. That's when I observed the rig.
5 Now if somebody came in when I wasn't there, I can't say.

6 Q Now, we offer in evidence Protestant's Ex-
7 hibit Seven.

8 MR. NUTTER: Country Club Exhibit Seven will
9 be admitted in evidence.

10 Q Now, Mr. Graef, what have you noticed re-
11 cently at this well? That is, after the 20th of June?

12 A Very little activity for about -- during
13 the month of July there was considerable activity.

14 Q What were they doing?

15 A Well, it would start around noon and all I
16 could notice was that the unit was in operation.

17 Q And more recently what has happened?

18 A Nothing. I've been out there twice. At one
19 time there was a watchman there. The other time there was
20 nobody there.

21 Q Have you -- when was the last time you saw
22 any operations on this rig?

23 A I personally would have to say it was within
24 the month of September.

25 Q Do you know about what date?

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Santa Fe, New Mexico 87501

1 A No, sir, I surely don't.

2 Q You're a member of the country club, are you

3 not?

4 A Yes, sir.

5 Q And you're on the board of directors?

6 A Yes, sir.

7 Q And you made these observations and the memo-

8 randum at my request, did you not?

9 A Yes, sir.

10 Q After this well was commenced?

11 MR. McCORMICK: I have no other questions of

12 Mr. Graef.

13 MR. NUTTER: Are there any questions for Mr.

14 Graef?

15

16 CROSS EXAMINATION

17 BY MR. STAMETS:

18 Q Mr. Graef, looking at the pictures that were

19 taken, I don't see any lights hanging on the rig or in the

20 around the rig.

21 A There are no lights.

22 Q Do you ever see any lights on there at night?

23 A No, sir. There are no lights there. In fact,

24 I don't think there's any electric wires even running to

25 the rig.

1 Q So to your knowledge there has been no acti-
2 vity, drilling activity, going on at night?

3 A Oh, not a bit, no, sir.

4 Q The only activity you've observed has been
5 occasionally in the daylight?

6 A Yes.

7 MR. STAMETS: No other questions.

8
9 RECROSS EXAMINATION

10 BY MR. NUTTER:

11 Q Mr. Graef, is your land included -- where
12 you live included in the west half here of Section 25?

13 A Yes, sir.

14 Q Do you own the minerals there?

15 A No, sir.

16 Q I see, so you're not a party to this pooling
17 action --

18 A No, sir.

19 Q -- as a landowner.

20 MR. NUTTER: Are there any further questions
21 of Mr. Graef? He may be excused.

22 MR. McCORMICK: If the Commission please, I
23 now wish to offer in evidence a certified copy of the
24 Complaint filed by Riverside Country Club against Michael
25 P. Grace, and others, this past Monday in the District Court

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Washington, D.C. 20004

1 of Eddy County, New Mexico, the purpose of which is to
2 quiet the title to the land which was under lease to Mr. --
3 to Mr. Grace.

4 MR. NUTTER: This would be the country club
5 land of 123.5 acres?

6 MR. McCORMICK: Yes.

7 (The reporter marked RCC Exhibit
8 Number Eight for identification.)

9 MR. NUTTER: Country Club Exhibit Eight will
10 be admitted in evidence.

11 (The reporter marked RCC Exhibit
12 Number Nine for identification.)

13 MR. McCORMICK: If the Commission please,
14 I now offer in evidence the Protestant's Exhibit Number
15 Nine, and we do not have it duplicated because it is of
16 horrendous size, and this document is in this binding here,
17 contains a certified copy of every lawsuit filed against
18 Michael P. Grace and Corinne Grace in the District Court
19 of Eddy County between April 26, 1971, and the latter part
20 of September, 1978.

21 Now I do not expect you to read every page
22 of that. It merely shows the complaints, a copy of each
23 complaint that was filed.

24 Now, I have made myself an analysis.

25 (The reporter marked Protestant RCC's

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Exhibit Ten for identification.)

An analysis of those lawsuits and they fall into these categories. There are 52 lawsuits that have been filed against Mr. and Mrs. Grace.

One, a labor claim by the State Labor Commissioner.

Sixteen suits to collect unpaid royalties.

Two labor claims for unpaid wages.

One Workmen's Compensation suit.

One foreign judgment, meaning a judgment from another state.

Four actions by drilling contractors for unpaid contracts for drilling wells.

One foreclosure of a lien for unpaid drilling costs in a unit.

Three lien foreclosures by supply companies or service companies.

One suit by the New Mexico Oil Conservation Commission for violation of salt water disposal rules.

Sixteen cases by oil field service companies for unpaid bills.

Two suits by working interest owners to collect their share of the gas sold.

One suit for death of cattle due to failure to fence location.

SALLY WALTON BOYD
CERTIFIED ACCOUNTING REPORTER
1000 Pine Street, Suite 200
Salt Lake City, Utah 84101

1 One auto accident.

2 One failure to assign overriding royalty in
3 a unit.

4 And one for airplane rental.

5 We offer this for what it is worth to the
6 Commission as an analysis of the nature of the 52 suits
7 that have been filed.

8 (The reporter marked RCC Protestant's
9 Exhibit Eleven for identification.)

10 If the Court please, Mr. Robert S. Light,
11 who is president of Barber Oil Company of Carlsbad is the
12 owner of one of the lots that -- of the platted lots that
13 fall in this area down here, and which would be force
14 pooled by this action.

15 I offer in evidence a letter from Mr. Light.
16 He was unable to come and I asked him to please write that
17 letter to the Commission.

18 That concludes my evidence. I would like
19 to have the privilege of making a short summation before
20 we adjourn.

21 MR. NUTTER: Without objection Exhibits Nine,
22 Ten, and Eleven will be admitted in evidence.

23 You didn't have anything further in your
24 direct case, Mr. McCormick?

25 MR. McCORMICK: No, sir.

SALLY WALTON BOYD

CHIEF INVESTIGATOR
2011 Plaza Blanca, Suite 601
San Jose, California 95131

1 MR. NUTTER: Does anyone desire to present
2 anything further in testimony in this case?

3 MR. PITTS: Yes, sir. New Mexico Department
4 of Game and Fish wishes to present some evidence, also.

5 MR. NUTTER: Would you call your witness,
6 please, Mr. Pitts?

7 MR. PITTS: If it's possible I would like to
8 just tender a couple of documents which I think are public
9 records and with public records I don't think there would
10 be any problem.

11 If need be, I can call Mr. Jeb Stuart to
12 verify the validity of the documents.

13 MR. NUTTER: Well, if you would do that and
14 he can name the source of the documents and explain what
15 they are, please.

16 MR. PITTS: Fine. Then he'll have to be
17 sworn in, then.

18 (Witness sworn.)

19
20 JEB STUART

21 being called as a witness and having been duly sworn upon
22 his oath, testified as follows, to-wit:

23
24 DIRECT EXAMINATION

25 BY MR. PITTS:

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1020 Plaza Elan, Suite 200, (411) 4102
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1 Q Mr. Stuart, would you please state your
2 occupation?

3 A I'm a Land Specialist with the New Mexico
4 Department of Game and Fish.

5 Q And have you been assigned to oversee the
6 project involved in a lease with Graces?

7 A Yes, sir.

8 Q I hand you what has been marked for identifi-
9 cation as DGF Exhibit One. Can you identify that document?

10 A Yes, sir, Mr. Pitts, this is the oil and gas
11 lease that was executed between New Mexico State Game Com-
12 mission and Corinne Grace, and the date on this is the
13 15th of May, 1973.

14 Q And was a copy of that found in your official
15 department files?

16 A Yes, it is in our official files.

17 MR. PITTS: I offer DGF Exhibit Number One
18 into evidence.

19 MR. NUTTER: DGF Exhibit Number One will be
20 admitted in evidence.

21 Q Now, I tender to you, Mr. Stuart, a letter
22 which is dated October 25, 1978, which is today, and there's
23 a signature by Mr. Harold F. Olson. Can you identify that
24 signature?

25 A Yes, sir, this is the signature of Harold

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1 Olson, who's the Director of New Mexico Department of Game
2 and Fish.

3 MR. PITTS: I offer DGF Exhibit Number Two
4 into evidence.

5 MR. NUTTER: DGF Exhibit -- Mr. Stuart, this
6 last exhibit, Exhibit Number Two, is dated today, is that
7 correct?

8 A. Yes, sir.

9 MR. NUTTER: And it shows it was sent certi-
10 fied mail to two addresses, Dallas and Carlsbad. Was that
11 mailed today?

12 A. Yes, sir.

13 MR. PITTS: I would like to point out to the
14 Commissioner that the reason that a check has not been
15 returned in the sum of \$87.00 as of this time is a result
16 of the bureaucratic problem of issuing such warrants, and
17 that such a check is in the process of being issued.

18 It is the position of the State Game Commission
19 through the Department of Game and Fish that the lease which
20 is referenced is no longer in force and effect.

21 MR. NUTTER: And the \$87.00 would be for one
22 year rental from May 15th of '78 to May 15th of '79?

23 MR. PITTS: That's correct, sir.

24 And this really applies to the full 87 acres.

25 MR. NUTTER: Okay.

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1 MR. PITTS: 70 of which we're concerned with
2 here.

3 MR. NUTTER: Right. So this applies to the
4 87 acres, the entire lease.

5 MR. PITTS: That's correct.

6 MR. NUTTER: Are there any further questions
7 of Mr. Stuart? Mr. Kendrick?

8 MR. KENDRICK: Mr. Stuart, is it your opinion
9 that the Game and Fish Department objects to being force
10 pooled in this case?

11 A Yes, sir, it is the opinion of the State Game
12 and Fish Department that we do not want to be force pooled,
13 in this situation.

14 MR. STAMETS: And Mr. Stuart, in case I
15 missed it, is it your opinion that the Game and Fish Com-
16 mission has no valid lease with Michael P. Grace on this
17 acreage?

18 A Yes, sir.

19 MR. STAMETS: Or Corinne Grace?

20 A It would be Corinne Grace.

21 MR. PITTS: Corinne Grace.

22 MR. NUTTER: Well, I think, to keep the
23 record straight, I don't think it's necessarily an action
24 to pool the Game and Fish Department here today, because
25 they said in one of their exhibits that they were making a

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1 declaration that they were executing the pooling clause
2 in the leases, and they have the lease on this land. It's
3 just a matter of whether the drilling has been diligent
4 enough to maintain the lease or not.

5 They had the right to pool the lease at the
6 time they commenced the well, I think.

7 MR. HARRIS: Mr. Examiner, I have really with-
8 held comment on this. I think that a lot of what is going
9 on, if not the majority, is not relevant at all to this
10 proceeding.

11 Now, at an administrative proceeding I
12 realize that there is wide leeway for the Examiner admitting
13 evidence, but the problem here is today the question before
14 the Examiner is whether or not Michael P. Grace, or what-
15 ever, could become the operator here, whether there should
16 be a penalty attached, and this type of thing. This hearing
17 is not on whether these leases are valid or whether or not
18 there is diligent operation, and basically all the evidence
19 admitted today has been towards that.

20 And I think it's for a court of competent
21 jurisdiction rather than administrative procedure to deter-
22 mine the validity of the leases. The question before the
23 board today -- the Examiner today, is really whether or
24 not there's to be pooling, and if so --

25 MR. NUTTER: I'm inclined to agree with you

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N.W. Washington 2501

1 to a certain extent, Mr. Harris, that we have a lot of
2 stuff here that's not really relevant.

3 MR. HARRIS: Right. Right, and although I
4 really haven't objected to it because of the leeway of
5 admitting evidence, I don't believe that it really is rele-
6 vant to this hearing today.

7 MR. STAMETS: Mr. Harris, doesn't the law
8 require that the applicant for forced pooling have the right
9 to drill?

10 MR. HARRIS: Yes, it does, Your Honor -- or
11 Mr. Examiner.

12 MR. STAMETS: And if Mr. Grace has no valid
13 lease in this half section, does he have the right to
14 drill?

15 MR. HARRIS: Well, that's really the obvious
16 question, does he have the right; does he have the lease,
17 and that can't be decided today.

18 MR. NUTTER: We can't decide that portion,
19 anyway.

20 MR. HARRIS: That's absolutely correct, and
21 if the board would take it under advisement and then issue
22 an order stating that, you know, if he has valid leases,
23 he can proceed, and then the question then goes into a
24 court to see does he have a valid lease, and I'm certainly
25 not prepared to defend that today. This isn't the proper

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1 place for that.

2 Basically I was given notice of the complaint
3 of the Fish and Game and Riverside Country Club, so, you
4 know, as soon as the hearing was started. That's the first
5 I knew of the problem.

6 MR. STAMETS: Well, Mr. Harris, if the law
7 requires that we make a finding that the applicant has the
8 right to drill, then could we under the law enter an order
9 saying that if the applicant has the right to drill it's
10 force pooled?

11 MR. HARRIS: Well, I would put it this way,
12 that this board today cannot decide that he doesn't have
13 the right to drill.

14 MR. STAMETS: But if it is in question that
15 he does or does not, can we make a finding that he is, and
16 if we can't make the finding that he is, can we enter an
17 order pooling this acreage under the law?

18 MR. HARRIS: I don't know if that question
19 has been decided and my reaction is on this that there
20 should be a forced order pooling and then if there are
21 complaints, like a quiet title action, then Mr. Grace him-
22 self would be foreclosed from proceeding if he didn't have
23 the right to drill there.

24 And so the question then becomes moot as to
25 the order that's issued by the OC Division. And since the

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1 OC Division doesn't have the ability to decide the question
2 that he doesn't have the right to proceed, then I think
3 that, you know, under the circumstances, pretty much has
4 to make the assumption that he does have the right.

5 I see no other way of getting around that.

6 MR. PITTS: Mr. Examiner, if I may.

7 MR. NUTTER: Yes, Mr. Pitts.

8 MR. PITTS: We would submit that in light of
9 the fundamental question, or the threshold question whether
10 in fact there's a valid lease, that that question must be
11 resolved prior to the exercise of this body's administrative
12 discretion, and whether or not forced pooling should in
13 fact occur, because if there is no such right on the part
14 of the petitioner in this instance, then the exercise by
15 this body would be totally meaningless, and as a practical
16 matter, and I think also as a matter of law, quasi judicial
17 or judicial bodies do not do meaningless things.

18 MR. NUTTER: We all hope so. Thank you, Mr.
19 Pitts.

20 MR. McCORMICK: May I make a reply?

21 MR. NUTTER: Yes, sir, Mr. McCormick.

22 MR. McCORMICK: If the Examiner please, we
23 admit on the threshold that this Commission does not have
24 jurisdiction to determine the validity of those leases;
25 however, it can take notice that the title is in question;

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CHIEF CLERK
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Washington, D.C. 20037

So I would say that in no event should Mr. Grace be -- be named as the operator, and I think what should be done is either this matter should be dismissed or it should be continued indefinitely until all title

1 matters are resolved.

2 MR. NUTTER: Thank you, Mr. McCormick. Are
3 there any further statements in this case?

4 We'll take the case under advisement.

5 Oh, wait a minute, we've got a piece of cor-
6 respondence here.

7 We have a letter from Mr. Lloyd R. Jackson
8 directed to the Oil Conservation Commission, dated October
9 23rd, 1978, reading as follows:

10 Gentlemen: I have received a certified
11 letter from Michael P. Grace, II, on October 18th, 1978,
12 that seems untimely in that drilling has already started.

13 In addition I feel that an attempt to force
14 pool me is in progress. Therefore I protest the forced
15 pooling and if the drilling proceeds, I feel I should have
16 a free ride because of the existing circumstances.

17 Sincerely, Lloyd R. Jackson.

18 I don't think there's any further correspon-
19 dence in this file.

20 With that we'll take the case under advise-
21 ment.

22 MR. MCCORMICK: If the Commission please, the
23 court will take administrative notice of its own files
24 which show the depth to which this well has been drilled --

25 MR. NUTTER: Yes, we will take --

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CERTIFIED SHORTHAND & REPORTING
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Guadalupe, New Mexico 87001

1 MR. McCORMICK: -- and the time it was com-
2 menced, and so on.

3 MR. NUTTER: We will.

4 (Hearing concluded.)
5
6
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REPORTER'S CERTIFICATE

I, SALLY WALTON BOYD, a Court Reporter, DO HEREBY CERTIFY that the foregoing and attached Transcript of Hearing before the Oil Conservation Division was reported by me; that said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability, knowledge, and skill, from my notes taken at the time of the hearing.

Sally W. Boyd CSR
Sally W. Boyd, C.S.R.

SALLY WALTON BOYD
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Hunts Pk, New Mexico 87501

I do hereby certify that the foregoing is
a complete transcript of the proceedings in
the Examiner hearing of case no. 6265
heard by me on 10/25 1972.
[Signature], Examiner
Oil Conservation Division



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

JERRY APODACA
GOVERNOR

NICK FRANKLIN
SECRETARY

July 12, 1979

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Mr. Dahl L. Harris
Harris, Relkin & Lee
Attorneys at Law
Suite 418, Two Park Central Tower
300 San Mateo, N.E.
Albuquerque, New Mexico 87108

Re: CASE NO. 6365
ORDER NO. R-6052

Applicant:

Michael P. Grace II

Dear Sir:

Enclosed herewith are two copies of the above-referenced
Division order recently entered in the subject case.

Yours very truly,


JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCC X
Artesia OCC X
Aztec OCC

Other Don G. McCormick, Robert S. Light, Albert Pitts,
Doyle Snow

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6365
Order No. R-6052

APPLICATION OF MICHAEL P. GRACE II
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25, 1978, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 10th day of July, 1979, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

- (1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) That the applicant, Michael P. Grace II, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 25, Township 21 South, Range 26 East, NMPM, Burton Flat Field, Eddy County, New Mexico.
- (3) That at the time of the hearing of this case, applicant Michael P. Grace II and his wife, Corinne Grace, claimed ownership of 38.6 percent and 21.9 percent, respectively, of the lands included in the proposed 320-acre gas proration unit.
- (4) That the 38.6 percent ownership which Michael P. Grace II claimed was contained in an oil and gas lease covering 123.5 acres held in fee by the Riverside Country Club, a corporation, and the 21.9 percent ownership which Corinne Grace claimed was contained in an oil and gas lease covering 70 acres in the W/2 of the aforesaid Section 25 held by the State Game Commission of the State of New Mexico.

-2-

Case No. 6365
Order No. R-6052

(5) That at the hearing there was considerable discussion to the effect that the validity of both of the aforesaid leases was in question, and that the lessors of both leases were seeking to have their respective leases declared invalid.

(6) That on June 6, 1979, in the District Court of the United States for the District of New Mexico, Judge Edwin L. Mechem handed down his Memorandum Opinion and Judgment, holding that the Oil and Gas Lease between Michael P. Grace II and the Riverside Country Club is invalid, having expired April 3, 1978.

(7) That considering the aforesaid determination by the United States District Court, the applicant is no longer the owner of any lands in the W/2 of Section 25, although his wife, Corinne Grace, may own some 70 acres in the W/2 of Section 25, under the contested State Game Commission lease.

(8) That the applicant was not the owner of any lands in the W/2 of Section 25 at the time of the hearing of this case on October 25, 1978.

(9) That Section 70-2-17, NMSA 1978, provides that an "owner" who has the right to drill, and proposes to drill, may bring an action before the Division to pool lands to form a spacing or proration unit.

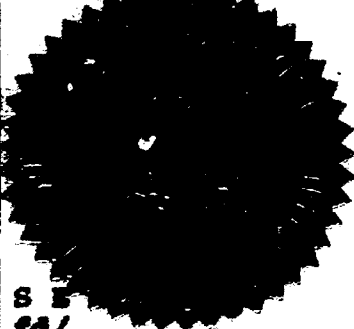
(10) That inasmuch as the applicant is not an "owner" in the lands proposed to be pooled, as defined in Section 70-2-33, Subsection E, NMSA 1978, this case should be dismissed.

IT IS THEREFORE ORDERED:

(1) That Case No. 6365 is hereby dismissed.

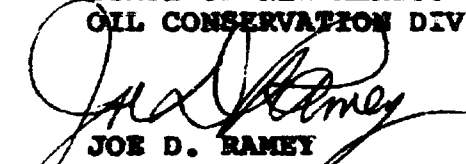
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



S E
fd/

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


JOE D. RAMEY
Director



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

June 15, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Dan G. McCormick, Esquire
P. O. Box 1718
Carlsbad, New Mexico 88220

Dahl L. Harris, Esquire
Suite 418 - Two Park Central Tower
300 San Mateo, N.E.
Albuquerque, New Mexico 87108

Re: Case No. 6365
Docket No. 34-78

Gentlemen:

We are in receipt of the Memorandum Opinion and Judgment handed down by Judge Edwin L. Mechem in the United States District Court on June 6, 1979, holding that the Oil and Gas Lease between Michael P. Grace II and the Riverside Country Club is invalid, having expired April 3, 1978.

Considerable discussion occurred at the hearing of Case No. 6365 on October 25, 1978, concerning the validity of the above lease, although at that time no definitive ruling had been made on the lease.

In view of Judge Mechem's ruling it would appear that Michael P. Grace II is not an "owner" as defined in Section 70-2-33, Subsection E, NMSA 1978, nor was he such an owner at the time of the hearing.

Section 70-2-17, Subsection C, NMSA 1978, provides that an "owner" who has the right to drill, and proposes to drill, may bring an action before the Division to pool lands to form a spacing or proration unit.

Considering Judge Mechem's ruling, it is my opinion that the applicant did not have standing to bring on Case No. 6365 in October, 1978, and the application should be dismissed. This will be my recommendation as the Trial Examiner.

Dan G. McCormick, Esquire
Dahl L. Harris, Esquire

-2-

June 15, 1979

You will have ten days to respond prior to my making this recommendation.

Very truly yours,

DANIEL S. NUTTER
Chief Engineer and
Trial Examiner

DSN/dr

cc: Harold F. Olson, Director
Department of Game and Fish



BRUCE KING
GOVERNOR
LARRY KENOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

August 13, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Don G. McCormick
McCormick and Forbes
P. O. Box 1718
Carlsbad, New Mexico 88220

Re: Case 6365
Order No. R-6052

Dear Mr. McCormick:

Enclosed please find the certified copies of
the documents you requested in your letter of
August 8, 1979.

Very truly yours,

DANIEL S. NUTTER
Chief Engineer

DSN/di

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

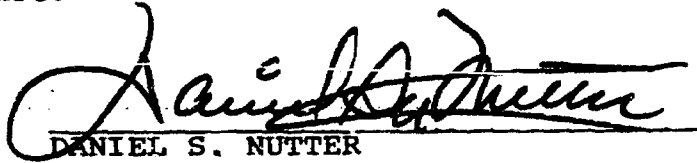
* * * AFFIDAVIT * * *

Comes now Daniel S. Nutter, who under oath deposes and states that he is Chief Engineer for the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico, and acted as Trial Examiner in the hearing of Case No. 6365, Application of Michael P. Grace for Compulsory Pooling, Eddy County, New Mexico, on October 25, 1978.

Further, that Division Order No. R-6052 was entered in said Case No. 6365 on July 10, 1979, dismissing said case.

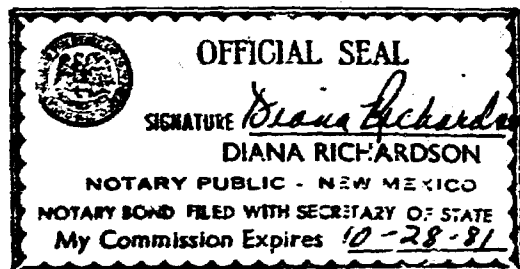
Further, that pursuant to Section 70-2-13, NMSA 1978 Comp., any party adversely affected by said order could, within 30 days after entry of the order, file an application with the Division for a hearing de novo of Case No. 6365, but no such application was received by the Division within said 30-day period.

Further affiant sayeth not.


DANIEL S. NUTTER

Sworn and subscribed to before me on this 13th day of August, 1979.


NOTARY PUBLIC





STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

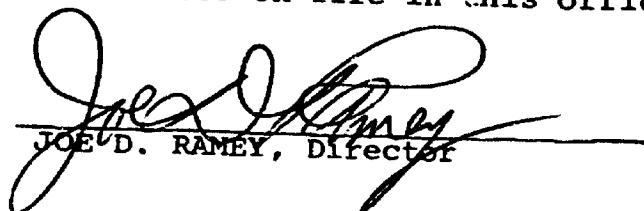
BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

C E R T I F I C A T I O N

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87301
(505) 827-2434

TO WHOM IT MAY CONCERN:

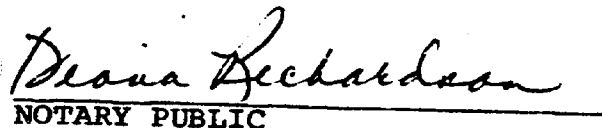
I, JOE D. RAMEY, Director of the Oil Conservation Division of the New Mexico Energy and Minerals Department, do hereby certify that the attached is a true and correct copy of the Oil Conservation Division Order No. R-6052 in Case No. 6365 on file in this office.

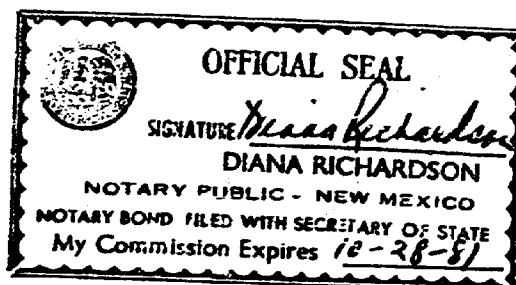

JOE D. RAMEY, Director

August 13, 1979

STATE OF NEW MEXICO)
COUNTY OF SANTA FE) ss.

The foregoing instrument was acknowledged before me this 13th day of August, 1979.


NOTARY PUBLIC



DON G. MCCORMICK
JAY W. FORBES
THOMAS L. MAREK
ROGER E. YARBRO
JOHN M. CARAWAY
JAMES W. KLIPSTINE, JR.
PERRY C. ABERNETHY

MCCORMICK AND FORBES
ATTORNEYS AT LAW
BUJAC BUILDING
P. O. BOX 1718
CARLSBAD, NEW MEXICO 88220

TELEPHONE 885-4171
AREA CODE 505

8 August 1979

Oil Conservation Division
Energy and Minerals Department
P. O. Box 2088
Santa Fe, New Mexico 87501

Attention: Mr. Daniel S. Nutter

Re: Case 6365
Order No. R-6052

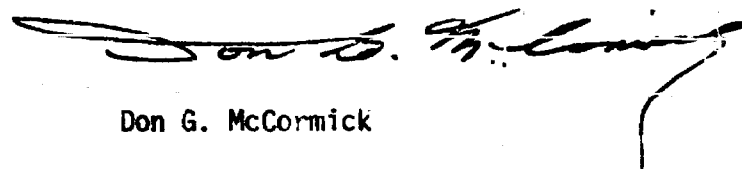
Dear Mr. Nutter:

On 10 July 1979, an Order was entered dismissing the Petition of M. P. Grace for pooling of the $\frac{1}{2}$ of Section 25, Township 21 South, Range 26 East. Please advise if Mr. Grace filed an Application for Re-Hearing within twenty days after that date. If so, will you please furnish me with a copy of the application.

If he did not file an application for re-hearing, will you please furnish me with a certified copy of the Order of 10 July 1972 together with a further certificate that no application for re-hearing was filed within the twenty day period prescribed by Section 65-3-22 N.M.S.A. 1953.

Please send me a statement for any charges for the certified copies.

Very truly yours,



Don G. McCormick

DGM:cy



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KIHDE
SECRETARY

C E R T I F I C A T I O N

POST OFFICE BOX 2044
STATE LAND OFFICE BUILDING
SANTA FE NEW MEXICO 87501
(505) 827-2434

TO WHOM IT MAY CONCERN:

I, JOE D. RAMEY, Director of the Oil Conservation Division of the New Mexico Energy and Minerals Department, do hereby certify that the attached is a true and correct copy of the Oil Conservation Division Order No. P-6052 in Case No. 6365 on file in this office.

JOE D. RAMEY, Director

August 13, 1979

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 13th day of August, 1979.

NOTARY PUBLIC

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

* * * AFFIDAVIT * * *

Comes now Daniel S. Nutter, who under oath deposes and states that he is Chief Engineer for the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico, and acted as Trial Examiner in the hearing of Case No. 6365, Application of Michael P. Grace for Compulsory Pooling, Eddy County, New Mexico, on October 25, 1978.

Further, that Division Order No. R-6052 was entered in said Case No. 6365 on July 10, 1979, dismissing said case.

Further, that pursuant to Section 70-2-13, NMSA 1978 Comp., any party adversely affected by said order could, within 30 days after entry of the order, file an application with the Division for a hearing de novo of Case No. 6365, but no such application was received by the Division within said 30-day period.

Further affiant sayeth not.

DANIEL S. NUTTER

Sworn and subscribed to before me on this 13th day of August, 1979.

NOTARY PUBLIC

HARRIS, RELKIN & LEE

ATTORNEYS AT LAW

SUITE 418 - TWO PARK CENTRAL TOWER

300 SAN MATEO, N.E.

ALBUQUERQUE, NEW MEXICO 87108

TELEPHONE (505) 256-3833

DAHL L. HARRIS

HARRY N. RELKIN

EDWARD D. LEE

November 9, 1978

Ms. Lynn Teschendorf
New Mexico Oil Conservation Division
P.O. Box 2088
Santa Fe, NM 87501

*File
Case 6365*

Re: Application of Michael P. Grace II, for Compulsory Pooling,
W $\frac{1}{2}$ Section 25, Township 21 S, R 26 E, Eddy County, New Mexico,
Case No. 6365

Dear Ms. Teschendorf:

Mr. McCormick raised several points concerning the above referenced forced pooling application in his October 27, 1978 letter. Accordingly, I would like to respond to his points in the order which they were raised.

POINT 1

- a. Mr. Becker's testimony was legally sufficient for forced pooling hearing and raised no questions concerning operator prudence.
- b. There is nothing imprudent about using a cable tool for setting shallow casing, prior to employing a large rotary rig to deepen a Morrow test.
- c. Mr. Light's protest begs the question. He objects to Mr. Grace's appointment on the grounds that Mr. Grace is not a prudent operator, without showing that Mr. Grace is not a prudent operator.
- d. Exhibit 8 of the Riverside Country Club shows only that Mr. Grace has been sued, not that he is an imprudent operator. If Mr. McCormick had brought copies of all law suits filed against operators in the Carlsbad area between 1971 and 1978, to the October 25, 1978 hearing, he would have not been able to carry the copies by himself. The oil and gas business is a litigious business. If operators were not prudent because they were sued, there would be no prudent operators.

POINT 2

- a. The Riverside Country Club is estopped from denying the validity of the Grace lease.

Enclosed please find a copy of the rental check for the 1978 rental on the Riverside Country Club lease, which was cashed by the Riverside Country Club in April of 1978.

One point on which I do agree with Mr. McCormick, is that if the Oil Conservation Division does not issue a forced pooling order out right, it should defer action on the Grace application until any title questions are resolved.

Sincerely,

Dahl L. Harris

Dahl L. Harris

DLH/sb

Encl.

cc: McCormick
Corinne Grace

324 AP 78 05 324

1978 APR 6

EL PASO NAT'L BK. EL PASO, TX.
 PAY ANY BANK P.E.O.
 FIRST NAT'L BK. DALLAS, TX.
 PAY ANY BANK RR

APR 6

2-0082351-095-04/05/78

2-0082351-095-04/05/78

APR 6 1978

RR PAY ANY BANK

0210-3120-8 FRB NEW YORK

02 95791

05-128

BANK

European-American Bank
 & Trust Company
 10 Nassau Street, New York, N.Y. 10038

MICHAEL P. GRACE, II
 CORINNE GRACE
 1697 PACIFIC AVENUE AID
 MARINA DEL REY, CALIFORNIA 90291

PAY TO THE
 ORDER OF

Riverside Country Club

March 10 1978

1-984
 200

\$3,087.50

Three Thousand Eighty-Seven & 50/100

DOLLARS

Rental, due 4/3/78

Corinne Grace

000354 00260 09640111 3408710

0000308750



BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

March 21, 1979

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

Mr. Don G. McCormick
McCormick and Forbes
P. O. Box 1718
Carlsbad, New Mexico 88220

file
Re: Case No. 6365

Dear Mr. McCormick:

Enclosed please find the following items from the above-referenced case file:

1. Copy of Roberts map, RCC Exhibit 1
2. Certified copy of the application filed in this case.
3. Certified copy of the C-101 for the well in question.

Unfortunately, since the other documents you requested are the only ones on file, we are unable to check them out. If you would like us to copy them and certify them at your expense, we would be glad to do so.

Very truly yours,

LYNN TESCHENDORF
General Counsel

LT/dr

enc.



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

C E R T I F I C A T I O N

TO WHOM IT MAY CONCERN:

I, JOE D. RAMEY, Director of the Oil Conservation Division of the New Mexico Energy and Minerals Department, do hereby certify that the attached is a true and correct copy of the Form C-101, Application for Permit to Drill the Michael P. Grace II Corinne Well No. 1 on file in this office.

JOE D. RAMEY, Director

March 21, 1979

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

The foregoing instrument was acknowledged before me this 21st day of March, 1979.

NOTARY PUBLIC

My Commission Expires:

DAHL L. HARRIS
HARRY N. RELKIN
EDWARD D. LEE

HARRIS, RELKIN & LEE

ATTORNEYS AT LAW
SUITE 418 - TWO PARK CENTRAL TOWER
300 SAN MATEO, N.E.
ALBUQUERQUE, NEW MEXICO 87108

TELEPHONE (505) 256-3533

October 30, 1978

Mr. Daniel S. Nutter
Oil Conservation Division
Energy & Minerals Dept.
P.O. Box 2088
Santa Fe, NM 87501

Re: Forced pooling of W $\frac{1}{2}$ of S25, T21S, R26E

Dear Mr. Nutter:

Pursuant to your request, I am enclosing xerox copies of the receipts that were received as a result of the notification letters that were sent to mineral interest owners in the above referenced case. At this time, a land man is preparing a plat of the above referenced section, which will show mineral interest owners.

At this time, I should point out that I don't believe that there is a legal requirement that the petitioner in a forced pooling case has to contact the mineral owners. Rule 1204 of the OCD's rules on procedure specifies that publication is an approved method of giving legal notice of a hearing. By sending out letters to mineral owners, petitioner was merely making doubly sure that all mineral owners would have notice.

Sincerley,

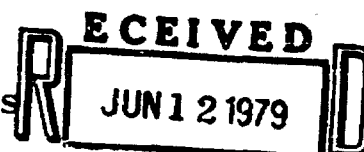
Wahl

Dahl L. Harris

DLH/sb
Encl.

DON G. MCCORMICK
JAY W. FORBES
THOMAS L. MAREK
ROGER E. YARBRO
JOHN M. CARAWAY
JAMES W. KLIPSTINE, JR.
PERRY C. ABERNETHY

MCCORMICK AND FORBES
ATTORNEYS AT LAW
SUJAC BUILDING
P. O. BOX 1718
CARLSBAD, NEW MEXICO 88220



OIL CONSERVATION DIVISION 95-4171
SANTA FE AREA CODE 505

11 June 1979

Energy and Minerals Department
Oil Conservation Division
P.O. Box 2088
Santa Fe, New Mexico 87503

Attention: Mr. Joe D. Raney
Division Director

Re: Case No. 6365
Docket No. 34-78

Dear Mr. Raney:

As I previously advised you, Riverside Country Club as a corporation of Carlsbad, New Mexico, had filed a quiet title suit against Michael P. Grace and Corinne Grace, involving lands in the W $\frac{1}{2}$ of Section 25, Township 21 South, Range 26 East. The above cited case number in your division involved an attempt by Mr. and Mrs. Grace to force-pool the 320 acres in the W $\frac{1}{2}$ of said Section.

Mr. and Mrs. Grace removed the case from the District Court to the U.S. District Court and a trial was held in Roswell on 1 May. On 6 June 1979, Judge Edwin L. Mechem handed down his Memorandum Opinion and Judgment, copies of which are enclosed herewith. You will see from the Memorandum Opinion that the Judge held that the attempted voluntary pooling by Mr. and Mrs. Grace was a nullity, and that the lease on the lands of the Riverside Country Club had expired on 3 April 1978. Therefore, I presume that the Oil Conservation Division can now dismiss the pending Petition of Mr. and Mrs. Grace. If you do so, I would like to have a copy of the Order of Dismissal.

I am sending a copy of this letter to Dahl L. Harris, Esquire, who was attorney for Mr. and Mrs. Grace before the Oil Conservation Division and also in Federal Court. I also am sending a copy of this letter and enclosures to Harold F. Olson, Director of the Department of Game and Fish, who have land in the same half Section which had been leased to Mrs. Grace.

Very truly yours,

Don G. McCormick

DGM:cb

Encls

Copy: Dahl L. Harris, Esquire
Harold F. Olson (w/Enclosures)

RECEIVED

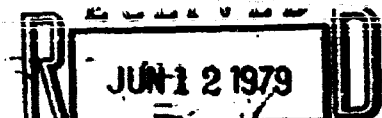
JUN 7 1979

MCCORMICK,

& FORBES

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF NEW MEXICO



OIL CONSERVATION DIVISION
SANTA FE

FILED

UNITED STATES DISTRICT COURT
ALBUQUERQUE, NEW MEXICO

JUN 6 1979

RIVERSIDE COUNTRY CLUB,
a corporation,

Plaintiff,

v.

MICHAEL P. GRACE and
CORINNE GRACE,

Defendants,

No. 78-907-M Civil

ENTERED ON DOCKET

JUN 7 1979

MEMORANDUM OPINION

Plaintiff files this quiet title action alleging it is "owner in fee simple of all the oil, gas and other minerals lying in and under . . . "the Southwest 1/4 of Section 25, Township 21 South, Range 26 East, Eddy County, New Mexico (hereinafter referred to as the SW 1/4 Section 25). Defendants claim to hold valid leasing agreements to the SW 1/4 Section 25 and thus resist the plaintiff's action. Defendants filed a counterclaim, but waived that claim at trial. Having heard the case at bench trial, the following will constitute Findings of Fact and Conclusions of Law. I conclude in favor of the plaintiff.

Jurisdiction is present. The plaintiff, Riverside Country Club, is a New Mexico corporation with its place of business in New Mexico. The defendants, Michael P. Grace and Corinne Grace, are citizens of California. The amount in controversy exceeds \$10,000. The action was brought in New Mexico District Court, Eddy County, and was removed pursuant to 28 USC 1441.

On April 3, 1973, plaintiff, as lessor, and defendants, as lessee, entered into a mineral lease of 123.5 acres of the SW 1/4 Section 25. The lease provided for a primary term of five years and "as long thereafter as oil or gas, is produced from said land or land with which said land is pooled." The lease granted pooling rights. It further declared:

If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted with no cessation of more than 60 consecutive days.

In addition to the lease granted defendants by the plaintiff, the defendant Corinne Grace held another lease of 60 to 70 acres in the SW 1/4 of Section 25 granted her by the New Mexico Game Commission. The two tracts leased by defendants were not contiguous and together totalled less than 200 acres. Other interests in the West half Section 25 included oil and gas leases held by Texas Oil and Gas Company and Cities Service Oil Company, 55 small tracts subdivided for housing, and a 10-acre unleased tract owned by the First Presbyterian Church of Carlsbad.

On the morning of April 3, 1978, the defendants filed a Declaration of Pooling Unit with the County Clerk of Eddy County. The Declaration purported to pool the defendants' lease from the plaintiff and the defendants' lease from the State Game Commission into a pooled unit for the purpose of drilling a well to the Morrow formation. All the West half of Section 25 was designated as a 320-acre unit into which the leases were pooled.

Also on April 3, 1978, the defendant Michael Grace filed for a permit to drill a well to a projected depth of

11,500 feet on the State Game Commission Land. This well was spudded just prior to midnight on April 3, 1978. Notice was filed on April 5, 1978, with the New Mexico Oil Conservation Commission stating that the well had been spudded to a depth of 2 1/2 feet. According to a second notice filed with the Oil Conservation Commission, the well's depth on February 2, 1979, was still 403 feet.

By the Declaration of Pooling filed April 3, 1978, and the drilling of a well spudded prior to midnight April 3, 1978, the defendants argue that the five-year term of the lease granted by plaintiff is extended, making this 1973 lease still in effect. The defendants lose on three points. The Declaration of Pooling was ineffective and could not serve to unitize defendants' leasehold interests or any other interest in Section 25. The five-year primary term of the 1973 lease expired April 3, 1978, despite the drilling of 2 1/2 feet on that date. In addition, even if the primary term of the 1973 lease had been extended, the cessation of work on the well begun April 3, 1978, exceeded 60 days and the lease expired by its own terms.

Defendants' attempted pooling on April 3, 1978, is a nullity. All wells in Lea, Chaves, Eddy and Roosevelt Counties of New Mexico drilled for gas to the Morrow formation must be drilled on units of 320 surface contiguous acres comprising any two contiguous quarter sections of a single governmental section. New Mexico Oil Conservation Commission Rule 104E.I. (a) and C.II. (a). Separately owned tracts are pooled either voluntary, that is by consent of all parties holding a valid interest in the area to be pooled, or by force, that is by order of the Oil Conservation Commission. 70-2-17 NMSA 1978. By failing to include all interest owners, defendants' attempted pooling left

more than 126 acres of the West 1/2 of Section 25 unpooled. The pooling rights granted in defendants' lease from plaintiff, when exercised, can only be valid if the attempted pooling complies with New Mexico pooling and spacing requirements. In the present instance pooling must have included 320 surface contiguous acres. Defendants' attempted pooling fails, then, because it did not include all owners of interest and did not pool 320 surface contiguous acres.

The well drilled April 3, 1978, on the State Game Commission land thus could not serve to extend a lease on other land. In addition to absence of lawful pooling, the operations begun on April 3, 1978, were not bona fide drilling operations. The defendants had made little, if any, plans to drill a well to the projected depth of 11,500 feet. No financing arrangements had been made.. The cable tool employed was an unrealistic method for reaching the projected depth and site preparations for rotary drilling were never made. When junk appeared in the hole, defendants made no attempt to protect or stand watch over the hole so as to continue their operations unabated. In spite of testimony at trial that drilling and work was taking place at the well site, the well remained at 403 feet for several months. No facts exist to support defendants' contention that diligent operations were taking place on the site nor even that the well begun April 3, 1978, was in good faith ever intended to be more than a pretext for propelling defendants' lease past its primary term.

Defendants' drilling operations on the State Game Commission land were sporadic at most. In order for the defendants' lease to be presently valid defendants' pooling need be legal and effective, defendants' well on the State Game Commission land need be a bona fide operation, and defendants' continued drilling operations on that well

need be continuous, "with no cessation of more than 60 consecutive days." The defendants' did not proceed in a continuous effort on the well begun April 3, 1978. The rig on the well site remained there inactive for more than 60 days at a time. Defendants' agent, or employee, might have made brief visits to the site for the appearance of activity, but such random and brief visits cannot constitute diligent and continuous drilling operations.

The previously granted lease from the plaintiff claimed here by the defendants Michael P. Grace and Corinne Grace to the SW 1/4 of Section 25 has expired. Other persons unknown who might have some claim, title, lien or interest in the plaintiff's land have not come forward. The plaintiff is therefore entitled to a declaration of its estate. Plaintiff's title to the land made the subject of this suit is to be forever quieted and set at rest. Judgment will be entered accordingly.


UNITED STATES DISTRICT JUDGE

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

FILED
UNITED STATES DISTRICT COURT
ALBUQUERQUE, NEW MEXICO

JUN 6 1979

RIVERSIDE COUNTRY CLUB,
a corporation,

Plaintiff,

v.

MICHAEL P. GRACE and
CORINNE GRACE,

Defendants.

[Signature]
No. 78-907-M Civil

ENTERED ON DOCKET
JUN 7 1979

JUDGMENT

This case having been heard at bench trial, and a Memorandum Opinion having been entered, and the issues having been found in favor of the plaintiff, Riverside Country Club and against the defendants Michael P. Grace and Corinne Grace,

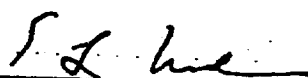
IT IS THEREFORE ORDERED, DECREED AND ADJUDGED that the plaintiff's title to that land in Eddy County, New Mexico, described as:

That part of SW 1/4, Section 25, Township 21 South, Range 26 East, N.M.P.M., described as follows: Beginning at the center of Section 25; thence South along the East line of the SW 1/4 of Section 25, a distance of 595 feet; thence South 46°22' West, a distance of 1074 feet; thence South 20°20' West 126.3 feet; thence South 0°4' West to the center of the bed of the Pecos River; thence in a Westerly direction and following the centerline of the bed of the Pecos River to the West line of Section 25; thence North along West line of Section 25 to the North line of SW 1/4, Section 25; thence East along the North line of SW 1/4, Section 25 to place of beginning, and containing 123.5 acres, more or less.

is forever quieted and set to rest. The defendants Michael P. Grace and Corinne Grace and all others who might claim a title, lien or interest in plaintiff's land adverse to

plaintiff are estopped and forever barred from having or claiming any lien upon, or any right or title to the premises here described.

IT IS FURTHER ORDERED that the bond deposited by the defendants with the Clerk of the Court in compliance with 28 USC 1446(d) be and hereby is exonerated and discharged, the Clerk of the Court to pay to the defendants the amount of \$500.00.


UNITED STATES DISTRICT JUDGE

NOV - 2 1978

CONSULTATION
S.

Michael P. Grace II
Corinne Grace
P. O. BOX 1418
CARLSBAD, NEW MEXICO 88220
October 23, 1978

Mr. Dahl Harris
Suite 418
2 Park Central Tower
300 San Mateo N.E.
Albuquerque, New Mexico 87108

Dear Mr. Harris:

RE: Force Pooling W/2 Sec.25,T21S,R26E
Eddy County, New Mexico

Enclosed you will find a copy of the form letter which was sent out to each of the mineral interest owners in the W/2 of the above section, a copy of the certified and return receipts for each of these letters (there are a few of the return receipts² which have not come back in as yet); a copy of three letters we have received in response to this and below is listed the names of people who have called.

- | | |
|--------------------------|-----------------------|
| 1. Mr. Christopher Magee | 4. Mr. Lewis Thompson |
| 2. Mr. Arlan Penner | 5. Mr. Carl Ciaudrone |
| 3. Mr. Jerry Sieberg | |

Each of these people said they were not interested in joining in the drilling of the well or farming out.

I am also enclosing another copy of the mineral interest owners in this 1/2 section and the receipts are put in the same order as the names appear.

If there is anything else that you need please advise.

Sincerely yours,

Juanita Jones Wildberger
Juanita Jones Wildberger, Agent
for Michael P. Grace II

jjw
encl.

Carleton 1727-4, 1416 CCC

Oct. 20, 1918

Michael P. Grace

Caroline Grace

Carleton 17. M. G.

I've receipt of your Registered Mail, & am interested in your inquiring the locations. W. 1/2 S. E. 1/4 & N. 1/2, S. W. 1/4 of Sec. 24, T. 14. S. 16. S. R. - 25, E. 11. M. & P. M. I'm most sure this is the location you are inquiring of. at the present time it is leased to Yates Drilling Co. Time will soon be up on the lease.

I'm interested in seeing a well drilled on the 160 acres, also a 120 a. 1 1/2 mile North. Will check on the Yates lease time.

Sincerely yours

Everett L. Cannon

1416 S. CCC Carleton 17. M. G.

Michael P. Grace II
Corinne Grace
P. O. BOX 1415
CARLSBAD, NEW MEXICO 88220
October 16, 1978

CERTIFIED MAIL - RETURN RECEIPT
REQUESTED

William B. and Barbara B. Dancy
1415 S. Country Club Circle
Carlsbad, New Mexico 88220

Dear Mr. & Mrs. Dancy:

Regarding the proposed Burton Flat Undesignated Morrow Working Interest Unit, Eddy County, New Mexico.

Michael P. Grace, as operator, proposes forming a 320 acre working interest unit for the drilling of a 12,000' morrow test well located in the W/2 Section 25, T21S, R26E, N.M.P.M.

Estimated costs are \$655,650.00 for a completed producer and \$500,237.00 for a dry hole.

The unit area consists of the W/2 Section 25, T21S, R26E, N.M.P.M. with the following owners:

Michael P. Grace	38.6%	
Corinne Grace	21.9%	
Texas Oil & Gas	6.25%	} 1/2 int ea. in 40 acres
Josephine Tracy Trust & Laura Tracy	6.25%	
Cities Service	12.5%	
Presbyterian Church	3.1%	
Various unleased mineral interest owners in the Big Sky Homes Subdivision and the Country Club area	11.4%	
	<u>100.0%</u>	

Your joinder in this proposal is requested by either of:

1. As a party in drilling of the test well
2. Committing your acreage on a farm out basis

Your prompt response to this would be greatly appreciated.

Sincerely yours,

Juanita Jones Wildberger
Juanita Jones Wildberger, Agent for
Michael P. Grace

See Mr. Wildberger!

33v

The mineral rights to our land are under lease to Cities Service Co. Consequently, as individuals, we can't participate in your proposed venture.

Date: October 20, 1978
In Reply
Refer to: 340/261

VETERANS ADMINISTRATION
REGIONAL OFFICE
300 GOLD AVENUE SW.
ALBUQUERQUE, N. MEX. 87102



Juanita J. Wildberger
Agent for Michael P. Grace
P. O. Box 1418
Carlsbad, NM 88220

With reference to your letter dated October 16, 1978 concerning the proposed Burton Flat, etc. unit, we cannot identify these properties, in which the VA has an interest, from the description furnished.

We may consider any joinder in such a proposal only on the basis of the individual properties involved. Upon receipt of the identification of each such property, i.e., Lot and Block number and street address, we will give further consideration to your proposal.


ROBERT C. GROMAN
Chief, Loan Service and Claims

"To care for him who shall have borne the battle, and for his widow, and his orphan." - ABRAHAM LINCOLN

No. 161435

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Russell + Lucille Haworth	
STREET AND NO.	
1405 W. Orchard Lane	
CITY, STATE AND ZIP CODE	
Cedarburg, W. M. 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Your joiner in this p.

1. A

owner and t

Various released mineral interest

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL	2. ARTICLE ADDRESSED TO:		
	Russell + Lucille Haworth		
	1405 W. Orchard Lane		
	Cedarburg, W. M. 88220		
	3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.	
	161435		
I have received the article described above.			
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent			
Therese M. Haworth			
DATE OF DELIVERY		POSTMARK	
10-19-78		APR	
5. ADDRESS (Complete only if requested)			
6. UNABLE TO DELIVER BECAUSE:			
CLERK'S INITIALS:			

☆ GPO : 1975-0-234-237

No. 161436

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Edwin L. & June C. Dunsen	
STREET AND NO.	
212 W. Stevens	
P.O. STATE AND ZIP CODE	
CARLSBAD N. MEK 92020	
POSTAGE	\$
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
\$	
POSTMARK OR DATE	
1978	

Your folder in this p

1. A

Owner
Cities Service
Presbyterian Church
Various unleased mineral interest

12.5%
3.1%

ARTICLE ADDRESSED TO:		
Edwin L. & June C. Dunsen		
212 W. Stevens		
CARLSBAD N. MEK 92020		
ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161436	
(Always obtain signature of addressee or agent)		
I HAVE RECEIVED THE ARTICLE DESCRIBED ABOVE.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
Sharon H. Dunsen		
DATE OF DELIVERY		POSTMARK
10/19/78		
3. ADDRESS (Complete only if requested)		
5. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

☆ WFO : 107-O-224-227

No. 161437

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Mr. Robert S. Light & Son	
STREET AND NO.	
1409 W. ORCHARD LANE	
P. STATE AND ZIP CODE	
CARLSBAD N.M. 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	
1978	

Your joinder in this p

Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest
owner

5.23% 40 acres
12.5%
3.1%

ADDRESS TO		
MR. Robert S. Light & Son		
1409 W. Orchard Lane		
Carlsbad N.M. 88220		
2. ARTICLE DESCRIPTION		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161437	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		
10-19-78		
3. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE		
CLERK'S INITIALS		

★ 695-112-0-224-227

No. 161438

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		Albert E. & Alice B. Carter	
STREET AND NO.		1411 W. Orchard Lane	
P.O. STATE AND ZIP CODE		Carlsbad N. Mex. 88520	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢	
	SPECIAL DELIVERY	¢	
	RESTRICTED DELIVERY	¢	
	RETURN RECEIPT SERVICE	¢	
	SHOW TO WHOM AND DATE DELIVERED	¢	
OPTIMAL SERVICES	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	¢	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	¢	
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	¢	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		APR 1978 USFO	

Your folder in this p. 1. A

Presbyterian Church
Various unleased mineral interest
OWNER
and
3.1%

ARTICLE ADDRESSED TO:		
Albert E. & Alice B. Carter 1411 W. Orchard Lane Carlsbad N. Mex. 88520		
1. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161438	
(Always obtain signature of addressee or agent)		
I have received the article described above		
SIGNATURE	Addressee	Authorized agent
Alice B. Carter		
DATE OF DELIVERY		POSTMARK
10-22-78		
3. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

★ 878 : 1977-O-234-237

No. 161439

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO <i>J.R. Mangone T. Marshall</i>	
STREET AND NO. <i>1415 W. Orchard Lane</i>	
P.O. STATE AND ZIP CODE <i>Portland U.M. 98220</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
OPTIONAL SERVICES	
SHOW TO WHOM AND DATE DELIVERED	\$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	\$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	\$
RETURN RECEIPT SERVICE	\$
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	\$
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE <i>10-19-78</i>	

Your folder in this p

OVER
and t

Tracy
Cities Service
Presbyterian Church
Various unlisted offices 1 Informant

6.25%
12.5%
3.1%
1/2 1116 88. 111

2. ARTICLE ADDRESSED TO: <i>J.R. Mangone T. Marshall</i> <i>1415 W. Orchard Lane</i> <i>Portland U.M. 98220</i>		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	<i>161439</i>	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
DATE OF DELIVERY <i>10-19-78</i>		POSTMARK
5. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

☆ 80 : 107 - 0-234-257

No. 161440

RECEIPT FOR CERTIFIED MAIL

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

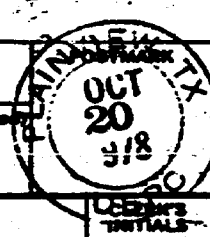
SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Your folder in this p

Cities Service
Presbyterian Church
Various unleased mineral interest
owner

12.750
3.1%

ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161440	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		
ADDRESS (Complete only if requested)		
UNABLE TO DELIVER BECAUSE		



No. 161441

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		J. Edgar Hoover	
STREET AND NO.		Box 730	
CITY, STATE AND ZIP CODE		Camden N. Mex. 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	\$	
	SPECIAL DELIVERY	\$	
	RESTRICTED DELIVERY	\$	
	OPTIONAL SERVICES		
	RETURN RECEIPT SERVICE		
SHOW TO WHOM AND DATE DELIVERED			
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY			
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY			
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY			
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		1378	

300, Apr. 1976

1. A

2. ARTICLE ADDRESSED TO:
Josephine Tracy Eddy
Box 730
Camden N. Mex. 88220

3. ARTICLE DESCRIPTION:
REGISTERED NO. 161441
CERTIFIED NO. 161441
INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Josephine Tracy Eddy

DATE OF DELIVERY OCT 20 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

Your folder in this p

UTILEM ORIGIN
Presbyterian Church
Various unleased mineral interest
OWNER
and
3.19

No. 161442

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		Elizabeth Tracy	
STREET AND NO.		1601 Quade Lane	
P.O. STATE AND ZIP CODE		P.O. Box 88220 N.M. 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	✓	
	SPECIAL DELIVERY	✓	
	RESTRICTED DELIVERY	✓	
	OPTIONAL SERVICES		
	RETURN RECEIPT SERVICE	✓	
	SHOW TO WHOM AND DATE DELIVERED	✓	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	✓		
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	✓		
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	✓		
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		OCT 19 1978	
3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO. 161442			
(Always obtain signature of addressee or agent)			
I have received the article described above. SIGNATURE <input checked="" type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent			
4. DATE OF DELIVERY OCT 19 1978		POSTMARK	
5. ADDRESS (Complete only if requested)			
6. UNABLE TO DELIVER BECAUSE:		CARRIER'S INITIALS	

Your folder in this 1

owner
and 1
Presbyterian Church
Various unleased mineral interest
3.1%

No. 161311

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		FIRST Presbyterian Church	
STREET AND NO.		309 W. Shaw	
STATE AND ZIP CODE		OKLAHOMA NM 80220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	\$	
	SPECIAL DELIVERY	\$	
	RESTRICTED DELIVERY	\$	
	SHOW TO WHOM AND DATE DELIVERED	\$	
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	\$	
OPTIONAL SERVICES	RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED WITH RETURNED DELIVERY	
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RETURNED DELIVERY	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		10, Apr. 1978	

TO: space on
cc.
very.
very.
ES)

2. ARTICLE ADDRESSED TO:
First Presbyterian Church
309 W. Shaw
Oklahoma NM 80220

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
161311

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Isabella Byrnes

4. DATE RECEIVED OCT 20 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

Your folder in this p

Various unleased mineral interest
owner
and t

No. 161310

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO. <i>212 W. 8th St.</i>	
CITY, STATE AND ZIP CODE <i>Las Vegas NM 88220</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	<input type="checkbox"/>
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	1978

Your folder in this

1.

TO: <i>Spec on</i>
<i>1</i>
<i>2</i>
<i>3</i>
<i>4</i>
<i>5</i>
<i>6</i>
<i>7</i>
<i>8</i>
<i>9</i>
<i>10</i>

and
Cities Service
Presbyterian Church
Various unleased mineral interest
owned by the church

12.5%
3.1%

ARTICLE NO. <i>1</i>		
ARTICLE DESCRIPTION <i>212 W. 8th St. Las Vegas NM 88220</i>		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	<i>161310</i>	
(Always obtain signature of addressee or agent)		
I HAVE RECEIVED THE ARTICLE DESCRIBED ABOVE.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
<i>Shari Wipemar</i>		
DATE OF DELIVERY <i>10/19/78</i>		POSTMARK
3. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE		CLERK'S INITIALS

★ 670-157-0-224-227

No. 161309

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Alice Carter Houston	
STREET AND NO.	
212 W. Spring Lane	
P.O., STATE AND ZIP CODE	
Calleal N.M. 88220	
POSTAGE	
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
SHOW TO WHOM AND DATE DELIVERED	\$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	\$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	\$
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	\$
TOTAL POSTAGE AND FEES	
\$	
POSTMARK OR DATE	
800, Apr. 1978	

Your Joinder in this

Cities Service
Presbyterian Church
Various unleased mineral interest
owns
and

12.5%
3.1%

ARTICLE ADDRESSED TO:	
Alice Carter Houston	
96 Springs Lane 212 W. Spring Lane	
Calleal N.M. 88220	
2. ARTICLE DESCRIPTION:	
REGISTERED NO.	CERTIFIED NO.
	161309
INSURED NO.	
(Always obtain signature of addressee or agent)	
I have received the article described above.	
SIGNATURE	<input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent
DATE OF DELIVERY	
10/19/78	
3. ADDRESS (Complete only if requested)	
4. UNABLE TO DELIVER BECAUSE:	
CLERK'S INITIALS	

★ 800 : 107-0-234-237

No. 161308

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		1411 W. Orchard Lane	
STREET AND NO.		CARRISBROOK NM 88422	
POST OFFICE STATE AND ZIP CODE		NM 88422	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE		
	SPECIAL DELIVERY		
	RESTRICTED DELIVERY		
	OPTIONAL SERVICES		
	RETURN RECEIPT SERVICE		
SHOW TO WHOM AND DATE DELIVERED			
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY			
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY			
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY			
TOTAL POSTAGE AND FEES		1.50	
POSTMARK OR DATE		OCT 20 1978	

1. A TO "space on" (one) delivery (FEES)

2. ARTICLE ADDRESSED TO: Albert E. Carter, 1411 W. Orchard Lane, Carrisbrook N.M. 88422

3. ARTICLE DESCRIPTION: REGISTERED NO. 161308, CERTIFIED NO., INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☒ Addressee ☐ Authorized agent
Albert E. Carter

DATE OF DELIVERY: 10-20-78 8PM

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

Your folder in this p

Presbyterian Church
Various unlicensed mineral interest
owner
and
3.1%

No. 161478

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE	\$
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
OPTIONAL SERVICES	
SHOW TO WHOM AND DATE DELIVERED	\$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	\$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	\$
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	\$
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	

Your folder in this

and
own
Various unleased mineral interest
Presbyterian Church
Cities Service

U.S. 40
12.5%
3.1%

2. ARTICLE ADDRESSED TO:		
Gene Carter Dunagan 212 W. Stevens Cahoon NM 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161478	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
Shen Shipemor		
DATE OF DELIVERY		POSTMARK
10/19/78		
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

No. 161477

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL
(See Rs. 690)

SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE \$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES \$	
POSTMARK OR DATE	

Your folder in this p

1. A

one).
delivery.
delivery.
FEES)

Cities Service
Presbyterian Church
Various unleased mineral interest
owners
and ti

12.5%
3.1%

2. ARTICLE ADDRESSED TO:		
Marche Cartelle Marek c/o 212 W. Stevens Carlsbad N.M. 88220		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161477	
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
Shen Wipeman		
DATE OF DELIVERY		POSTMARK
10/19/78		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

★ 670-107-0-234-637

No. 161476

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		Carl Carter Smith	
STREET AND NO.		402 1/2 W. Stevens	
CITY, STATE AND ZIP CODE		Carlisle, PA 17013	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	c	
	SPECIAL DELIVERY	c	
	RESTRICTED DELIVERY	c	
	SHOW TO WHOM AND DATE DELIVERED	c	
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	c	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	c	
RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	c	
TOTAL POSTAGE AND FEES		\$	
POSTMARK ON DATE		15 1978	

Your folder in this)

and 1

Various released mineral interest

5-170

Carl Carter Smith		
402 1/2 W. Stevens		
Carlisle, PA 17013		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161476	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
5/10/19/78		
DATE OF DELIVERY		POSTMARK
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

U.S. MAIL - 0-23-007

No. 161475

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
405 S.C.C.C.	
CITY, STATE AND ZIP CODE	
S. NM 0822	
POSTAGE	
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
SHOW TO WHOM AND DATE DELIVERED	\$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	\$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	\$
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	\$
TOTAL POSTAGE AND FEES \$8.61	
POSTMARK OR DATE	

Your folder in this

Army
Cities Service
Presbyterian Church
Various unlisted mineral interests
and

12.5%
3.1%

ARTICLE ADDRESSED TO		
Donald W. Page, Jr., Gregory		
1405 S. County Club Circle		
P.O. Box 100, P.O. 20		
ARTICLE DESCRIPTION		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161475	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
DATE OF DELIVERY	12-19-78	POSTMARK
S. ADDRESS (Complete only if requested)		
C. UNABLE TO DELIVER BECAUSE		
CLIENT'S INITIALS		

No. 161474

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
PO, STATE AND ZIP CODE	
POSTAGE \$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED—WHEN RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WHEN RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES \$	
POSTMARK OR DATE	

Your folder in this

PLEASE RETURN TO:
Presbyterian Church
Various unleased mineral interest
owner
and
3.16

2. ARTICLE ADDRESSED TO:		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		POSTMARK
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

☆ 870-107-0-234-207

No. 161473

RECEIPT FOR CERTIFIED MAIL

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

SEND TO		R. D. D. D.	
STREET AND NO.		1407 S. C. C. C.	
CITY, STATE AND ZIP CODE		NM 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE		
	SPECIAL DELIVERY		
	RESTRICTED DELIVERY		
	OPTIONAL SERVICES		
	RETURN RECEIPT SERVICE		
SHOW TO WHOM AND DATE DELIVERED			
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY			
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY			
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY			
TOTAL POSTAGE AND FEES		\$	
POSTMARK & DATE		1978	

100, Apr. 1976

2. ARTICLE ADDRESSED TO:
R. D. D. D.
1407 S. C. C. C. C.
NM 88220

3. ARTICLE DESCRIPTION:
REGISTERED NO. 161473
CERTIFIED NO. 161473
INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
DATE OF DELIVERY 10-19-78
POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

Your folder in this F

Presbyterian Church
Various unissued mineral interest
owner
and 1

3.1%

No. 161472

RECEIPT FOR CERTIFIED MAIL

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

SENT TO <i>Rev. Eugene L. ...</i>	
STREET AND NO. <i>1408 W. ...</i>	
P.O. STATE AND ZIP CODE <i>Albuquerque NM 88220</i>	
POSTAGE \$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES \$	
POSTMARK ON ENVELOPE <i>OCT 18 1978</i>	
<i>Field ...</i> <i>1408 W. ...</i> <i>Albuquerque NM 88220</i>	
1. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO. <i>161472</i>	
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent <i>C. J. ...</i>	
4. DATE OF DELIVERY <i>10-19-78</i>	
POSTMARK	
5. ADDRESS (Complete only if requested)	
6. UNABLE TO DELIVER BECAUSE:	
CLERK'S INITIALS	

Your folder in this

ULTRAMARINE
Presbyterian Church
Various unleased mineral interest
owned by ...
and
3.2%

★ 470 : 107—O—224—057

No. 161471

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		Theodore V. & Emiliana Allen	
STREET AND NO.		1411 S.C.C.C.	
P.O. STATE AND ZIP CODE		Carlsbad NM 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	c	
	SPECIAL DELIVERY	c	
	RESTRICTED DELIVERY	c	
	OPTIONAL SERVICES		
	RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	c	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		OCT 19 1970	

800, Air. 1970

Your folder in this p

Presbyterian Church
Various unleased mineral interest
owner
and
3.1%

2. ARTICLE ADDRESSED TO:		
Theodore V. & Emiliana Allen 1411 So. Country Club Circle Carlsbad N. M. 88220		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161471	
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input checked="" type="checkbox"/> Authorized agent		
DATE RECEIVED BY		POSTMARK
OCT 19 1970		
4. ADDRESS (Complete only if requested)		
5. UNABLE TO DELIVER BECAUSE		
CLERK		

★ 670 : 107-0-03-07

No. 161470

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		
Melvin E. Lattenloff		
STREET AND NO.		
405 W. Fox		
CITY, STATE AND ZIP CODE		
Carlsbad NM 88220		
POSTAGE \$		
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	\$
	SPECIAL DELIVERY	\$
	RESTRICTED DELIVERY	\$
	OPTIONAL SERVICES	
	RETURN RECEIPT SERVICE	\$
	SHOW TO WHOM AND DATE DELIVERED	\$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	\$	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	\$	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	\$	
TOTAL POSTAGE AND FEES \$		
POSTMARK OR DATE		
APR 1978		

Your folder in this file

and
OCT 1978
CERTIFICATE WITH POSTAGE RECEIPT

2. ARTICLE ADDRESSED TO:		
Melvin E. Lattenloff		
405 W. Fox		
Carlsbad N. M. 88220		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161470	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
JO Schulte		
DATE OF DELIVERY		POSTMARK
10/19/78		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

★ 676 : 105-0-024-007

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

SEND TO William B. B. B. D.		Your folder in this p.	
STREET AND NO. 1415 S. C. C. C.		1. A	
P.O. STATE AND ZIP CODE Calif. NM 88220		N TO" spec on	
POSTAGE		\$	
CERTIFIED FEE		¢	
SPECIAL DELIVERY		¢	
RESTRICTED DELIVERY		¢	
OPTIONAL SERVICES		¢	
RETURN RECEIPT SERVICE		¢	
SHOW TO WHOM AND DATE DELIVERED		¢	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		¢	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		¢	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		¢	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		1978	

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

2. ARTICLE ADDRESSED TO:
Wm. B. + Barbara B. Lancy
1445 So Country Club Circle
Calabasas, M. 91302

3. ARTICLE DESCRIPTION:
REGISTERED NO. 161469 CERTIFIED NO. INSURED NO.

(Attach to obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent:
Barbara B. Lancy

4. DATE OF DELIVERY OCT 20 1978

5. ADDRESS REASON FOR RETURN:

6. UNABLE TO DELIVER BECAUSE:

POSTMARK
CALLESA
OCT
20
1978
AIRMAIL
SPECIAL

Your folder in this p

UNITED STATES
Presbyterian Church
Various unleased mineral interests
owner
and to

3.1%

22

No. 161468

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Leopold B. & Carol C. Lebligue	
STREET AND NO.	
1412 W. Orchard Lane	
CITY, STATE AND ZIP CODE	
Corral del Sol NM 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
\$	
POSTMARK ON ENVELOPE	

Your folder in this

and

owns

Tracy
Cities Service
Presbyterian Church

12.5%
3.1%

RETURN RECEIPT, REGISTERED, INSURED AND DELIVERED MAIL		
Leopold B. & Carol C. Lebligue		
1412 W. Orchard Lane		
Corral del Sol, N.M. 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161468	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
Carol C. Lebligue		
DATE OF DELIVERY		POSTMARK
OCT 20 1978		CART
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE:		

No. 161467

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Marion B. + Lelah C. Carey	
STREET AND NO.	
1417 S. CCC.	
PO, STATE AND ZIP CODE	
Caledonia, NM 88220	
POSTAGE	\$
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	

Your folder in this p

1. A

and 4

Presbyterian Church
Various unleased mineral interest
owner

3. 14

3. ARTICLE ADDRESSED TO:		
Marion B. + Lelah C. Carey		
1417 So. Country Club Circle		
Caledonia, N.M. 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161467	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
Lelah C. Carey		
DATE OF DELIVERY		POSTMARK
10-17-78		PM
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

★ 80-107-0-234-227

24

No. 161466

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE	\$
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

IN 2000, Apr. 1976

Your folder in this 1

Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest
owner
and 1

TO: space on
de).
ivery.
ivery.
ERS)

RETURN RECEIPT SERVICE REGISTERED MAIL AND CERTIFIED MAIL		
Alfred R. & Michael A. Hastings 1414 W. Orchard Lane Carlsbad, NM 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161466	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
A. R. Hastings		
DATE OF DELIVERY	POSTMARK	
10-19-78	RTR	
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE:		
CLIENT'S INITIALS		

6.25% 40 acres
12.5%
3.1%

★ 670-100-0-000-007

No. 161465

RECEIPT FOR CERTIFIED MAIL

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

TO: *Randall E. Hays*
STREET AND NO.: *1419 S.C.C.C.*
PO, STATE AND ZIP CODE: *Carlsbad NM 88220*

POSTAGE \$
CERTIFIED FEE \$
SPECIAL DELIVERY \$
RESTRICTED DELIVERY \$
RETURN RECEIPT SERVICE \$
SHOW TO WHOM AND DATE DELIVERED \$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY \$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY \$
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RETURN RECEIPT SERVICE \$

TOTAL POSTAGE AND FEES \$
POSTMARK OF DATE

94, Apr. 1978

Your folder in this p

1. A

TO: space on
cc).
every.
every 2.
FEES)

owner
and t

Cities Service
Presbyterian Church
Various unleased mineral interest

12.5%
3.1%

2. ARTICLE ADDRESSED TO:
Randall E. Hays
1419 S. County Club Circle
Carlsbad N.M. 88220

3. ARTICLE DESCRIPTION:
161465

(Always obtain signature of addressee or agent)

I have received the article described above.
Signature ☐ Addressee ☐ Authorized agent
Mary D. Smith

DATE OF DELIVERY
10-11-78

POSTMARK

4. UNABLE TO DELIVER REASON:

CLERK'S INITIALS:

No. 161464

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		R. & Shirley Jackson	
STREET AND NO.		302 N. Main	
P.O. STATE AND ZIP CODE		Albuquerque NM 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	c	
	SPECIAL DELIVERY	c	
	RESTRICTED DELIVERY	c	
	RETURN RECEIPT SERVICE	c	
	SHOW TO WHOM AND DATE DELIVERED	c	
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	c	
TOTAL POSTAGE AND FEES		\$	
POSTMARK ON DATE		OCT 19 1978	

1. TO "spec on (enc).
Delivery.
Delivery.
FEES)

2. ARTICLE ADDRESSED TO:		
R. & Shirley Jackson		
302 N. Main		
Albuquerque, N.M. 88220		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161464	
(Always obtain signature of addressee or agent.)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized Agent
Stack Postmaster		
DATE OF DELIVERY		
OCT 19 1978		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		

★ GPO : 1977-0-254-627

Your folder in this

Josephine Tracy Trust & Laura
Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest
owna
and

1/2 int ea. in
6.25%
12.5%
3.1%

No. 161463

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		J. M. Greenwald	
STREET AND NO.		3538 Northlawn Park	
CITY, STATE AND ZIP CODE		Ann Arbor, Michigan 48106	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	c	
	SPECIAL DELIVERY	c	
	RESTRICTED DELIVERY	c	
	REGISTERED MAIL	c	
	REGISTERED MAIL WITH RETURN RECEIPT	c	
TOTAL POSTAGE AND FEES		\$ 4.16	
POSTMARK OR DATE		APR 1976	

PS Form 3800, Apr. 1976

Your folder in this proposal is requested by either of:

1. As a party in drilling of the test well
2. Committee on awareness on a farm out basis

appreciated.

Yours,
J. M. Greenwald
Jes Wildberger, Agent for
Grace

Presbyterian Church
Various unleased mineral interest
owners in the Big Sky Ranch Subdivision
and the Country Club area
11.16%
100.0%

No. 161462

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
1427 SCOC	
CITY, STATE AND ZIP CODE	
COLUMBIA, NM 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RECEIPT	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RECEIPT	
TOTAL POSTAGE AND FEE	
POSTMARK OR DATE	

PS Form 3800, Apr. 1975

RECEIVED MAILING DIVISION
OWNERS IN THE BIG SKY HOMES SUBDIVISION
AND THE COUNTRY CLUB AREA

11.18
100.00

Your joinder in this proposal is requested by either of:

1. As a party in drilling of the test well

in a farm out basis

appreciated.

Yours,
James W. Wildberger
James Wildberger, Agent for
Crane

No. 161461

RECEIPT FOR CERTIFIED MAIL

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

ETM 3800, V. 1, P. 1976

SENT TO		Mary K. Culpepper	
STREET AND NO.		1429 S.C.C.	
P.O. STATE AND ZIP CODE		Carlisle NM 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE		
	SPECIAL DELIVERY		
	RESTRICTED DELIVERY		
	RETURN RECEIPT SERVICE		
	SHOW TO WHOM AND DATE DELIVERED		
OPTIONAL SERVICES	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		OCT 19 1978	

Your folder in this

1.

ON TO" space on
one).
delivery
delivery \$
FEES)

Various unclassified interest
owner
and

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Mary K. Culpepper		
1429 S.C.C.		
Carlisle NM 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161461	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		POSTMARK
10-19-78		
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE:		CLIENT'S INITIALS

☆ 970 : 107-0-20-207

No. 161460

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		Domenico Lightner	
STREET AND NO.		1431 S.C.C.C.	
P.O. STATE AND ZIP CODE		Carlsbad NM 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	\$	
	SPECIAL DELIVERY	\$	
	RESTRICTED DELIVERY	\$	
	OPTIONAL SERVICES		
	RETURN RECEIPT SERVICE		
SHOW TO WHOM AND DATE DELIVERED		\$	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		\$	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		\$	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		\$	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		OCT 20 1978	

Your folder in this pr

TO: space on
1
2
3
4
5

Various unleased mineral interest
concern
and th

ARTICLE ADDRESS		
Domenico Lightner 1431 S.C.C.C. Carlsbad NM 88220		
ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161460	
(Always obtain signature of addressee or agent)		
I have received the article described above:		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		
OCT 20 1978		
ADDRESS (Complete only if requested)		
UNABLE TO DELIVER BECAUSE:		

★ 870-100-0-020-007

No. 161458

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
STATE AND ZIP CODE	
POSTAGE	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
OPTIONAL SERVICES	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Your folder in this p
1. A

owner
and t
Presbyterian Union
Various unlicensed mineral interest

IN TO" space on
one).
Delivery.
Delivery.
Delivery.
FEES)

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL		
SENT TO		
STREET AND NO.		
STATE AND ZIP CODE		
POSTAGE		
TOTAL POSTAGE AND FEES		
POSTMARK OR DATE		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
DATE OF DELIVERY		
POSTMARK		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE		
CLERK'S INITIALS		

☆ GPO : 1975-O-234-007

No. 161459

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE	\$
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	

Your folder in this p.

1. A.

TO: (specify name)
Delivery
Delivery
(EES)

and to

OWNER

Various unleased mineral interest

Presbyterian Church

Cities Service

Tracy

Josephine Tracy Trust & Laura

1 1/2 int ea. in
6.25% 140 acres
12.5%
3.1%

ARTICLE ADDRESSED TO:		
ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161459	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
DATE OF DELIVERY	POSTMARK	
10-19-78		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		
CLERK'S INITIALS		

☆ GPO : 1977-O-234-257

No. 161457

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Kenneth E. Nalla Bindel	
STREET AND NO.	
1505 S.C.C.C.	
P.O. STATE AND ZIP CODE	
Carlsbad N.M. 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
OPTIONAL SERVICES	RETURN RECEIPT SERVICE
TOTAL POSTAGE AND FEES	
POSTMARK ON DATE	

Your folder in this p.
1. A.

Army
Cities Service
Presbyterian Church
Various unclassified interest
and 4

ARTICLE DESCRIBED		
Kenneth E. Nalla Bindel		
1505 S.C.C.C.		
Carlsbad N.M. 88220		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161457	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
4. DATE OF DELIVERY		
OCT 20 1979		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE		

2 470 : 100-0-230-237

12.5%
3.1%

No. 161456

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Charles R. Wright & Patty Sue Wright	
STREET AND NO.	
1507 S. C.C.C.	
R.F.D. STATE AND ZIP CODE	
Carlsbad NM 88220	
POSTAGE	
\$	
OPTIONAL SERVICES (CONSULT POSTMASTER FOR FEES)	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES	
\$	
POSTMARK OR DATED	

Your folder in this

Presbyterian Church
Various released mineral interest
owns
and

TO" space on
one).
Delivery.
Delivery.
FEES)

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL		
Charles R. Wright & Patty Sue Wright		
1507 S. C.C.C.		
Carlsbad NM 88220		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161456	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
Patty Wright		
DATE OF DELIVERY		POSTMARK
10-27-78		APR
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

☆ 870 : 107-O-234-237

3.196

25

No. 161455

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		JACK & HELEN HUNT	
STREET AND NO.		1509 S.C.C.C.	
PO, STATE AND ZIP CODE		Carlsbad NM 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	¢	
	SPECIAL DELIVERY	¢	
	RESTRICTED DELIVERY	¢	
	OPTIONAL SERVICES		
	RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED	
	RETURN RECEIPT SERVICE	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
TOTAL POSTAGE AND FEES		IN TO" space on	
POSTMARK OR CANCEL		one).	
		Delivery.	
		Delivery.	
		FEES)	
1. ARTICLE ADDRESSED TO JACK H. & HELEN C. HUNT 1509 S.C.C.C. Carlsbad NM 88220			
2. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO. 1161455			
(Signature of addressee or agent) I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input checked="" type="checkbox"/> Authorized agent HELEN C. HUNT			
DATE OF DELIVERY 10-9-78		POSTMARK	
3. ADDRESS (Complete only if requested)			
4. REMARKS TO BE MADE BY ADDRESSEE		5. ADDRESSEE'S INITIALS	

Your folder in this p
1. At

Various unleased mineral interest
owned
and in

No. 161454

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		Louis E. Pate	
STREET AND NO.		1511 S. County Club Circle	
P.O. STATE AND ZIP CODE		Carlsbad NM 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE		
	SPECIAL DELIVERY		
	RESTRICTED DELIVERY		
	OPTIONAL SERVICES		
	RETURN RECEIPT SERVICE		
SHOW TO WHOM AND DATE DELIVERED			
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY			
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY			
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY			
TOTAL POSTAGE AND FEES		\$	
POSTMARK OF DATE		OCT 20 1978	

Your folder in this p...

Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest
owner
and to

0.25% / 40 acres
12.5%
3.1%

ARTICLE ADDRESSED TO		
Louis E. Pate & Judith B. Pate		
1511 S. County Club Circle		
Carlsbad NM 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161454	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
Judy Pate		
DATE OF DELIVERY		POSTMARK
OCT 20 1978		CARLSBAD, NM OCT 20 1978 USPO
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE		

★ 870-107-0-220-007

No. 161450

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
George E. & Jean C. Linn	
STREET AND NO.	
1512 Cambridge Club Pl	
P.O. STATE AND ZIP CODE	
Cambridge MA 02220	
POSTAGE	\$
CERTIFIED FEE	c
SPECIAL DELIVERY	c
RESTRICTED DELIVERY	c
OPTIONAL SERVICES	
SHOW TO WHOM AND DATE DELIVERED	c
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	c
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	c
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	c
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	OCT 19 1978

Your journal in this p
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TO: spec	
ne).	
livery.	
livery.	
FEES)	

owner
and t
Josephine Tracy Trust & Laura
Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest

6.25%
12.5%
3.1%
1/2 int. sh. in
40 acres

ARTICLE ADDRESS		
George E. & Jean C. Linn 1512 Cambridge Club Pl Cambridge MA 02220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161450	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input checked="" type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		POSTMARK
10-19-78		1978
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

★ GPO : 1977-O-234-237

No. 161453

RECEIPT FOR CERTIFIED MAIL

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

STREET AND NO.	
1515 Canyon Club Place	
P.O. STATE AND ZIP CODE	
Albuquerque N.M. 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
TOTAL POSTAGE AND FEES	
\$	
POSTMARK ON DATE	

300, Apr. 1978

Your folder in this

Various unleased mineral interest
owns
and

1. ARTICLE ADDRESSED TO:		
1515 Canyon Club Place Albuquerque N.M. 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161453	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
Katrina Forest		
DATE OF DELIVERY		POSTMARK
10-19-78		
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

★ 670 : 197 - O - 234 - 627

No. 161452

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		STREET AND NO.	
302 N. Main		P.O. STATE AND ZIP CODE	
Carlsbad N.M. 88220		POSTAGE	
CERTIFIED FEE		\$	
SPECIAL DELIVERY		\$	
RESTRICTED DELIVERY		\$	
SHOW TO WHOM AND DATE DELIVERED		\$	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		\$	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		\$	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		\$	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		1978	
100, Apr. 1976		USPO	

TO: 302 N. Main

161452

1978

USPO

100, Apr. 1976

1. ARTICLE ADDRESSED TO:

Josephine Tracy Trust & Laura Tracy

2. ARTICLE DESCRIPTION:

REGISTERED NO. 161452

CERTIFIED NO. 161452

INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE: ☐ Addressee ☐ Authorized agent

DATE OF DELIVERY: OCT 19 1978

3. ADDRESS (Complete only if requested)

4. UNABLE TO DELIVER BECAUSE:

5. CARRIER INITIALS:

Your folder in this

owner and
Josephine Tracy Trust & Laura Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest

6.25% 1/2 int on. in
12.5% 40 acres
3.1%

★ 670-100-000-207

No. 161451

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
1521 N.C.C.C.	
P.O. STATE AND ZIP CODE	
N.M. 88220	
POSTAGE	\$
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$ 1.78
POSTMARK OR DATE	APR 19 1978

Your joiner in this

owns and

Various unleased mineral interest

300, Apr. 1978

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

2. ARTICLE ADDRESSED TO:		
1521 N.C.C.C.		
N.M. 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161451	
(Always obtain signature of addressee or agent)		
I HAVE RECEIVED THE ARTICLE DESCRIBED ABOVE:		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
Cindy Smith		
DATE OF DELIVERY	POSTMARK	
10-19-78		
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

☆ 870 : 107 - O-224-227

No. 161449

RECEIPT FOR CERTIFIED MAIL

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

SENT TO
STREET AND NO.
P.O. STATE AND ZIP CODE
POSTAGE \$
CERTIFIED FEE
SPECIAL DELIVERY
RESTRICTED DELIVERY
OPTIONAL SERVICES
RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES
POSTMARK OR DATE

Your folder in this

1.

2.

TO: spec on
(see).
livery.
livery. 2
(FEES)

Various unleased mineral interest
owns in the Rio Grande Subdivision
and

2. ARTICLE ADDRESSED TO:
3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
161449
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
DATE OF DELIVERY
10-19-78
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

U.S. POSTAL SERVICE

4/2

No. 161448

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Your folder in this 1

1. J

TO: space as
(one).
Delivery
Delivery \$
(FEES)

Presbyterian Church
Various unleased mineral interest
Owner
and 1
3.1%

W. J. Budwine 1423 S.C.C.C. Carlsbad N.M. 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161448	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE: <input type="checkbox"/> Addressee <input checked="" type="checkbox"/> Authorized agent		
DATE DELIVERED		POSTMARK
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE		

☆ 970 : 1977-O-234-237

No. 161447

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		Christopher & Carmen McGehee	
STREET AND NO.		1425 S.C.C.C.	
CITY, STATE AND ZIP CODE		Carlsbad N.M. 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE		
	SPECIAL DELIVERY		
	RESTRICTED DELIVERY		
	SHOW TO WHOM AND DATE		
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		
TOTAL POSTAGE AND FEES		\$	
POSTMARK ON DATE		OCT 19 1978	
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL			
1. ARTICLE DESCRIPTION:			
REGISTERED NO.		CERTIFIED NO.	INSURED NO.
161447			
(Always obtain signature of addressee or agent)			
I have received the article described above.			
SIGNATURE		<input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent	
DATE OF DELIVERY		POSTMARK	
10/19/78		PC	
3. ADDRESS (Complete only if requested)			
6. UNABLE TO DELIVER BECAUSE:			
CLERK'S INITIALS			

Your folder in this is 1. A

Army
Cities Service
Presbyterian Church
Various unleased mineral interest
concerning the McGehee Estate

12.5%
3.1%

No. 161446

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO		<i>Mr. & Mrs. J. J. [illegible]</i>	
STREET AND NO.		<i>1100 W. [illegible]</i>	
P.O. STATE AND ZIP CODE		<i>Carlisle, PA. 17015</i>	
POSTAGE		8	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	c	
	SPECIAL DELIVERY	c	
	RESTRICTED DELIVERY	c	
	RETURN RECEIPT SERVICE	c	
	SHOW TO WHOM AND DATE DELIVERED	c	
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	c	
TOTAL POSTAGE		8	
POSTMARK OR DATE		8/15/76	

PS Form 3800, Apr. 1976

Your folder in this proposal is requested by either of:

1. As a member in full-time of the test well

in a farm out basis

appropriated.

Yours,
James Wildberger
James Wildberger, Agent for
CZMO

No. 161445

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERSTATE PURPOSES

(See Reverse)

SENT TO
J. B. Cole
STREET AND NO.
1703 Johnson
P.O. STATE AND ZIP CODE
C. Island N.M. 88220
POSTAGE \$
CERTIFIED FEE \$
SPECIAL DELIVERY \$
RESTRICTED DELIVERY \$
OPTIONAL SERVICES
RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED \$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY \$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY \$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY \$
TOTAL POSTAGE AND FEES \$
POSTMARK OR DATE
1578

Your folder in this p.

1. A

Tracy
Citizen Service
Presbyterian Church
Various unleased mineral interest
owner

1. TO" space on
one).
elivery.
elivery. &
FEES)

2. ARTICLE ADDRESSED TO
J. B. Cole
1703 Johnson
C. Island N.M. 88220
3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
161445
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Mary E. Britt
DATE OF DELIVERY
10-19-78
POSTMARK
1. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE
CLERK'S INITIALS

6.25% 40 acres
12.5%
3.1%

No. 161444

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RETURN RECEIPT SERVICE	
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Your folder in this p
1. A

Various unleased mineral interest
ownership
and to

2. ARTICLE ADDRESSED TO:		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161444	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE		POSTMARK
OCT 20 1978		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER REASON:		
CARRIER'S SIGNATURE		

☆ 870-100-0-004-007

49

No. 161443

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Norman E. & Jeanette Sparks	
STREET AND NO.	
1516 N. C.C.C.	
P.O. STATE AND ZIP CODE	
Columbia N. Mex. 88222	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
\$	
POSTMARK DATE	
APR 1978	

2. ARTICLE ADDRESSED TO:
Norman E. & Jeanette Sparks
1516 N. Country Club Circle
Columbia N. Mex. 88222

3. ARTICLE DESCRIPTION:
REGISTERED NO. CERTIFIED NO. INSURED NO.
1161443

(Always obtain signature of addressee or agent.)
I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

Your folder in this p/c

1. AS

Cities Service
Presbyterian Church
Various unleased mineral interest
owners and the

12.5%
3.1%

No. 161312

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		1514 N. C. C. C.	
STREET AND NO.		STATE AND ZIP CODE	
1514 N. C. C. C.		NM 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	\$	
	SPECIAL DELIVERY	\$	
	RESTRICTED DELIVERY	\$	
	OPTIONAL SERVICES		
	RETURN RECEIPT SERVICE		
	SHOW TO WHOM AND DATE DELIVERED		
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY			
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY			
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY			
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE			
800, Apr. 1976			
2. ARTICLE ADDRESSED TO			
Herald R. + Patricia J. Fugate			
1514 N. Country Club Circle			
Catalina, N.M. 88220			
3. ARTICLE DESCRIPTION			
REGISTERED NO.	CERTIFIED NO.	INSURED NO.	
	161312		
(Always obtain signature of addressee or agent)			
I have received the article described above:			
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent			
John Fugate			
DATE OF DELIVERY		POSTMARK	
10-19-78		AK	
5. ADDRESS (Complete only if requested)			
6. INABLE TO DELIVER BECAUSE:		CLIENT'S INITIALS	

Your folder in this p.

1. A

and

owner

Presbyterian Union
Various unleased mineral interest

5-120

★ 800-1-800-0-000-000

RECEIPT FOR CERTIFIED MAIL

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

Your order in this p
 1. A

SENT TO <i>Anthony & Laura Fioretti</i>	
STREET AND NO. <i>1512 N. C. C.</i>	
P. M. STATE AND ZIP CODE <i>1512 NM 88220</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES A. A. OPTIONAL SERVICES RETURN RECEIPT SERVICE	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	\$
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

2. ARTICLE ADDRESSED TO: <i>Anthony & Laura S. Fioretti</i> <i>1512 N. Country Club Circle</i> <i>Carlsbad, N.M. 88220</i>		
3. ARTICLE DESCRIPTION:	REGISTERED NO.	CERTIFIED NO.
		<i>161313</i>
INSURED NO.		
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
<i>Laura S. Fioretti</i>		
DATE OF DELIVERY	POSTMARK	
<i>10-19-78</i>	<i>NR</i>	
5. ADDRESS (Complete only if requested)		
6. ARTICLE TO DELIVER BECAUSE:		CLERK'S INITIALS

Your folder in this p

City Service	12.5%
Presbyterian Church	3.1%
Various unleased mineral interest	
Ownership and 1/2	

☆ 電話 : 1667-0-234-237

No. 161314

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
STATE AND ZIP CODE	
POSTAGE	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK ON DATE	
1978	

1. ARTICLE ADDRESSED TO:
Bessie E. + Clara Mae Hilt
1510 N. Country Club Circle
Cahoon, Mo.

2. ARTICLE DESCRIPTION:
REGISTERED NO. 161314
CERTIFIED NO.
INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent
Clara Mae Hilt
DATE OF DELIVERY OCT 21 1978
POSTMARK

3. ADDRESS (Complete only if requested)

4. UNABLE TO DELIVER BECAUSE

CLERK'S INITIALS

Your folder in this p.

Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest
overl

U.S. 12.5%
3.1%

No. 161315

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
1508 S.C.C.C.	
STATE AND ZIP CODE	
NM 88220	
POSTAGE	\$
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
OPTIONAL SERVICES	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Your folder in this p

IN TO" space on
one).
Delivery
Delivery, \$
FEES)

ARTICLE ADDRESSED TO:		
Edward & Bernice L. Larson		
1508 So. Country Club Circle		
Carlsbad N.M. 88220		
2. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161315	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
E. F. Larson		
DATE OF DELIVERY		POSTMARK
10-19-76		9PR
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

☆ GPO : 1975-O-234-227

Corinne Grace
Texas Oil & Gas
Josephine Tracy Trust & Laura
Tracy
Circles Service
Presbyterian Church
Various mineral interest
owner
and to

21.7%
6.25%
6.25% } 1/2 int ea. in
12.5% } 40 acres
3.1%

No. 161316

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO. VETERANS ADMINISTRATION	
PO, STATE AND ZIP CODE	
Albuquerque NM 87103	
POSTAGE	\$
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	\$
SHOW TO WHOM AND DATE DELIVERED	\$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	\$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	\$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	\$
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	

Your folder in this pr

Presbyterian Church
Various unleased mineral interest
owners
and th

3-156

2. ARTICLE ADDRESSED TO:		
Adm. of Veterans Affairs VA Admin. Bldg. 3rd + 4th Albuquerque, N.M. 87103		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161316	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized Agent
DATE OF DELIVERY		
20 OCT 1978		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		

★ 670 : 100 - O-224-227

No. 161317

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
1504 S.C.C.C.	
P.O., STATE AND ZIP CODE	
P.O. Box NM 88220	
POSTAGE	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICE:	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK ON DATE	
1978	

Your folder in this p.

1. A.

TO: space on
e).
very.
ery.
ES)

USPS DELIVER
Presbyterian Church
Various unleased mineral interest
3.116

2. ARTICLE ADDRESSED TO:	
Sally Lee + Catherine Lee Childer	
1504 S. Country Club Circle	
Caledonia, N.M. 88220	
3. ARTICLE DESCRIPTION:	
REGISTERED NO.	CERTIFIED NO.
	161317
(Always obtain signature of addressee or agent)	
I have received the article described above.	
SIGNATURE	<input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent
DATE OF DELIVERY	
10-17-78	
4. ADDRESS (Complete only if requested)	
5. UNABLE TO DELIVER BECAUSE:	
CLIENT'S DETAILS	

★ 695-107-0-220-007

No. 161318

RECEIPT FOR CERTIFIED MAIL

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

SENT TO <i>Timothy Lee + Christine Hall</i>		
STREET AND NO. <i>1502 S.C.C.C.</i>		
P.O. STATE AND ZIP CODE <i>Carlsbad NM 88220</i>		
POSTAGE	\$	
CERTIFIED FEE		
SPECIAL DELIVERY		
RESTRICTED DELIVERY		
OPTIONAL SERVICE: SHOW TO WHOM AND DATE DELIVERED		
OPTIONAL SERVICE: SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		
OPTIONAL SERVICE: SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		
OPTIONAL SERVICE: SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		
TOTAL POSTAGE AND FEES		
POSTMARK OR DATE <i>OCT 18 1978</i>		
RETURN TO: space on (one). Delivery Delivery \$ (FEES)		
RETURN TO: <i>Timothy Lee + Christine Hall</i> <i>1502 S. Country Club Circle</i> <i>Carlsbad NM 88220</i>		
REGISTERED NO.	CERTIFIED NO. <i>161318</i>	INSURED NO.
(Always obtain signature of addressee or agent)		
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent <i>Christine Hall</i>		
DATE OF DELIVERY <i>10-19-78</i>		POSTMARK <i>APR</i>
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE		CLERK'S INITIALS

Your folder in this p
1. A

Presbyterian Church
Various unleased mineral interest
3.1%

No. 161319

RECEIPT FOR CERTIFIED MAIL

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

SENT TO:	
1426 S.C.C.C.	
D. STATE AND ZIP CODE	
DNM 88220	
POSTAGE	\$
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	APR 1978

Your folder in this pr

Josephine Tracy Trust & Laura
Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest
owners
1/2 Int ea. in
6.25% 40 acres
12.5%
3.1%

ARTICLE ADDRESSED TO:		
1426 S.C.C.C.		
DNM 88220		
ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161319	
(Always obtain signature of addressee or agent)		
I have received the article described above:		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		
POSTMARK		
ADDRESS (Complete only if requested)		
UNABLE TO DELIVER BECAUSE:		
CLERK'S INITIALS		

★ 870 : 100-0-224-007

No. 161320

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RECEIPT	
SHOW TO WHOM AND DATE DELIVERED WITH RECEIPT	
TOTAL POSTAGE AND FEES	
POSTMARK OFFICE	

Your folder in this proposal is requested by either of:

1. As a party in drilling of the test well

arrange on a farm out basis

appreciated.

but,

Les Wildberger, Agent for
Graco

owners in the AGS only reserve well
and the Country Club area

11.45
100.0%

PS Form 2800, Apr. 1976

No. 161321

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
1422 S.C.C.C.	
STATE AND ZIP CODE	
NM 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
OPTIONAL SERVICES	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Value in this

and

Various unleased mineral interest

12.5%
3.1%

PS Form 3811, May 1977

9281 247 2008

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161321	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		POSTMARK
10-19-78		
3. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

★ 670 : 107 - O - 224 - 007

No. 161322

RECEIPT FOR CERTIFIED MAIL

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

SENT TO: Joe S. & Doreth Smith
STREET AND NO. 1420 S.C.C.C.
P.O. STATE AND ZIP CODE Carlsbad NM 88220
POSTAGE \$
CERTIFIED FEE \$
SPECIAL DELIVERY \$
RESTRICTED DELIVERY \$
OPTIONAL SERVICES: SHOW TO WHOM AND DATE DELIVERED \$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY \$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY \$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY \$
TOTAL POSTAGE AND FEES \$
POSTMARK OR DATE 10-19-75
2. ARTICLE DESCRIPTION: REGISTERED NO. 161322 CERTIFIED NO. INSURED NO.
I have received the article described above.
SIGNATURE [Signature] ☐ Addressee ☐ Authorized agent.
DATE OF DELIVERY 10-19-75
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

Insert folder in this

own
and
Various uncles interest
Presbyterian Church
Cities Service
12.5%
3.1%

PS Form 3811, Rev. 10/77

17 670-107-0-224-257

No. 161323

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		John D. & Vickie M. Thacker	
STREET AND NO.		1418 S.C.C.C.	
PO, STATE AND ZIP CODE		Carrizosa NM 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	\$	
	SPECIAL DELIVERY	\$	
	RESTRICTED DELIVERY	\$	
	SHOW TO WHOM AND DATE DELIVERED	\$	
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	\$	
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	\$	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		10-17-78	
1. ARTICLE ADDRESSED TO: John D. & Vickie M. Thacker 1418 S.C.C.C. Carrizosa N.M. 88220			
2. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO. 161323			
(Always obtain signature of addressee or agent)			
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent Vickie M. Thacker			
DATE OF DELIVERY 10-17-78 JPR		POSTMARK	
3. ADDRESS (Complete only if requested)			
4. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS	

Josephine LIBBY LIVES IN AREA
Prayer
Cities Service
Presbyterian Church
Varlo
owner
and
6.25% 40 acres
12.5%
3.1%

No. 161324

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
E. D. O'Brien	
STREET AND NO.	
1416 S. C. C.	
P.O. STATE AND ZIP CODE	
Carlsbad NM 88220	
POSTAGE \$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICE
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM DATE AND ADDRESS OF DELIVERY
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
	SHOW TO WHOM DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Your folder in this

and
owner:
Various unleased mineral interest
Presbyterian Church
Cities Service
Tracy
Jesse H. Tracy Trust Co. trustee

6.25% 1/4 int. rate
12.5% 1/4 int. rate
3.1% 1/4 int. rate

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

E. D. O'Brien 1416 S. C. C. Carlsbad NM 88220		
1. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161324	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
E. D. O'Brien		
DATE OF DELIVERY		POSTMARK
10-19-78		
2. ADDRESS (Complete only if requested)		
3. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

★ 870 : 1977 - O-234-287

No. 161325

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
PO, STATE AND ZIP CODE	
POSTAGE	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK ON DATE	

Various unleased mineral interest
owners in the N.M. ...
and 4

2. ARTICLE ADDRESSED TO:		
1414 S.C.C.C.		
Carlsbad NM 88220		
3. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161325	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
4. DATE OF DELIVERY		
10-19-78		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		
CLERK'S INITIALS		

☆ GPO : 1977-O-234-227

No. 161326

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Hence, L. D. Briggs	
STREET AND NO.	
1412 S.C.C.C.	
P.O. STATE AND ZIP CODE	
Catalina NM 88220	
POSTAGE \$	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RETURN RECEIPT	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RETURN RECEIPT	
TOTAL POSTAGE AND FEES \$	
POSTMARK ON DATE	

Your joiner in this 1

Cities Service
Presbyterian Church
Various unleased mineral interest
owner
and 1

IN TO" space on
one).
delivery.
delivery. \$
FEES)

ARTICLE ADDRESSED TO:		
Hence, L. D. Briggs		
1412 S.C.C.C.		
Catalina NM 88220		
ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161326	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		
10/19/78 JPK		
ADDRESS (Complete only if requested)		
UNABLE TO DELIVER BECAUSE:		
CLERK'S INITIALS:		

12.5%
3.1%

No. 161327

RECEIPT FOR CERTIFIED MAIL

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

NOV 1976

TO	
STREET AND NO.	
1410 S.C.C.	
NO. STATE AND ZIP CODE	
C. S. NM 88220	
POSTAGE	\$
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED, WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY, WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	USPO

From folder in this

owner and

Varic

Josephine Tracy Trust & Laura

Tracy

Cities Service

Presbyterian Church

6.25% 1/2 LIT. USE. 111
12.5% 1/2 LIT. USE. 111
3.1% 1/2 LIT. USE. 111

NOV 1976

ARTICLE ADDRESSED TO		
Margaret H. MacLeod		
1410 S.C.C.		
C. S. NM 88220		
ARTICLE DESCRIPTION		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161327	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
Margaret H. MacLeod		
DATE OF DELIVERY		
OCT 20 1978		
ADDRESS (Complete only if requested)		
OCT 20 1978		
UNABLE TO DELIVER BECAUSE		
USPO		

☆ 970-107-0-224-007

No. 161328

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
408 S. C.C.C.	
P.O. STATE AND ZIP CODE	
Chishead NM 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
RETURN RECEIPT SERVICE	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES	
\$	
POSTMARK OR DATE	
10-19-78	

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

ARTICLE DESCRIBED TO		
Shirley H. & Jeanette Z. Habachy		
408 S. C.C.C.		
Chishead NM 88220		
ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161328	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
Jeanette Habachy		
DATE OF DELIVERY		POSTMARK
10-19-78		APR
3. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

★ GPO : 1977-O-234-257

Cities Service
Presbyterian Church
Various unleased mineral interest
Owner:
and
12.5%
3.1%

No. 161329

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		
Jesse H. & Ella M. Jones		
STREET AND NO.		
1407 Bryan Circle		
PO BOX STATE AND ZIP CODE		
Carlsbad, NM 88220		
POSTAGE \$		
CERTIFIED FEE \$		
SPECIAL DELIVERY \$		
RESTRICTED DELIVERY \$		
SHOW TO WHOM AND DATE DELIVERED		
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		
TOTAL POSTAGE AND FEES \$		
POSTMARK OR DATE		
APR 1976		
Jesse H. & Ella M. Jones		
1407 Bryan Circle		
Carlsbad, NM 88220		
2. ARTICLE DESCRIPTION		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161329	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	Address	Authorized agent
Ella M. Jones		
DATE OF DELIVERY	POSTMARK	
10-19-78	ATK	
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		
CLERK'S INITIALS		

Your folder in this

owner and to
Josephine Tracy Trust & Laura
Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest
6.25% } 1/2 int ea. LI
12.5% }
3.1% }

★ 80 : 107-0-01-007

No. 161330

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
1409 Bryan Circle	
C-1 NM 88220	
POSTAGE \$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
TOTAL POSTAGE AND FEES \$	
POSTMARK OR DATE	

12.56
3.16
Various unleased mineral interest
owner
and

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL		
1. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161330	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		POSTMARK
2. ADDRESS (Complete only if requested)		
3. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

★ 670 : 197-O-234-157

No. 161331

RECEIPT FOR CERTIFIED MAIL

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

SENT TO <i>Ernest & Cornelia Tucker</i>	
STREET AND NO. <i>1411 Bryn Circle</i>	
P.O. STATE AND ZIP CODE <i>Carlsbad NM 88220</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	
CERTIFIED FEE	\$
SPECIAL DELIVERY	\$
RESTRICTED DELIVERY	\$
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	\$
SHOW TO WHOM AND DATE DELIVERED	\$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	\$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	\$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	\$
TOTAL POSTAGE AND FEES	\$
POSTMARK OR DATE	<i>10-19-78</i>
2. ARTICLE ADDRESSED TO: <i>Ernest E. & Cornelia A. Tucker</i> <i>1411 Bryn Circle</i> <i>Carlsbad NM 88220</i>	
3. ARTICLE DESCRIPTION: REGISTERED NO. CERTIFIED NO. INSURED NO. <i>161331</i>	
(Always obtain signature of addressee or agent)	
I have received the article described above. SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent <i>Cornelia Tucker</i>	
DATE OF DELIVERY <i>10-19-78</i>	POSTMARK <i>PR</i>
3. ADDRESS (Complete only if requested)	
4. UNABLE TO DELIVER BECAUSE:	
CLERK'S INITIALS	

Your folder in this 1

Various unleased mineral interest
owner
and 1

☆ 870 : 107-0-234-227

No. 161332

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO
Charles W. Keith & Colgan M. Keith
STREET AND NO.
1413 Bryan Circle
CITY, STATE AND ZIP CODE
Albuquerque NM 88720

POSTAGE \$
CERTIFIED FEE \$
SPECIAL DELIVERY \$
RESTRICTED DELIVERY \$
OPTIONAL SERVICES
RETURN RECEIPT SERVICE \$
SHOW TO WHOM AND DATE DELIVERED \$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY \$
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY \$
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY \$
TOTAL POSTAGE AND FEES \$
POSTMARK OR DATE

1. ARTICLE ADDRESSED TO:
Charles W. Keith & Colgan M. Keith
1413 Bryan Circle
Albuquerque N.M. 88720

2. ARTICLE DESCRIPTION:
REGISTERED NO. *161332* CERTIFIED NO. INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE *Charles W. Keith* ☐ Address ☐ Authorized agent

3. DATE OF DELIVERY *OCT 20 1978* POSTMARK *SBAD. OCT 20 1978*

4. ADDRESS (Complete only if requested)

5. UNABLE TO DELIVER BECAUSE

6. CLERK'S SIGNATURE

★ 570-100-0000

Your folder in this p

Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest
owner
and 4

6.25% 40 acres
12.5%
3.1%

67

No. 161333

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RETURNED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RETURNED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Your folder in this p

1. A.

TO	space on
1	
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3	
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5	
6	
7	
8	
9	
10	

Presbyterian Church
Various unleased mineral interest
owner
and
3.1%

2. ARTICLE DESCRIPTION		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161333	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
A. W. Aighill		
DATE OF DELIVERY		POSTMARK
OCT 20 1978		
3. ADDRESS (Complete only if requested)		
4. UNABLE TO DELIVER BECAUSE		
CLERK'S INITIALS		

★ 870-100-0-224-227

No. 161334

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO	
STREET AND NO.	
P.O. STATE AND ZIP CODE	
POSTAGE	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

ARTICLE DESCRIPTION		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
161334		
I have received the article described above:		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		
OCT 20 1978		
ADDRESS (Complete only if requested)		
UNABLE TO DELIVER BECAUSE:		
CARRIER'S INITIALS		

Cities Service
Presbyterian Church
Various unleased mineral interest
owner
and t

12.5%
3.1%

No. 161335

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Edmund D. & Marge Page	
STREET AND NO.	
1419 Bryan Circle	
Rd. STATE AND ZIP CODE	
Carrizozo NM 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	OPTIONAL SERVICES
	RETURN RECEIPT SERVICE
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RETURN DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RETURN DELIVERY	
TOTAL POSTAGE AND FEES	
\$ 3.78	
POSTMARK OR DATE	
APR 1978	

Your folder in this p

Utilities Service
Presbyterian Church
Various unleased mineral interest
owner
and t

ARTICLE DESCRIPTION		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161335	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	Address	Authorized agent
DATE OF DELIVERY		
10-19-78		
3. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE		
CLERK'S INITIALS		

★ 670-100-0-004-007

No. 161336

RECEIPT FOR CERTIFIED MAIL

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

100 Apr. 1976

STREET AND NO.		1501 Bryan Circle	
CITY, STATE AND ZIP CODE		Carlsbad NM. 88220	
POSTAGE		\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE		
	SPECIAL DELIVERY		
	RESTRICTED DELIVERY		
	RETURN RECEIPT SERVICE		
	SHIP TO WHOM AND DATE DELIVERED		
OPTIONAL SERVICES	SHIP TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		
	SHIP TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		
	SHIP TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		
	SHIP TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE		978	

Your folder in this 1

and 1

TO	space on
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest

6.25% 40 acres
12.5%
3.1%

100 Apr. 1976

1. ARTICLE DESCRIPTION:		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161336	
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
DATE OF DELIVERY		
10-19-78		
5. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE:		
CLERK'S INITIALS		

☆ 670-100-0-224-207

No. 161337

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
Eugene Elay & Thelma Thompson	
STREET AND NO.	
1503 Bryan Circle	
P.O., STATE AND ZIP CODE	
Chula Vista NM 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
OPTIONAL SERVICES	RETURN RECEIPT SERVICE
TOTAL POSTAGE AND FEES	
\$	
POSTMARK OF 1976	

Your folder in this proposal is requested by either of:
As a party in drilling of the test well
As a farm out baits

precolated.

Ed Wildberger, Agent for
State

Presbyterian Union
Various unleased mineral interest
owners in the Big Sky Homes Subdivision
and the Country Club area
11.46
100.0%

No. 161338

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET AND NO.	
PO. STATE AND ZIP CODE	
POSTAGE	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY
OPTIONAL SERVICES	RETURN RECEIPT SERVICE
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

Your folder in this p

owner
and
Texas Oil & Gas
Josephine Tracy Trust & Laura
Tracy
Cities Service
Presbyterian Church
Various unleased mineral interest

2. ARTICLE DESCRIPTIONS		
REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	161338	
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent		
DATE OF DELIVERY		
10-19-78		
3. ADDRESS (Complete only if requested)		
6. UNABLE TO DELIVER BECAUSE		
CLERK'S INITIALS		

1 1/2 int ea. in
(.25%) 40 acres
12.5%
3.1%

No. 161339

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		<i>James L. Bell, Jr.</i>		
STREET AND NO.		<i>1509 Bryn Mawr Circle</i>		
CITY, STATE AND ZIP CODE		<i>Chandler, NM 88220</i>		
POSTAGE		\$		
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE	\$		
	SPECIAL DELIVERY	\$		
	RESTRICTED DELIVERY	\$		
	OPTIONAL SERVICES	SHOW TO WHOM AND DATE DELIVERED	\$	
		SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	\$	
		SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	\$	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		\$		
TOTAL POSTAGE AND FEES		\$		
POSTMARK OR POST OFFICE				

PS Form 3800, Apr. 1976

Your joinder in this proposal is requested by either of:
1. As a party in drilling of the test well
... on a farm out basis

precisited.

W. L. Berger
W. L. Berger, Agent for

Presbyterian Church
Various unleased mineral interest
owners in the Big Sky Homes Subdivision
and the Country Club area
3.1%
11.1%
100.0%

No. 161340

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		STREET AND NO.	
1511 Canyon Circle		PO. STATE AND ZIP CODE	
Panama, N.M. 88220		POSTAGE	
CERTIFIED FEE		S	
SPECIAL DELIVERY		S	
RESTRICTED DELIVERY		S	
SHOW TO WHOM AND DATE DELIVERED		S	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		S	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		S	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		S	
TOTAL POSTAGE AND FEES		S	
POSTMARK OR DATE		1978	
APR 1978		USPO	
CONSULT POSTMASTER FOR FEES			
OPTIONAL SERVICES			
RETURN RECEIPT SERVICE			
ARTICLE ADDRESS			
1511 Canyon Circle			
Panama, N.M. 88220			
ARTICLE DESCRIPTION:			
REGISTERED NO.		CERTIFIED NO.	
161340		161340	
INSURED			
(Always obtain signature of addressee or agent)			
I have received the article described above.			
SIGNATURE <input type="checkbox"/> Addressee <input type="checkbox"/> Authorized agent			
DATE OF DELIVERY			
POSTMARK			
ADDRESS (Complete only if requested)			
UNABLE TO DELIVER BECAUSE:			
CLERK'S INITIALS			

TEXAS OIL & GAS
Josephine Tracy Trust & Laura
Tracy
Cities Service
Presbyterian Church
Varior
OWNER
and to

0.25% } 1/2 Int ea. in
6.25% } 40 acres
12.5% }
3.0% }

No. 161341

RECEIPT FOR CERTIFIED MAIL

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

SENT TO <i>Mr. B. J. Smith</i>	
STREET AND NO. <i>1508 Bay Circle</i>	
P.O. STATE AND ZIP CODE <i>Albuquerque NM 88220</i>	
POSTAGE	\$
CONSULT POSTMASTER FOR FEES	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	
SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	\$ <i>1.18</i>
POSTMARK ON DATE	<i>10-19-78</i>

PS Form 3810, Apr. 1976

1. ARTICLE DESCRIPTION: <i>1508 Bay Circle</i> <i>Albuquerque NM 88220</i>		
REGISTERED NO.	CERTIFIED NO. <i>161341</i>	INSURED NO.
(Always obtain signature of addressee or agent)		
I have received the article described above.		
SIGNATURE	<input type="checkbox"/> Addressee	<input type="checkbox"/> Authorized agent
<i>Sara Trone</i>		
DATE OF DELIVERY <i>10-19-78</i>	POSTMARK <i>ATK</i>	
2. ADDRESS (Complete only if requested)		
3. UNABLE TO DELIVER BECAUSE:		CLERK'S INITIALS

Your folder in this

and

Order:

Various released mineral interest

★ 470 : 100-0-20-007

No. 161342

RECEIPT FOR CERTIFIED MAIL

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

SENT TO: *Dr. D. H. G. Jones*
STREET AND NO. *1506 Bryson Circle*
CITY, STATE AND ZIP CODE *Chattanooga TN 37420*

POSTAGE \$

CERTIFIED FEE

SPECIAL DELIVERY

RESTRICTED DELIVERY

OPTIONAL SERVICES

RETURN RECEIPT SERVICE

SHOW TO WHOM AND DATE DELIVERED

SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY

SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY

SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY

TOTAL POSTAGE AND FEES

POSTMARK OF DATE

2000, Apr. 1978

Your folder in this

Various religious
Presbyterian Church
Various unleased mineral interest
owner in the name of...

and 1

3.1X

PS Form 3811, Apr. 1977

RETURN RECEIPT, REGISTERED, INSURED, AND CERTIFIED MAIL

1506 Bryson Circle
Chattanooga TN 37420

3. ARTICLE DESCRIPTION:

REGISTERED NO. CERTIFIED NO. INSURED NO.

161342

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☒ Addressee ☐ Authorized agent

Dr. D. H. G. Jones

DATE OF DELIVERY

OCT 20 1978

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE

CLIENT'S SIGNATURE

[Signature]

★ 875-100-0-20-007

No. 161345

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
STREET ADDRESS	
P.O. STATE AND ZIP CODE	
POSTAGE	
CERTIFIED FEE	
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
RETURN TO SENDER AND DATE DELIVERED	
RETURN TO SENDER, DATE, AND ADDRESS IF DELIVERED	
RETURN TO ADDRESSEE AND DATE DELIVERED	
RETURN TO ADDRESSEE, DATE, AND ADDRESS IF DELIVERED	
POSTAGE AND FEE	
TOTAL POSTAGE AND FEE	
POSTMARK OR DATE	

Your joinder in this proposal is requested by either of:
a farm out basis

precipitated.

our
as
Widberger, Agent for
Praxis

Presbyterian Union
Various unleased mineral interest
owners in the Big Sky Homes Subdivision
and the Country Club area
11.45
100.0%

No. 161346

RECEIPT FOR CERTIFIED MAIL

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

SENT TO		Michael E. Eckelkamp	
STREET AND NO.		1501 Grant	
CITY, STATE AND ZIP CODE		Crested NM 88220	
POSTAGE		\$	
CERTIFIED FEE		c	
SPECIAL DELIVERY		c	
RESTRICTED DELIVERY		c	
OPTIONAL SERVICES			
RETURN RECEIPT SERVICE		c	
SIGN TO WHOM AND DATE DELIVERED		c	
SIGN TO WHOM AND DATE DELIVERED		c	
SIGN TO WHOM AND DATE DELIVERED		c	
SIGN TO WHOM AND DATE DELIVERED		c	
SIGN TO WHOM AND DATE DELIVERED		c	
SIGN TO WHOM AND DATE DELIVERED		c	
TOTAL POSTAGE AND FEES		\$	
POSTMARK OR DATE			

PS Form 3800, Apr. 1976

Your joinder in this proposal is requested by either of:
1. As a party in drilling of the test well
2. As a party in drilling of a farm out basin

MAILING VALUE

100.00

appreciated.

Yours,
James H. Wildberger
James H. Wildberger, Agent for
Grace

No. 161347

RECEIPT FOR CERTIFIED MAIL

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

SENT TO	
MRS. C. C. DORRIS	
STREET AND NO.	
1503 Grant	
STATE AND ZIP CODE	
Carlisle NM 88220	
POSTAGE	
\$	
CONSULT POSTMASTER FOR FEES	CERTIFIED FEE
	SPECIAL DELIVERY
	RESTRICTED DELIVERY
	SHOW TO WHOM AND DATE DELIVERED
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY
OPTIONAL SERVICES	RETURN RECEIPT SERVICE
	SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY
	SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
TOTAL POSTAGE AND FEES	
POSTMARK OR DATE	

PS Form 3811, Apr. 1977

NO. APR. 1976

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

MRS. C. C. DORRIS
1503 Grant
Carlisle NM 88220

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. | INSURED NO.
| 161347 |

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐ Addressee ☐ Authorized agent

Mrs. M. C. Dorris

DATE OF DELIVERY 10-19-78

POSTMARK

4. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ 670 : 1977-O-224-237

Various unleased mineral interest
owner
and

No. 161348

RECEIPT FOR CERTIFIED MAIL

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

SENT TO
Richard & Rose Force
STREET AND NO.
1502 Bryan Circle
P.O. STATE AND ZIP CODE
Carlsbad NM 88220

POSTAGE \$
CERTIFIED FEE \$
SPECIAL DELIVERY \$
RESTRICTED DELIVERY \$
OPTIONAL SERVICES
RETURN RECEIPT SERVICE \$
SHOW TO WHOM AND DATE DELIVERED
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY

TOTAL POSTAGE AND FEES \$
POSTMARK OR DATE
OCT 10 1978
MEX

Your folder in this

owner
Cities Service
Presbyterian Church
Various unleased mineral interest

12.5%
3.1%

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. ARTICLE DESCRIPTION:
REGISTERED NO. 161348
CERTIFIED NO. 161348
INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE *Marie Force* ☐ Addressee ☐ Authorized agent

DATE OF DELIVERY *10-9-78* POSTMARK

5. ADDRESS (Complete only if requested)

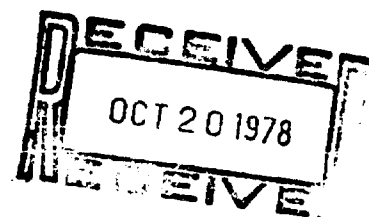
UNABLE TO DELIVER BECAUSE

CLERK'S INITIALS

★ 470-107-0-234-237

Exhibit 1

Michael P. Grace II
Corinne Grace
P. O. BOX 1418
CARLSBAD, NEW MEXICO 88220
October 16, 1978



CERTIFIED MAIL - RETURN RECEIPT
REQUESTED

Regarding the proposed Burton Flat Undesignated Morrow Working Interest Unit, Eddy County, New Mexico.

Michael P. Grace, as operator, proposes forming a 320 acre working interest unit for the drilling of a 12,000' morrow test well located in the W/2 Section 25, T21S, R26E, N.M.P.M.

Estimated costs are \$655,650.00 for a completed producer and \$500,237.00 for a dry hole.

The unit area consists of the W/2 Section 25, T21S, R26E, N.M.P.M. with the following owners:

9/29 contacted →	Michael P. Grace	38.6%	
	Corinne Grace	21.9%	
	Texas Oil & Gas	6.25%	
	Josephine Tracy Trust & Laura Tracy	6.25%	1/2 int ea. in 40 acres
9/29 contacted →	Cities Service	12.5%	
	Presbyterian Church	3.1%	
	Various unleased mineral interest owners in the Big Sky Homes Subdivision and the Country Club area	11.1%	
		100.0%	

Your joinder in this proposal is requested by either of:
1. As a party in drilling of the test well
2. Committing your acreage on a farm out basis

Your prompt response to this would be greatly appreciated.

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Grace EXHIBIT NO. 1
CASE NO. 6365

Sincerely yours,

Juanita Jones Wildberger, Agent for
Michael P. Grace

Exhibit 2

Block 10:

100⁰⁰
Russell Haworth and Lucille Haworth, his wife,
1405 W. Orchard Lane, Carlsbad, NM .90 ac

That part of Lot 6 in Block 10, Riverside Country Club Addition
to the City of Carlsbad, which lies within Section 25, Township
21 South, Range 26 East, N.M.P.M.

125⁰⁰
Edwin L. Dunagan and June C. Dunagan, his wife,
212 W. Stevens, Carlsbad, NM 1.06 ac

That part of Lot 7 in Block 10, Riverside Country Club Addition
to the City of Carlsbad, which lies within Section 25, Township
21 South, Range 26 East, N.M.P.M.

125⁰⁰
Robert S. Light and JoAnne W. Light, his wife,
1409 W. Orchard Lane, Carlsbad, NM 1.36 ac

That part of Lot 8 in Block 10, Riverside Country Club Addition
to the City of Carlsbad, which lies within Section 25, Township
21 South, Range 26 East, N.M.P.M.

150⁰⁰
Albert E. Carter and Alice B. Carter, his wife,
1411 W. Orchard Lane, Carlsbad, NM 1.57 ac

That part of Lot 9 and the East 10 feet of Lot 10 in Block 10,
Riverside Country Club Addition to the City of Carlsbad, which
lies within Section 25, Township 21 South, Range 26 East, N.M.P.M.

175⁰⁰
J. R. Mansfield and Marjorie T. Mansfield, his wife,
1415 W. Orchard Lane, Carlsbad, NM 1.74 ac

That part of Lot 10 less the East 10 feet thereof, in Block 10,
Riverside Country Club Addition to the City of Carlsbad, which
lies within Section 25, Township 21 South, Range 26 East, N.M.P.M.

200⁰⁰
Martha Elaine Minnich, a widow,
2800 Edgemere Dr., Plainview, Tx 79072 1.95 ac *

That part of Lot 11 in Block 10, Riverside Country Club Addition
to the City of Carlsbad, which lies within Section 25, Township
21 South, Range 26 East, N.M.P.M.

On all lots & block leases: add: together with the portion of the street
appurtenant thereto.

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Grace EXHIBIT NO. 2

CASE NO. 6365

W $\frac{1}{2}$ Section 25, Township 21 South, Range 26 East NMTM

SUBDIVISION	OWNER	INTEREST	LESSEE	EXPIRATION
NE $\frac{1}{4}$ NW $\frac{1}{4}$:	Jesse Francis Rayroux	19%	Cities Service	2-27-81
	Box 644, Carlsbad		" "	"
	Ina Marie Rayroux	19%	" "	"
	Box 521, Carlsbad		" "	"
	Ida Mae Rayroux	19%	" "	"
	Box 521, Carlsbad		" "	"
	Ray Louis Rayroux	24%	" "	"
	Box 574, Carlsbad		" "	"
	Jean Ruth Dougherty	19%	" "	"
	2108 Thomas Dr.			
	Bellevue, Neb. 68805			
NW $\frac{1}{4}$ NW $\frac{1}{4}$:	Josephine Tracy Eddy	1/4	Open	
	Revocable Trust			
	c/o Josephine Tracy Eddy			
	& George G. Eddy, Jr.,			
	Trustees, Box 730, Carlsbad			
	Laura Elizabeth Tracy	1/4	Open	
	1601 Guadalupe,			
	Lillian Tallman, Executrix			
	of the Estate of Rose K.			
	Ligon, dec.	1/2	Texas O&G	7-2-80
	4901 Onteora Way			
	Los Angeles, CA 90041			
S $\frac{1}{2}$ NW $\frac{1}{4}$ Less the South 165 feet thereof:	New Mexico State Game			
	Commission	All	Corinne Grace	5-15-78
South 165 feet of S $\frac{1}{2}$ NW $\frac{1}{4}$:	First Presbyterian Church			
	of Carlsbad, a corporation			
		All	Open	
That part of SW $\frac{1}{4}$ north of the center line of the bed of Pecos River and less that part dedicated as Riverside Country Club Addition to the City of Carlsbad:	Riverside Country Club, a			
	NM corporation	All	Michael P. Grace	4-3-78
That part of S $\frac{1}{2}$ SW $\frac{1}{4}$ lying south of the center line of the bed of Pecos River; approx 11.84 acres:	Eunice Carter	30/96	Open	
	c/o Springs Farms			
	212 W. Stevens			
	Alice Carter Houston	9/96	Open	
	c/o Springs Farms			
	Albert E. Carter	9/96	Open	
	1411 W. Orchard Ln			
	Jane Carter Dunagan	16/96	Open	
	212 W. Stevens			
	Martha Carter DeMaret	16/96	Open	
	c/o above			
	Carol Carter Friske	16/96	Open	
	c/o above			
each dealing in his or her separate property				

1005⁰⁰-

Block 3:

Page 1

Donald Wayne Gregory and Faye Jean Gregory, his wife,
1405 South Country Club Circle, Carlsbad, NM .65 ac
Lot 5 in Block 3, Amended Plat of Riverside Country Club Addition
to the City of Carlsbad.

J. E. Tong and June H. Tong, his wife,
1406 W. Orchard Lane, Carlsbad, NM .68 ac
Lot 6 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Rupert H. Pate and Ruth W. Pate, his wife,
1407 S. Country Club Circle, Carlsbad, NM .65 ac
Lot 7 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Jutta Englehardt Almy, as her separate property,
1408 W. Orchard Lane, Carlsbad, NM .68 ac
Lot 8 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Theodore V. Allen and Emilenan Allen, his wife,
1411 S. Country Club Circle, Carlsbad, NM .65 ac
Lot 9 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Melvin H. Tottenhoff and Marjorie W. Tottenhoff, his wife, *
405 W. Fox, Carlsbad, NM .68 ac
Lot 10 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

William B. Dancy and Barbara B. Dancy, his wife,
1415 S. Country Club Circle, Carlsbad, NM .65 ac
Lot 11 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Leopold B. Lebligue and Carol C. Lebligue, his wife,
1412 W. Orchard Lane, Carlsbad, NM .65 ac
Lot 12 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Marion B. Carey and Lelah C. Carey, his wife,
1417 S. Country Club Circle, Carlsbad, NM .65 ac
Lot 13 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Albert R. Hastings and Mildred H. Hastings, his wife,
1414 W. Orchard Lane, Carlsbad, NM .64 ac
Lot 14 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Randal E. Smith and Mary A. Smith, his wife,
1419 South Country Club Circle, Carlsbad, NM .90 ac
Lot 15 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Loyd R. Jackson and Shirley Jackson, his wife,
302 N. Main, Carlsbad, NM .65 ac
Lot 16 and the East 10.5 feet of Lot 17 in Block 3, amended plat
of Riverside Country Club Addition to the City of Carlsbad.

Carl J. Davis and M. Genevieve Davis, his wife,
3538 Northlawn Park, Alma, Michigan 48801 1.18 ac
Lot 17 less the East 10.5 feet thereof and Lot 18 in Block 3,
amended plat of Riverside Country Club Addition to the City
of Carlsbad.

Carlos Enrique Morales and Helen Cudworth Morales, his wife,
1427 S. Country Club Circle, Carlsbad, NM .41 ac
Lot 19 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Mary K. Culpepper, single,
1429 S. Country Club Circle, Carlsbad, NM .39 ac
Lot 20 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Donna Jean Lightner, as her separate property,
1431 S. Country Club Circle, Carlsbad, NM .46 ac
Lot 21 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Howard J. Rutz and Corinne Rutz, his wife,
1501 S. Country Club Circle, Carlsbad, NM .41 ac
Lot 22 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Jackie Y. Blanchard and Evelyn C. Blanchard, his wife,
1503 S. Country Club Circle, Carlsbad, NM .65 ac.
Lot 23 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

Kenneth E. Bindel and Netta I. Bindel, his wife,
1505 S. Country Club Circle, Carlsbad, NM .41 ac

Lot 24 less the North 1 foot thereof in Block 3, amended plat
of Riverside Country Club Addition to the City of Carlsbad.

Charles R. Wright and Patty Sue Wright, his wife,
1507 S. Country Club Circle, Carlsbad, NM .42 ac

Lot 25 and the North 1 foot of Lot 24 and the South 0.5 feet
of Lot 26 in Block 3, amended plat of Riverside Country Club
Addition to the City of Carlsbad.

Jack H. Hunt and Helen C. Hunt, his wife,
1509 S. Country Club Circle, Carlsbad, NM .41 ac

Lot 26 less the South 0.5 feet thereof in Block 3, amended plat
of Riverside Country Club Addition to the City of Carlsbad.

Louis E. Pate and Judith B. Pate, his wife,
1511 S. Country Club Circle, Carlsbad, NM .41 ac

Lot 27 in Block 3, amended plat of Riverside Country Club Addition
to the City of Carlsbad.

George E. Lain and Joan C. Lair, his wife,
1513 Country Club Place, Carlsbad, NM .33 ac

Lot 28 and a portion of Lot 29 described beginning at the southeast
corner of Lot 29, thence northwesterly along the lot line of said
Lot 29 a distance of 10 feet, thence northeasterly to the northeast
corner of Lot 29, thence southwesterly to the point of beginning,
in Block 3 of the amended plat of Lots 28, 29, 30, 31 and 32 of
Block 3, Riverside Country Club Addition to the City of Carlsbad.

Richard J. Forrest, Jr. and Katrina K. Forrest, his wife,
1515 Country Club Place, Carlsbad, NM .33 ac

Lot 29 in Block 3 of the amended plat of Lots 28, 29, 30, 31 and 32
of Block 3, Riverside Country Club Addition to the City of Carlsbad,
except a tract described as beginning at the southeast corner of
Lot 29, thence northwesterly along the lot line of said Lot 29 a
distance of 10 feet, thence northeasterly to the northeast corner
of Lot 29, thence southwesterly to the point of beginning.

Jackson Construction and Plumbing Company, Inc., a New Mexico corporation
302 N. Main, Carlsbad, NM .20 ac =

Lot 30 in Block 3 of the amended plat of Lots 28, 29, 30, 31 and 32
of Block 3, Riverside Country Club Addition to the City of Carlsbad.

Fred L. McFadden and Karen R. McFadden, his wife,
1521 N. Country Club Circle, Carlsbad, NM

.33 ac

Lot 32 and a portion of Lot 31 described as beginning at the northeast corner of Lot 31, thence northwesterly along the north line of said lot a distance of 10 feet, thence southwesterly to the southeast corner of said Lot 31, thence northeasterly a distance of 100.28 feet to the point of beginning, in Block 3 of the amended plat of Lots 28, 29, 30, 31 and 32 of Block 3, Riverside Country Club Addition to the City of Carlsbad.

Arlan L. Fenner and Jerrirene Fenner, his wife,
1519 N. Country Club Circle, Carlsbad, NM

.33 ac

Lot 31 in Block 3 of the amended plat of Lots 28, 29, 30, 31 and 32 of Block 3, Riverside Country Club Addition to the City of Carlsbad, except a tract described as beginning at the northeast corner of Lot 31, thence northwesterly along the north line of said Lot a distance of 10 feet, thence southwesterly to the southeast corner of said Lot 31, thence northeasterly a distance of 100.28 feet to the point of beginning.

W. J. Bydwine, as his separate property,
1423 S. Country Club Circle, Carlsbad, NM

.46 ac

Lot 33 in Block 3, amended plat of Riverside Country Club Addition to the City of Carlsbad.

Christopher Magee and Carmen L. Magee, his wife,
1425 S. Country Club Circle, Carlsbad, NM

.41 ac

Lot 34 in Block 3, amended plat of Riverside Country Club Addition to the City of Carlsbad.

The Wills Foundation, Inc.
1108 W. Orchard Lane, Carlsbad, NM

.21 ac

Lot 35 in Block 3 of the amended plat of Lots 28, 29, 30, 31 and 32 of Block 3, Riverside Country Club Addition to the City of Carlsbad.

Adele B. Cole, single,
1703 Johnson, Carlsbad, NM

.21 ac.

Lot 36 in Block 3 of the amended plat of Lots 28, 29, 30, 31 and 32 of Block 3, Riverside Country Club Addition to the City of Carlsbad.

Louis G. Howe and Alice Howe, his wife,
1518 N. Country Club Circle, Carlsbad, NM .28 ac
Lot 12 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Norman B. Sparks and Jeanette W. Sparks, his wife,
1516 N. Country Club Circle, Carlsbad, NM .28 ac
Lot 13 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Gerald R. Fugate and Patricia J. Fugate, his wife,
1514 N. Country Club Circle, Carlsbad, NM .28 ac
Lot 14 in Block 7, Riverside Country Club Addition to the City
of Carlsbad. Leased to Michael P. Grace, exp 5-17-78

Anthony R. Fioretti and Laura L. Fioretti, his wife,
1512 N. Country Club Circle, Carlsbad, NM .40 ac
Lot 15 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Everett V. Hilty and Clara Mae Hilty, his wife,
1510 N. Country Club Circle, Carlsbad, NM .43
Lot 17 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Edward F. Rosson and Bessie R. Rosson, his wife,
1508 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 18, Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Administrator of Veterans Affairs *
Veterans Administration, 3rd & Gold, Albuquerque, NM 87103 .28 ac
Lot 19 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Bobby Lee Childers and Catherine Sue Childers, his wife,
1504 S. Country Club Circle, Carlsbad, NM .28
Lot 20 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Timothy Lee Hall and Christine Ann Hall, his wife,
1502 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 21 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Jack D. Tippings and Marjorie E. Tippings, his wife,
1426 S. Country Club Circle, Carlsbad, NM .24 ac
Lot 22 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Maze Captola Qualls, a widow,
1424 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 23 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Harry L. Bibby and Ruth E. Bibby, his wife,
1422 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 24 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Joe S. Smith and Diane H. Smith, his wife,
1420 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 25 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

John D. Thacker and Vickie M. Thacker, his wife,
1418 S. Country Club Circle, Carlsbad, NM .28 ac

Everett D. O'Bannon, a widower,
1416 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 27 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

David H. Allen and Mary V. Allen, his wife,
1414 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 28 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Hence J. Briggs and Carlina D. Briggs, his wife,
1412 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 29 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Margareta H. MacLeod, a widow,
1410 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 30 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Shawky M. Habashy and Jeannette Z. Habashy, his wife,
1408 S. Country Club Circle, Carlsbad, NM .28 ac
Lot 31 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Jasper H. Jones and Ella M. Jones, his wife,
1407 Bryan Circle, Carlsbad, NM .28 ac

Lot 38 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Charlotte F. Cummings, a widow,
1409 Bryan Circle, Carlsbad, NM .28 ac

Lot 39 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Erce E. Tusha and Cornelia A. Tusha, his wife,
1411 Bryan Circle, Carlsbad, NM .28 ac

Lot 40 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Charles W. Keith, Jr., and Coleen M. Keith, his wife,
1413 Bryan Circle, Carlsbad, NM .28 ac

Lot 41 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Harry W. Highfill and Herma D. Highfill, his wife,
1415 Bryan Circle, Carlsbad, NM .52 ac

Lot 42 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Jerry R. Sieberg and Joanna G. Sieberg, his wife,
1417 Bryan Circle, Carlsbad, NM .30 ac

Lot 43 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Edward D. Page and Marge Page, his wife,
1419 Bryan Circle, Carlsbad, NM .41 ac

Lot 44 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Robert M. Malone and Ernestine Malone, his wife,
1501 Bryan Circle, Carlsbad, NM .28 ac

Lot 45 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Lewis Elzy Thompson and Thelma L. Thompson, his wife,
1503 Bryan Circle, Carlsbad, NM .20 ac

Lot 46 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Edwin J. Lakebrink and Lillian L. Lakebrink, his wife,
1505 Bryan Circle, Carlsbad, NM .41 ac

Lot 47 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Block 7:

Page 4

James Leslie Dow and Betty Jo Dow, his wife,
1509 Bryan Circle, Carlsbad, NM

.41 ac

Lot 49 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Betty W. Dial, as her separate property,
1511 Bryan Circle, Carlsbad, NM

.28

Lot 50 in Block 7, Riverside Country Club Addition to the City
of Carlsbad.

Block 15.

L. B. Trone and Sarah Trone, his wife,
1508 Bryan Circle, Carlsbad, NM .32 ac

Lot 8 in Block 15, Riverside Country Club Addition to the
City of Carlsbad.

Carl J. Giaudrone and Dorothy M. Giaudrone, his wife,
1506 Bryan Circle, Carlsbad, NM .31 ac

Lot 10 in Block 15, Riverside Country Club Addition to the
City of Carlsbad.

Margaret A. Kuepper, as her separate property,
1504 Bryan Circle, Carlsbad, NM .31

Lot 12 in Block 15, Riverside Country Club Addition to the
City of Carlsbad.

Alice L. Eckelkamp, a widow,
1501 Grant, Carlsbad, NM .39 ac

Lot 13 in Block 15, Riverside Country Club Addition to the
City of Carlsbad.

Madison C. Dodson and Rena K. Dodson, his wife,
1503 Grant, Carlsbad, NM .31

Lot 11 in Block 15, Riverside Country Club Addition to the
City of Carlsbad.

Richard J. Force and Rose M. Force, his wife,
1502 Bryan Circle, Carlsbad, NM .31

Lot 14 in Block 15, Riverside Country Club Addition to the
City of Carlsbad.

LEASE FEE	WELL NO. 1 660'FWI 1980'FNL	SECTION 25 W 4	TOWNSHIP 21S	RANGE 26E	STATE New Mexico
Eddy County	Carlsbad Field	Prop. of Cost Natural Gas Well, Single Completion Morrow, Max. T.D. 11,500'	Date Work to Begin Immediately	Date of Comple- tion- 60 days from Commence- ment	

Michael P. Grace II, Operator; Corinne #1; A.F.E.

INTANGIBLES	Estimate Producer	Estimate Dry Hole
Location and Road: Title Exam. & related work	\$2,500.00	\$2,500.00
Survey and Permit	475.00	475.00
Road & Location Preparation	19,600.00	19,600.00
Surface Damages	1,500.00	1,500.00
Fencing-Filling Pits-Cleanup	6,000.00	6,000.00
Drilling Turnkey		
Day Work, 45 Days, at \$4,500.00 per day	202,500.00	202,500.00
days Rig time at (includes fuel)		
days Rig time at		
Drill Pipe-Tool Rental		
Bits at	15,000.00	15,000.00
Bits at		
Reamer Cutters		
Core Barrel-Core Head Rental		
Casing Cementing	17,000.00	10,000.00
Squeeze Cementing or Plugging		10,000.00
Logging-Sidewall Coring Log Suite	25,000.00	25,000.00
Core Analysis		
Formation Testing D.S.I.'s	12,000.00	12,000.00
Perforating	10,000.00	
Acidizing and FRAC		
Special Rig Completing	21,000.00	
Other Services-Welding, etc.	1,200.00	1,000.00
Trucking	3,000.00	1,000.00
Geology	6,000.00	6,000.00
Engineering	2,100.00	1,000.00
Labor	2,500.00	1,500.00
Logging Unit		
Tool and Equipment Rental	2,500.00	1,500.00
Water and Fuel	7,000.00	7,000.00
Casing Supplies	8,000.00	6,000.00
Drilling Mud and Chemicals	45,000.00	45,000.00
Company Supervision (\$2,000 per mo.)	3,000.00	2,000.00
Temperature Surveys and Testing (Misc.)	4,500.00	3,000.00
Single Completion Intangibles	417,375.00	379,575.00
4% New Mexico State Tax	16,695.00	15,183.00
Contingency (8%)	33,390.00	30,366.00
Single Completion TOTAL INTANGIBLES	\$467,460.00	\$425,124.00

TANGIBLES		
Casing Conductor 60' of 20" \$23.50/ft.	\$1,408.00	\$1,408.00
Casing Surface 400' of 16" \$22.50/ft.	8,987.00	8,987.00
Casing Protection 2250' of 10 3/4" \$11.50/ft.	25,965.00	25,965.00
Casing Intermediate 8850' of 7 5/8" \$12.50/ft	110,183.00	110,183.00
Casing Liner 2900' of 5" \$6.16/ft.	17,864.00	
Tubing 11,400' of 2 3/8" \$2.35/ft.	26,790.00	
Packer	5,000.00	
Surface Equipment		
Stack Pack	26,000.00	
Hi-Lo Pressure Valve	2,500.00	
Flow Line Equipment	500.00	
Water Tank (salt)	2,000.00	
Well Head and Equipment	25,000.00	10,000.00
Single Completion Tangibles	252,197.00	156,543.00
4% New Mexico State Tax	10,088.00	6,262.00
Single Completion TOTAL TANGIBLES	\$262,285.00	\$162,805.00
Single Completion TOTAL WELL COST	\$729,745.00	\$587,929.00

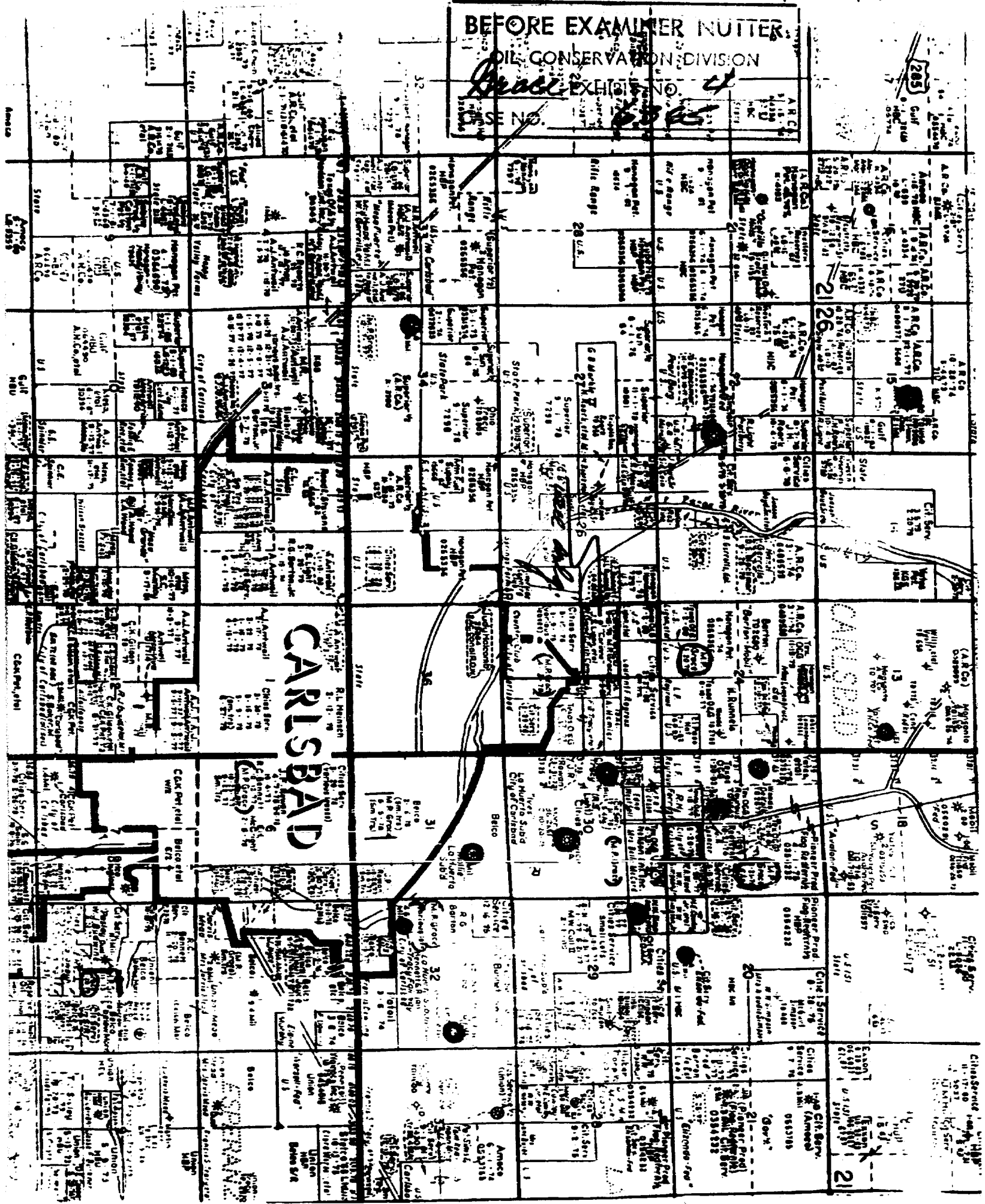
Exhibit 3

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
Grace EXHIBIT NO. 3
CASE NO. 6365

\$2000.00 dry
\$200-250 prod
also acts
max risk factor

7.9.42

BEFORE EXAMINER NUTTER.
OIL CONSERVATION DIVISION
EXHIBIT NO. 4
NO. 6085



East Side Canal
West Side
First Presbyterian Church of 85 Carlsbad Acres

Country Club North Sub. No. 1
(No minerals)

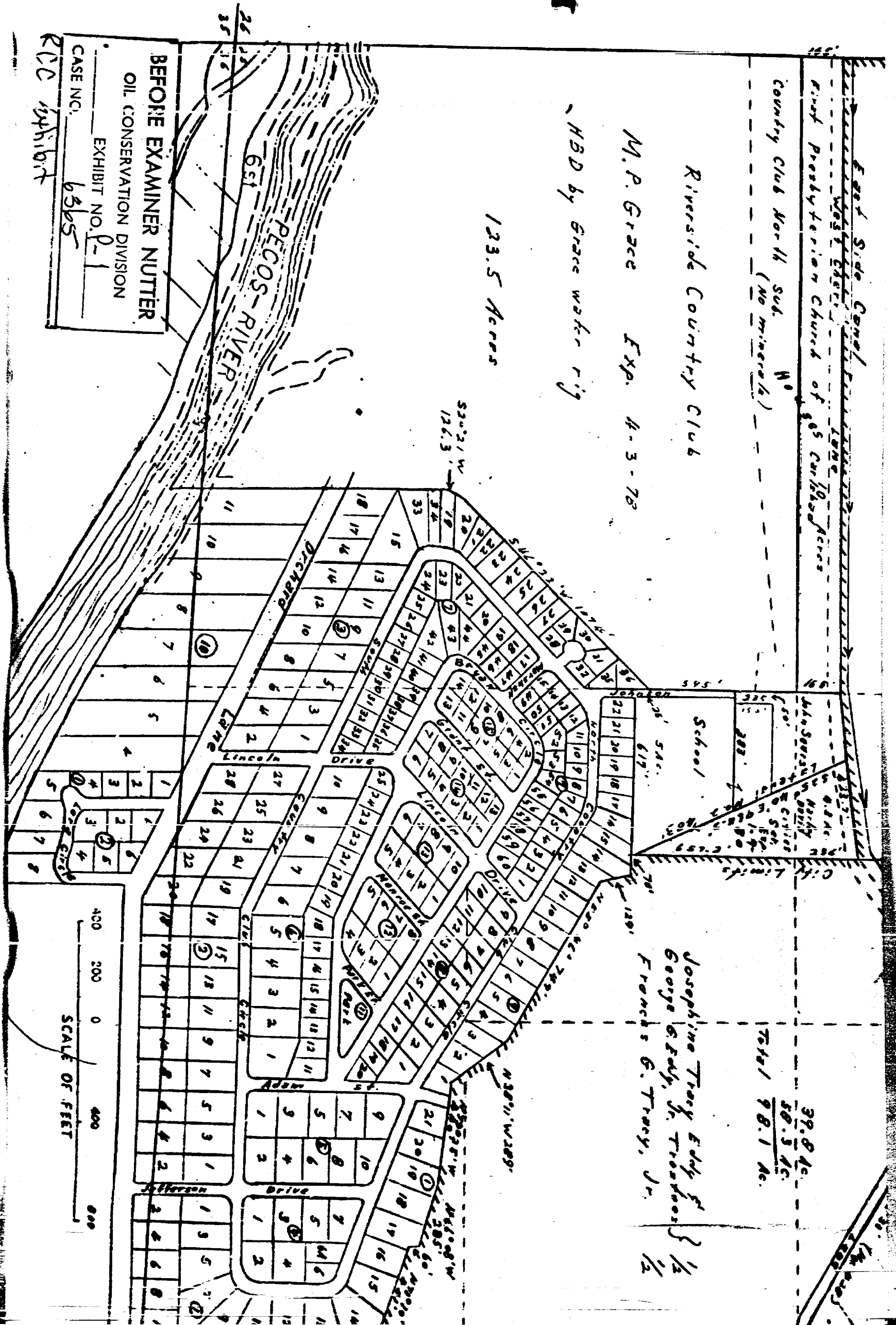
Riverside Country Club

M. P. Grace Exp. 4-3-78

HSD by Grace water rig

123.5 Acres

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
CASE NO. 6365
EXHIBIT NO. P-1
RCC Exhibit



39.84c
58.34c
Total 98.1 Ac.

Josephine Tracy Eddy &
George Eddy, Jr. Trustees } 1/2
Francis G. Tracy, Jr. } 1/2

BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

Producer's 88 (Producer EX-118) (New Mexico) Form 342

Printed and for Sale by Myers Printing Co., Carlsbad, N. M.

CASE NO.

6365

OIL & GAS LEASE

THIS AGREEMENT made this 28 day of April

1973, between

Riverside Country Club, a corporation,

of P. O. Box 549, Carlsbad, N.M.
(Post Office Address)

herein called lessor (whether one or more) and M. P. Grace, P.O. Box 1418, Carlsbad, N.M., lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the

following described land in Eddy

County, New Mexico, to-wit: That part of the SW $\frac{1}{4}$, Sec. 25, Twp.

21 S., Rge 26 E., N.M.P.M., described as follows: Beginning at the center of Sec. 25; thence South along the east line of the SW $\frac{1}{4}$ of Sec. 25 a distance of 995 feet; thence South 46°22' West a distance of 1074 feet; thence South 20°20' West 126.3 feet; thence South 0°4' West to the center of the bed of the Pecos River; thence in a westerly direction and following the centerline of the bed of the Pecos River to the West line of Sec. 25; thence North along West line of Sec. 25 to the North line of SW $\frac{1}{4}$, Sec. 25; thence East along the north line of SW $\frac{1}{4}$, Sec. 25 to place of beginning.

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 123.5 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 24 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.

3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the well or to the credit of lessor in the pipe line to which the wells may be connected; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the mouth of 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; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 3,087.50 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the lessor or to the credit of the lessor in the American Bank of Carlsbad Bank

at Carlsbad, New Mexico

which bank, or any successor thereof, shall continue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another acceptable method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard production unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production thereof should cease for any cause, this lease shall not terminate if lessee commences reworking or additional drilling operations within 60 days thereafter and diligently prosecuting the same, or (if it be within the primary term) commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted with no cessation of more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or junk the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. 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 on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs, lessee shall, at the time the change has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable 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 hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. 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, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessor's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rental, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessor, its/heir successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessee or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

12. Notwithstanding the other provisions of this lease, no well shall be drilled except at one of the two following locations:

(a) In that portion of the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 25 lying north of

Fairways 3 and 4;

(b) In the rough between Fairways 6 and 8.

In no event shall any well be drilled nearer to the exterior boundaries of Big Sky Homes Unit No. 1 than 600 feet.

13. Lessee shall pay lessor a reasonable cost of repairing any damages to the greens, fairways, or buildings caused by lessee's operations.

STATE OF NEW MEXICO,

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

County of _____

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

My Commission expires _____, 19____ Notary Public

STATE OF NEW MEXICO,

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

County of _____

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

My Commission expires _____, 19____ Notary Public

STATE OF NEW MEXICO,

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

County of _____

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

My Commission expires _____, 19____ Notary Public

STATE OF _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

County of _____

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

My Commission expires _____, 19____ Notary Public

No. _____	
OIL AND GAS LEASE	
NEW MEXICO	
FROM	TO
Date _____, 19____	
Section _____, Township _____, Range _____	
No. of Acres _____	
County, New Mexico	
Term _____	
STATE OF NEW MEXICO	
COUNTY OF _____	
I hereby certify that this instrument was filed for	
record on the _____ day of _____,	
A. D. 19____, at _____ o'clock _____ m., and	
was duly recorded in Book _____ at Page _____	
of the Records of said County.	
By _____	County Clerk.
Deputy.	

STATE OF NEW MEXICO

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

County of Eddy

The foregoing instrument was acknowledged before me this 3rd day of April, 1973
by Jack H. White President
Riverside Country Club a New Mexico corporation
on behalf of said corporation.

My Commission Expires: _____ Notary Public

STATE OF _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

County of _____

The foregoing instrument was acknowledged before me this _____ day of _____, 19____
by _____ President
of _____ a _____ corporation
on behalf of said corporation.

My Commission Expires: _____ Notary Public



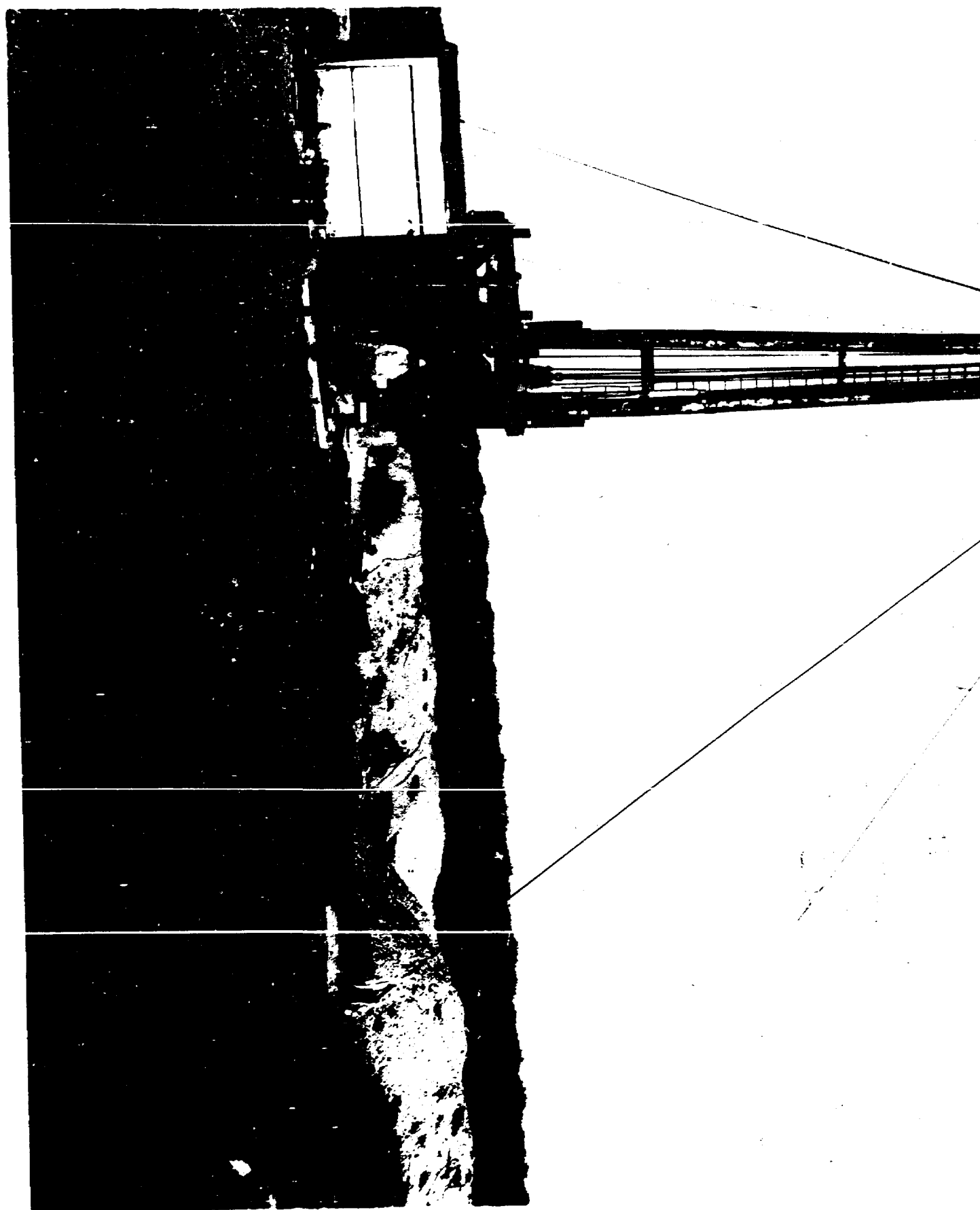
BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

RCC EXHIBIT NO. 5

CASE NO. 6365

DALE SEIDOWICK STUDIO
213 West Menard
Cortland, N. Mexico



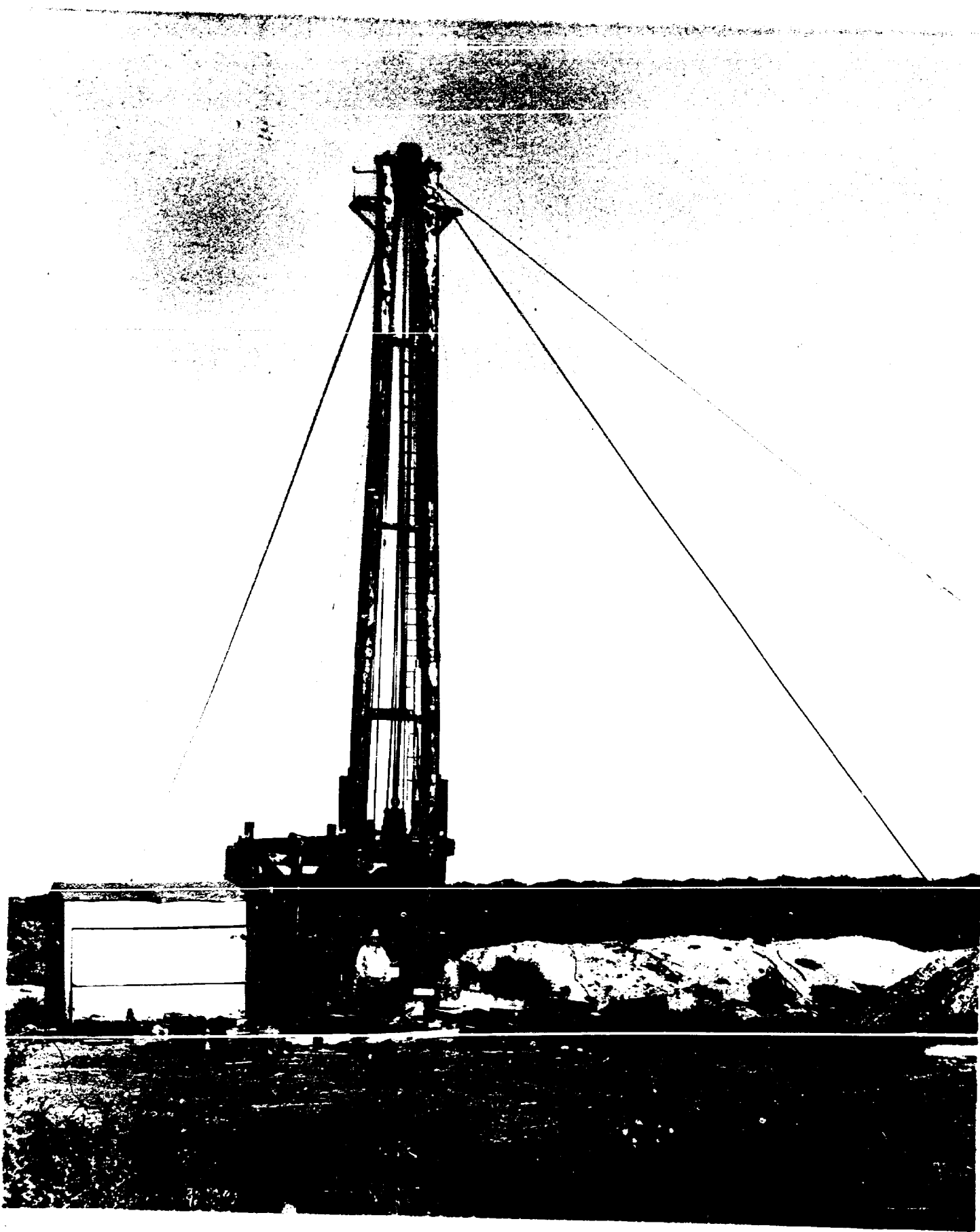
BEFORE EXAMINER NUTTER

OIL CONSERVATION DIVISION

RCC EXHIBIT NO. 6

CASE NO. 6865

DALE SEDGWICK STUDIO
213 West Menard
Corboud, N. Mexico



BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
<u>RAC</u>	EXHIBIT NO. <u>4</u>
CASE NO. <u>6365</u>	

DALE SEDGWICK STUDIO
213 West Mermod
Carlsbad, N. Mexico

BEFORE EXAMINER NUTTER

" OIL CONSERVATION DIVISION

RCC EXHIBIT NO. 3

CASE NO. 6365

DECLARATION OF POOLED UNIT

281

Know all men by these presents:

Whereas Corinne Grace owns an Oil and Gas Lease from:

State Game Commission of the State of New Mexico dated May 15, 1973, the following described land in Eddy County, New Mexico, to-wit: All of that part of the south half of the northwest quarter ($S\frac{1}{2}NW\frac{1}{4}$) of Section twenty-five (25) north of a line which is one hundred sixty-five (165) feet north of, and parallel to, the south line of said $S\frac{1}{2}$ of $NW\frac{1}{4}$ of Section 25; and all of that part of the west half of the southwest quarter of the northeast quarter ($W\frac{1}{2}SW\frac{1}{4}NE\frac{1}{4}$) of Section 25 situated north of, and bounded on the south by, a direct line from a point 165 feet north of the center of Section 25 to a point 236 feet north of the SE corner of the $W\frac{1}{2}SW\frac{1}{4}NE\frac{1}{4}$ of Section 25; all in township 21 South, Range 26 East of the N.M.P.M. situated in Eddy County and containing eighty-seven (87) acres, more or less, according to the U. S. Government Survey.

Whereas M. P. Grace owns an Oil and Gas Lease from:

Riverside Country Club, a corporation, dated April 3, 1973, one hundred twenty three point five acres (123.5), the following described land in Eddy County, New Mexico, to-wit: That part of the $SW\frac{1}{4}$, Section 25, Twp. 21 S., Rge. 26 E., N.M.P.M., described as follows: Beginning at the center of Section 25; thence South along the east line of the $SW\frac{1}{4}$ of Sec. 25 a distance of 595 feet; thence South $46^{\circ}22'$ West a distance of 1074 feet; thence South $20^{\circ}20'$ West 126.3 feet; thence

South 0°4' West to the center of the bed of the Pecos River; thence in a westerly direction and following the centerline of the bed of the Pecos River to the West line of Sec. 25; thence North along West line of Sec. 25 to the North line of SW $\frac{1}{4}$, Sec. 25; thence East along the north line of SW $\frac{1}{4}$, Sec. 25 to place of beginning.

Whereas each of the leases empowers the lessee to pool the lease and the lands covered thereby with other leases, lands and the mineral estates into units which do not exceed the Standard Proration Unit fixed by the New Mexico Oil Conservation Commission from the pooled or area in which the land is situated by filing a written Unit Designation.

Whereas Michael P. Grace II plans to drill and complete a gas well in the Morrow Formation underlying the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 25, Township 21 South, Range 26 East, N.M.P.M. and the New Mexico Oil Conservation Commission has designated three hundred twenty (320) surface acres as a drilling proration unit for the production of gas from the Morrow Formation in the Pool or area in which the above defined lands are situated. Now therefore the undersigned owners of the lessees' interests in the above described Oil and Gas Leases do hereby execute and record this instrument and invoke the Pooling privilege granted in said leases and do hereby designate the W $\frac{1}{2}$ Section 25, Township 21 South, Range 26 East, N.M.P.M. containing three hundred twenty (320) acres as a unit into which the above described leases and lands are pooled for gas production from the Morrow Formation.

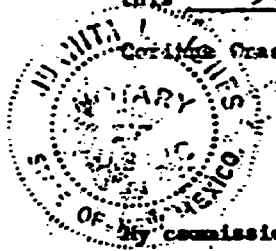
This instrument is dated this 3rd day of April, 1978
and shall be effective as of this date.

M. P. Grace
M. P. Grace

Corinne Grace
Corinne Grace

STATE OF New Mexico)
COUNTY OF EDDY) ss.

The foregoing instrument was acknowledged before me
this 3rd day of April, 1978, by M. P. Grace and
Corinne Grace.



Francis L. Jones
Notary Public

My commission expires: Sept 10 1979

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that
this instrument was filed for record on the 3rd day of April,
1978 at 8:42 o'clock AM, and duly recorded in Book 156
at the Records of Mescalero
GERALDINE MANASTY, County Clerk
Luci C. Bay Deputy

Carlsbad, New Mexico
June 20, 1978

Mr. Don McCormick
Carlsbad, New Mexico

Dear Mr. McCormick:

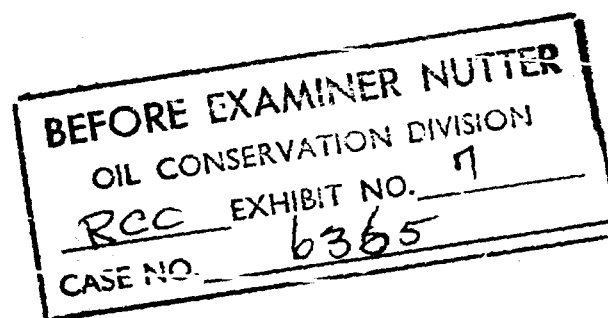
In regards to the drilling rig that had been put into place by Mr. Grace during the first part of April I kept a record, but not on a daily basis because part of this time I was out of town. I started this record in April and the only time that I can tell you of is that the time of day that I went by the drilling site, this site being across from the Riverside Country Club, and is the only time that I could definately swear to.

Since I jog every morning in this area and my jogging takes me up toward the rig I can definately say these people did not come to work, if they even came to work, by 7:00 a.m. The following listed days I tried to make at least twice a day and although at times there was some action, action meaning a car or a man standing around, the rig was not in operation. These days are as follows:

April 11, no; April 14, no; April 18, no; April 26, no; April 27, about 1 hour;
April 28, no; April 29, no; April 30, no; May 1, no; May 2, no; May 3, no;
May 4, no; May 5, no; May 6, no; May 7, no; May 8, no; May 9, no; May 10,
approximately two hours; May 11, no; May 12, no; May 13, no; June 15, afternoon
approximately four hours; June 16, no; June 17, no; June 18, no; and June 19, no.

June 20th
These dates with the following word no means that at the time I was there the rig was not in operation.

Calvin Graef
Calvin Graef
1610 Desert Willow
Carlsbad, New Mexico



FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FILED OCT 23 1978 IN MY OFFICE

FRANCES M. WILCOX
Clerk of the District Court

RIVERSIDE COUNTRY CLUB,
A Corporation,
Plaintiff,

vs.

No. CV-78-375

MICHAEL P. GRACE, CORINNE GRACE,
and all unknown claimants of
interest in the premises adverse
to the Plaintiff,
Defendants.

COMPLAINT

Plaintiff, for its claim for relief states:

1. Plaintiff is the owner in fee simple of all the oil, gas and other
minerals lying in and under the following described lands in Eddy County,
New Mexico, to-wit:

That part of the SW $\frac{1}{4}$, Section 25, Township 21 South,
Range 26 East, N.M.P.M., described as follows:
Beginning at the center of Section 25; thence South
along the East line of the SW $\frac{1}{4}$ of Section 25, a
distance of 595 feet; thence South 46 $^{\circ}$ 22' West, a
distance of 1074 feet; thence South 20 $^{\circ}$ 20' West
126.3 feet; thence South 0 $^{\circ}$ 4' West to the center of
the bed of the Pecos River; thence in a Westerly
direction and following the centerline of the bed
of the Pecos River to the West line of Section 25;
thence North along West line of Section 25 to the
North line of SW $\frac{1}{4}$, Section 25; thence East along the
North line of SW $\frac{1}{4}$, Section 25 to place of beginning,
and containing 123.5 acres, more or less.

2. Plaintiff is credibly informed and believes that all the Defendants
make some claim adverse to the estate of the Plaintiff.

3. There are persons unknown to Plaintiff who claim some lien, interest
or title adverse to Plaintiff and they have been made party defendants
herein in the manner prescribed by statute.

WHEREFORE, Plaintiff prays for the establishment of its estate against
such adverse claims and that the Defendants be barred and forever estopped
from having or claiming any lien upon, or any right or title to the premises
adverse to the Plaintiff and that Plaintiff's title be forever quieted and
set at rest.

BEFORE EXAMINER NUTTER	
OIL CONSERVATION DIVISION	
RCC	EXHIBIT NO. 8
CASE NO.	6365

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McCORMICK and FORBES

By


Don G. McCormick

P. O. Box 1718
Carlsbad, New Mexico 88220
Attorneys for Plaintiff.

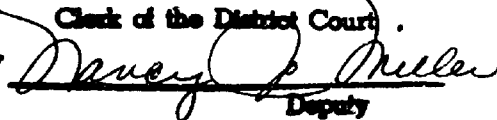
CERTIFIED A TRUE COPY

ENTERED ON Oct. 23, 1978

FRANCES M. WILCOX

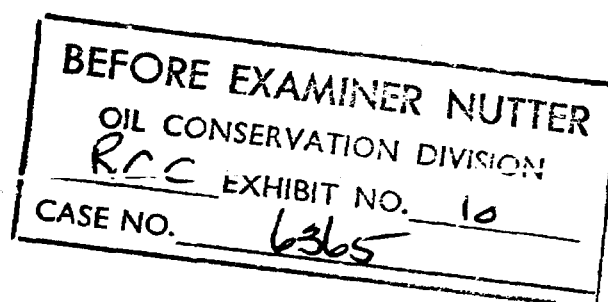
Clerk of the District Court.

BY


Nancy J. Miller
Deputy

LAW SUITS FILED AGAINST MICHAEL P. GRACE OR CORINNE GRACE
IN THE DISTRICT COURT OF EDDY COUNTY, NEW MEXICO
BETWEEN 26 APRIL 1971 AND 29 SEPTEMBER 1978

<u>NATURE OF SUIT</u>	<u>NUMBER OF SUCH SUITS</u>
Labor Claim by State Labor Commissioner	1
To Collect Unpaid Royalty	16
Laborer's Claim for Unpaid Wages	2
Workmen's Compensation	1
Foreign Judgment	1
Drilling Contractor for Unpaid Contract	4
Lien for Unpaid Drilling Costs in Unit	1
Supply Company Lien Foreclosure	3
NMOCC for Violation of Salt Water Disposal Rules	1
Oil Field Service Company for Unpaid Bills	16
WI Owner to Collect Share of Gas Sold	2
Death of Cattle due to Failure to Fence Location	1
Auto Accident	1
Failure to Assign ORR in Unit	1
Airplane Rental	1
TOTAL	52



BARBER OIL, INC.

901 WEST PIERCE

PHONE 887-2566

BOX 1888

CARLSBAD, NEW MEXICO

October 24, 1978

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
RCC EXHIBIT NO. 11
CASE NO. 6365

Energy and Minerals Department
Oil Conservation Division
Box 2088
Santa Fe, NM

Attention: Joe D. Ramey, Division Director

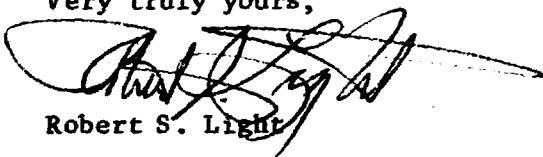
Re: Case No. 6365, Docket No. 34-78

Gentlemen:

On Wednesday October 25, 1978 you will hear the application on the above captioned case of Michael P. Grace, II for compulsory pooling of the Woolfcamp and Pennsylvanian formations in the W $\frac{1}{2}$, Section 25, T21S, R26E, N.M.P.M. I am personally the owner of approximately one acre underlying the communitized area being that portion of Lot 8, Block 10, Riverside Addition to the City of Carlsbad within the W $\frac{1}{2}$, Section 25, T21S, R26E, N.M.P.M.

My comments concern your consideration of the applicant as operator of the proposed well. On numerous occasions people in this area have asked me how they could get paid for thier royalty interest under the Michael Grace operations in Eddy County. Some unpaid over a three year period for relatively small royalty interests. These people cannot justify taking legal action in order to release payment. I feel that Mr. Grace is not a prudent operator and I feel your responsibility is to select an operator that is responsible to all parties of interest. I also would like to say that because of Mr. Grace's operations in this area I feel his cost of operations are higher that other operators in this area thereby creating a greater burden on the pooled and joint venture interests.

Very truly yours,


Robert S. Light

BEFORE EXAMINER NUTTER
Printed and for sale by Hall-Forbush Press, Inc., Dallas, Texas
OIL CONSERVATION DIVISION
EXHIBIT No. 1
CASE NO. 6365

OIL & GAS LEASE

THIS AGREEMENT made this 15th day of May
Commissioner of the State of New Mexico

Santa Fe, New Mexico

State Capitol Building
(Post Office Address)

herein called lessor (whether one or more) and C. Rinne Grace, lessee:
1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the

following described land in Eddy County, New Mexico, to-wit: All of that part of the south half of the northwest quarter (SW $\frac{1}{4}$) of Section twenty-five (25) north of a line which is one hundred sixty-five (165) feet north of, and parallel to, the south line of said SW $\frac{1}{4}$ of Section 25; and all of that part of the west half of the southwest quarter of the northeast quarter (W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$) of Section 25 situated north of, and bounded on the south by, a direct line from a point 165 feet north of the center of Section 25 to a point 236 feet north

of the SE corner of the W $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 25; all in township 21 South, Range 26 East of the N.M.P.M. situated in Eddy County and containing eighty-seven (87) acres, more or less, according to the U.S. Government Survey.

such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 87.00 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the lessor or to the credit of the lessor in the direct, c/o Director of State Game Commission, xxx

at State Capitol Building, Santa Fe, New Mexico.

which bank, or any successor thereof, shall continue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another acceptable method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, on or before the rental or tender date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard production unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit. Lessee is further granted the right and power to commit this lease as to all or any portion of the above described lands or horizons thereof to any unit agreement for the purpose of conserving the natural resources of any oil or gas pool, field or area covered thereby; provided, such unit agreement contains usual and customary provisions for the allocation of oil and gas produced from the unit area and such unit agreement embraces lands of either the United States or State of New Mexico or both, and the form of unit agreement has been approved by either the United States Geological Survey or Commissioner of Public Lands or both and the New Mexico Oil Conservation Commission, and upon such commitment the provisions of this lease shall be conformed to the unit agreement.

6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production thereof should cease for any cause, this lease shall not terminate if lessee commences reworking or additional drilling operations within 60 days thereafter and diligently prosecutes the same, or (if it be within the primary term) commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted with no cessation of more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. 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 on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, but of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessor's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rentals, royalties or payments to the credit of the deceased or his estate in the depository bank until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law, order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable 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 hereunder; and the time while lessee is so prevented shall not be counted against lessee, excepting in the case of the contrary notwithstanding.

10. 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, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward the same. Without impairment of lessor's rights under the warranty, if this lease covers a lessor's interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rental, and other payments if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion that the interest therein, if any, covered by this lease bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; and upon such release shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalties payable hereunder shall be reduced in proportion that the acreage so surrendered bears to the total acreage covered by this lease.

Witness the day and year first above written.

Physical activity of any kind or nature

shall be carried out by lessee with

structure during the term of this lease.

MEXICO

Adrian D. Borden
Secretary

OIL & GAS LEASE

THIS AGREEMENT made this 15th day of May, 1973, between State Game Commission of the State of New Mexico

and Carinne Grace

Santa Fe, New Mexico

of State Capitol Building
(Post Office Address)

herein called lessor (whether one or more) and Carinne Grace, lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roads, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the

following described land in Eddy County, New Mexico, to-wit: All of that part of the south

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 87 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) 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.

3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, one-third (1/3) of that produced and saved from said land, same to be delivered at the well or to the credit of lessor in the pipe line to which the wells may be connected; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the manufacture of gasoline or other products therefrom, the market value at the mouth of the well of one-third (1/3) of the gas so sold or used, provided that on gas sold at the wells the royalty shall be one-third (1/3) of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 27.40 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the lessor or to the credit of the lessor in the direct, c/o Director of State Game Commission, N.M.

State Capitol Building, Santa Fe, New Mexico.

at State Capitol Building, Santa Fe, New Mexico., which bank, or any successor thereof, shall continue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another acceptable method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard protraction unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit. Lessee is further granted the right and power to commit this lease as to all or any portion of the above described lands or horizons thereof to any unit agreement for the purpose of conserving the natural resources of any oil or gas pool, field or area covered thereby; provided, such unit agreement contains usual and customary provisions for the allocation of oil and gas produced from the unit area and such unit agreement embraces lands of either the United States or State of New Mexico or both, and the form of unit agreement has been approved by either the United States Geological Survey or Commissioner of Public Lands or both and the New Mexico Oil Conservation Commission, and upon such commitment the provisions of this lease shall be conformed to the unit agreement.

6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production thereof should cease for any cause, this lease shall not terminate if lessee commences reworking or additional drilling operations within 60 days thereafter and diligently prosecutes the same, or (if it be within the primary term) commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of production. If, at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted with no cessation of more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or junk the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures from the land on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rentals, royalties or payments to the credit of the deceased or his estate in the depository bank until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold owners ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable 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 hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. 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, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rental, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

12. No physical activity of any kind or nature shall be carried out by lessee within 300 feet of any existing building, pen or structure during the term of this lease.

STATE GAME COMMISSION OF THE STATE OF NEW MEXICO
BY: Nadine S. Gordon
Secretary

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____, 19____ Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____, 19____ Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____, 19____ Notary Public

STATE OF _____

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____, 19____ Notary Public

No. _____	
OIL AND GAS LEASE	
NEW MEXICO	
FROM	TO
Date _____, 19____	
Section _____, Township _____, Range _____	
No. of Acres _____	
County, New Mexico	
Term _____	
STATE OF NEW MEXICO	
COUNTY OF _____	
I hereby certify that this instrument was filed for	
record on the _____ day of _____,	
A. D. 19____, at _____ o'clock _____ m., and	
was duly recorded in Book _____ at Page _____	
of the Records of said County.	
By _____	County Clerk
Deputy,	
Form 145 Hall-Posthugh Press, Bernalillo, N. M.	

STATE OF NEW MEXICO

County of Santa Fe

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 15 day of May, 1973 by State Game Commission of the State of New Mexico by Ladd S. Gordon, Secretary of _____ Commission on behalf of said corporation. My Commission Expires: March 22, 1976

STATE OF _____

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____ by _____ President of _____ corporation. My Commission Expires: _____ Notary Public

State of New Mexico

GOVERNOR
JERRY APODACA
DIRECTOR AND SECRETARY
TO THE COMMISSION
HAROLD F. OLSON



DEPARTMENT OF GAME AND FISH

STATE CAPITOL
SANTA FE
87503

STATE GAME COMMISSION
F. URREA, JR., CHAIRMAN
ALBUQUERQUE
ROBERT H. FORREST
CARLSBAD
J. W. JONES
ALBUQUERQUE
ROBERT P. GRIFFIN
SILVER CITY
DR. FRANKLIN B. ZECCA
GALLUP

October 25, 1978

Mrs. Corinne Grace
P. O. Box 1487
Dallas, Texas 75221

and

P. O. Box 1418
Carlsbad, New Mexico 88220

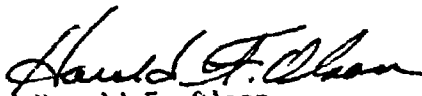
Re: State of New Mexico Oil and Gas Lease Executed May 15, 1973

Dear Mrs. Grace:

You are hereby served notice that your operations on the well located in Unit E, Section 25, Township 21 South, Range 26 East, Eddy County, New Mexico, are considered to be in violation of the "diligent prosecution" clause of your oil and gas lease with the State Game Commission dated May 15, 1973. Accordingly, you are hereby advised that as a result of your failure to perform in accordance with the terms and conditions of said lease, the State Game Commission considers your lease to have expired on May 15, 1978, by operation of law. Therefore, a check will be issued to you in the immediate future in the amount of \$87.00 for refund of your renewal of said lease for the period of May 15, 1978, to May 15, 1979.

Effective immediately, you are directed to remove all of your equipment from the leased premises, and take the necessary steps to return the land to the condition that existed prior to your drilling and exploring activities.

Sincerely,


Harold F. Olson
Director

cc: Members of State Game Commission

CERTIFIED MAIL NO. 483897 (to Dallas address)
CERTIFIED MAIL NO. 483898 (to Carlsbad address)
RETURN RECEIPT REQUESTED

BEFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION
D6 F EXHIBIT NO. 2
CASE NO. 6365

Send copy of order to : Case 6365
Boyle Bros
Texas Oil & Gas Corporation
900 Wilco Building
Midland, Texas 79701

OIL CONSERVATION COMMISSION-SANTA FE

DON G. MCCORMICK
JAY W. FORBES
THOMAS L. MAREK
ROGER E. YARBRO
JOHN M. CARAWAY
JAMES W. KLIPSTINE, JR.

MCCORMICK AND FORBES
ATTORNEYS AT LAW
BUJAC BUILDING
P. O. BOX 1718
CARLSBAD, NEW MEXICO 88220

TELEPHONE 885-4171
AREA CODE 505

27 October 1978

Lynn Teschendorf, Esquire
NM Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Michael P. Grace, II for Compulsory Pooling,
W $\frac{1}{2}$, Section 25, Township 21 South, Range 26 East, Eddy County,
New Mexico, Case No. 6365.

Dear Lynn:

I wish to take the liberty to clearly summarize the position of Riverside Country Club which protested the above application at the hearing held in Santa Fe on 25 October 1978. I shall do so as follows:

POINT I.

It is implicit in the Oil and Gas Act that any operator of a pooled unit must be a prudent operator. The burden is upon the Applicant, Michael P. Grace, II to prove by the preponderance of the evidence that he is a prudent operator before the commission may appoint him as the operator of a pooled unit. We submit that the evidence which was produced at the hearing before Daniel S. Nutter demonstrated that Mr. Grace did not qualify. In brief, the evidence was as follows:

- (a) The only witness for the Applicant was Mr. Becker, a geologist of Roswell who testified only as to the AFE. He had never been on the site of the unit and had no knowledge of the well begun by the Applicant on 3 April 1978. He did not even know where Mr. Grace lived and had been employed only seven days prior to the hearing only for the purpose of preparing the AFE. He did not include in the AFE the cost of alleged drilling on the present well since 3 April 1978 or the rental on the spudder for more than six months.
- (b) Exhibits 4, 5 and 6 introduced by the Protestant, Riverside Country Club, showed the spudder which had been on location for more than six months and which allegedly had drilled to 400 feet on a well projected to 11,500 feet. The examiner can take administrative notice that such a spudder cannot drill more

Lynn Teschendorf, Esquire
27 October 1978
Page Two

than 2,000 feet and that no prudent operation would use such equipment for a Morrow test.

(c) Robert S. Light, owner of unleased land in the proposed pooling unit, protested the appointment of Michael P. Grace on the grounds that he is not a prudent operator. Mr. Light is in the oil business, being President of Barber Oil, Inc., of Carlsbad, New Mexico.

(d) Exhibit 8 by Protestant, Riverside Country Club, contains certified copies of fifty-two complaints filed in the District Court of Eddy County against Mr. Grace between 1971 and 1978. Exhibit 9 by Protestant was a summary of these law suits and demonstrated that Mr. Grace had been in continuous litigation during that period for failure to pay royalty, failure to pay drilling contracts, failure to pay supply companies and service companies, and other suits arising out of his operations. Many of these involved foreclosures of liens against oil and gas leases.

For the reason that Mr. Grace failed to prove that he was a prudent operator, we submit that his application should be denied.

POINT II.

Before a person may be named operator of a pooled unit, he must satisfy the commission that he is the owner of valid oil and gas leases.

(a) One of the oil and gas leases Mr. Grace seeks to pool is a lease from Riverside Country Club dated 3 April 1973 for a period of five years covering 123.5 acres. This lease was Protestant's Exhibit 2. On the day this lease was due to expire, Mr. Grace filed a Declaration of Pooled Unit, Protestant's Exhibit 3, in which he purported to pool this lease with 70 acres in an oil and gas lease from the State Game Commission into a 320 acre pooled unit. The Protestant, Riverside Country Club, on 23 October 1978 filed a suit in the District Court of Eddy County to quiet title to the land embraced in this lease. A copy of the Complaint was introduced as Protestant's Exhibit 11. It is noted that Mr. Grace waited six months after filing the Declaration of Pooled Unit before he attempted to pool the unleased land in the half section.

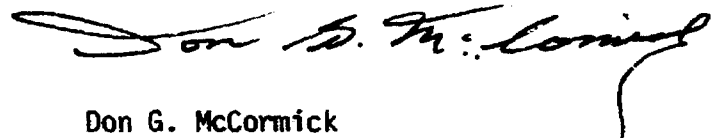
(b) The State Game Commission has served notice on Mr. Grace that it considers its oil and gas lease embracing 87 acres of which 70 acres is in the W₂ of Section 25, to have expired by operation of law due to violation of the diligent prosecution of drilling operations clause in said lease.

Lynn Teschendorf, Esquire
27 October 1978
Page Three

By reason of the above, there is serious doubt as to whether or not Mr. Grace owns any valid oil and gas leases in the half section he desires to pool. We concede that the commission does not have jurisdiction to determine the validity of the oil and gas leases described above. However, due to the condition of Mr. Grace's title, the commission would not be justified in entering a pooling order because that would seriously damage the title to all of the unleased land in the half section as well as the title to the oil and gas leases held by Cities Service Oil Company and Texas Oil and Gas Company in this half section. Therefore, we submit that even if the application of Mr. Grace is not denied out right, action on the application should be deferred until the title questions are settled.

If you feel so inclined, you may exhibit this letter to Mr. Daniel S. Nutter, the examiner. You will note that I am sending a copy of this letter to Dahl L. Harris, the attorney of record for Michael P. Grace, so that he may in turn present his views in writing if he so desires.

Very truly yours,



Don G. McCormick

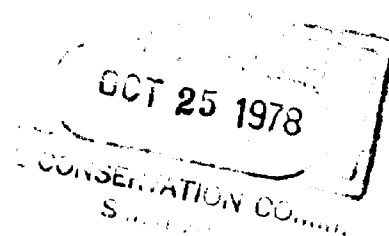
DGM:cy

cc: Dahl L. Harris, Esquire
300 San Mateo, N. E., No. 418
Albuquerque, New Mexico 87108



302 North Main • P. O. Box 550 • Carlsbad, New Mexico 88220

Telephone 505-885-5420



October 23, 1978

Oil Conservation Commission
State Land Office
Santa Fe, New Mexico 87503

Re: Drilling of a 12,000 ' morrow test well by
Michael P. Grace II

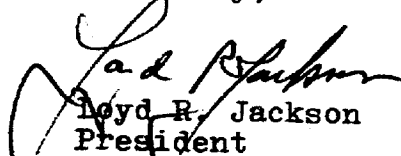
Location: W/2 Section 25, T21^S, R 26E, N.M.P.M.

Gentlemen:

I received a certified letter from Michael P. Grace II on October 18, 1978 that seems untimely in that drilling has already started. In addition I feel that an attempt to force pool me is in progress.

Therefore I protest the forced pooling and if the drilling proceeds I feel I should have a free ride because of the existing circumstances.

Sincerely,


Lloyd R. Jackson
President

LRJ/sp

DON G. MCCORMICK
JAY W. FORBES
THOMAS L. MAREK
ROGER E. YARBRO
JOHN M. CARAWAY
JAMES W. KLIPSTINE, JR.
D. RRY C. ABERNETHY

MCCORMICK AND FORBES
ATTORNEYS AT LAW
BUJAC BUILDING
P. O. BOX 1718
CARLSBAD, NEW MEXICO 88220
16 March 1979

TELEPHONE 865-4171
AREA CODE 505

rather
Lynn Teschendorf, Esquire
New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Application of Michael P. Grace for Compulsory Pooling,
W $\frac{1}{2}$ Section 25-21-26, Eddy County, N.M. Case No. 6365

Dear Lynn:

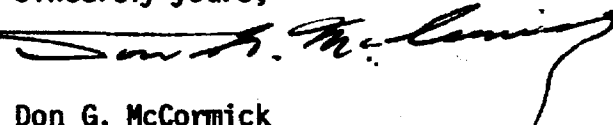
The hearing in the above matter was held on 25 October 1978 in Santa Fe. I represented the protestant, Riverside Country Club. During the hearing, I introduced as an exhibit a map which had been prepared by R. C. Roberts who identified the map. I do not have the exhibit number. I would like to borrow this map for use at the trial in Federal Court in Roswell involving the same subject matter. If you will allow me to have it, I will return it to you after the close of this trial.

Also, I introduced Exhibit B which contained certified copies of 52 Complaints filed in the District Court of Eddy County, New Mexico, against Mr. Grace. I would likewise like to borrow this exhibit and use it for reference only in the trial of this case in Federal Court. Likewise, I will return it to you following the conclusion of the case.

In addition, I would like to obtain from you a certified copy of the application filed in Case No. 6365 showing the date on which it was filed.

Please send me a bill for the certified copy and likewise send me a bill for the postage on the exhibits which I have asked to borrow.

Sincerely yours,



Don G. McCormick

DGM:abm

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 6365

Order No. R- 6052

APPLICATION OF MICHAEL P. GRACE II
FOR COMPULSORY POOLING, EDDY COUNTY,
NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on October 25
19 78, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of _____, 19____, the Division
Director, having considered the testimony, the record, and the
recommendations of the Examiner, and being fully advised in the
premises,

FINDS:

(1) That due public notice having been given as required by
law, the Division has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Michael P. Grace II
seeks an order pooling all mineral interests in the Wolfcamp and
Pennsylvanian formations underlying the W/2
of Section 25, Township 21 South, Range 26 East
NMPM, Burton Flat Field, Eddy County, New
Mexico.

256-3305

B-15-76

Wall Norris

256-3533

It's a good thing
Michael & Grace

OIL CONSERVATION COMMISSION-SANTA FE
L.H. de Loria, RLS

OCT 12 1978

HARRIS, RELKIN & LEE

DAHL L. HARRIS
HARRY N. RELKIN
EDWARD D. LEE

ATTORNEYS AT LAW
SUITE 418 - TWO PARK CENTRAL TOWER
300 SAN MATEO, N.E.
ALBUQUERQUE, NEW MEXICO 87108

TELEPHONE (505) 254-2833

October 11, 1978

Mr. R.L. Stamets
The Oil Conservation Division
Energy and Minerals Department
State of New Mexico
P.O. Box 2088
Santa Fe, NM 87501

*file
Case 6365
10/25*

Re: Forced pooling of W $\frac{1}{2}$ of Sec. 25, T21 S, R26 E

Dear Mr. Stamets:

Enclosed please find a copy of the letter that is being sent to all mineral interest owners in the above referenced forced pooling area. This letter will provide you with an updated list of mineral owners.

Sincerely,

Dahl L. Harris

Dahl L. Harris

DLH/sb

Encl.

cc: Mrs. Corinne Grace

OCT 12 1978

Michael P. Grace II
Corinne Grace
P. O. BOX 1418
CARLSBAD, NEW MEXICO 88220

October 3, 1978

TO: ALL INTEREST OWNERS

Gentlemen:

Regarding the proposed Burton Flat Undesignated Morrow working interest unit, Eddy County, New Mexico.

Michael P. Grace, as operator, proposes forming a 320 acre working interest unit for the drilling of a 12,000' morrow test well located in the W/2 Section 25, T21S, R26E, N.M.P.M.

Estimated costs are \$655,650.00 for a completed producer and \$500,237.00 for a dry hole.

The unit area consists of the W/2 Section 25, T21S, R26E, N.M.P.M. with the following owners:

Michael P. Grace	38.6%
Corinne Grace	21.9%
Texas Oil & Gas	12.5%
Cities Service	12.5%
Presbyterian Church	3.1%
Various unleased mineral interest owners in the Big Sky Homes Subdivision and the Country Club area	11.4%
	<hr/> 100.0%

Your joinder in this proposal is requested by either of:

1. As a party in drilling of the test well
2. Leasing your mineral interest
3. Committing your acreage on a farm out basis

Your prompt response to this would be greatly appreciated.

Sincerely yours,

Juanita Jones Wildberger
Juanita Jones Wildberger, Agent for
Michael P. Grace

DON G. MCCORMICK
JAY W. FORBES
THOMAS L. MAREK
ROGER E. YARBRO
JOHN M. CARAWAY
JAMES W. KLIPSTINE, JR.

MCCORMICK AND FORBES
ATTORNEYS AT LAW
BUJAC BUILDING
P. O. BOX 1718
CARLSBAD, NEW MEXICO 88220

TELEPHONE 885-4171
AREA CODE 505

17 October 1978

Ms. Lynne Teschendorf
Oil Conservation Commission
Land Office Building
Santa Fe, New Mexico 87501

Case 6365

Re: Application for Force-Pooling
Applicant: Michael P. Grace
W₂, Section 25, Township 21 South,
Range 26 East, N.M.P.M.

Dear Ms. Teschendorf:

As you will recall, I spoke with you on 4 October concerning the above referenced matter. At your convenience, would you kindly advise me whether an application to force-pool the above referenced lands has been filed by Mr. Michael P. Grace? We have been given to understand that an application has been filed, and that the matter has been scheduled for a hearing on the application on 25 October 1978.

If the application has not been filed, we would appreciate notice of any application which is filed for force-pooling embracing the above referenced lands.

Sincerely,


Thomas L. Marek

TLM:cb

*10-20-78
Called Marek's secretary.
Told her docket went out
10-13 - they haven't received
one yet.*

- CASE 6361:** Application of Continental Oil Company for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the Buffalo-Pennsylvanian Gas Pool, Lea County, New Mexico, to provide for 320-acre spacing rather than 160 acres. In the absence of objection, this pool will be placed on the standard 320-acre spacing for Wolfcamp and Pennsylvanian gas pools rather than the present 160-acre spacing.
- CASE 6362:** Application of Continental Oil Company for an unorthodox gas well location and a non-standard proration unit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 294.9-acre non-standard gas proration unit comprising the S/2 of partial Section 19, Township 17 South, Range 29 East, Eddy County, New Mexico, to be dedicated to a well to be drilled 660 feet from the South line and 3300 feet from the East line of said Section 19 to test the Morrow formation.
- CASE 6363:** Application of Phoenix Resources Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the North and West lines of Section 16, Township 19 South, Range 21 East, Eddy County, New Mexico, to be drilled to the Mississippian formation, the W/2 of said Section 16 to be dedicated to the well.
- CASE 6364:** Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the surface to the base of the Ellenburger formation underlying the NW/4 SE/4 of Section 23, Township 20 South, Range 38 East, Lea County, New Mexico, to be dedicated to a proposed oil well to be drilled at a standard location thereon. Applicant seeks the pooling of the SE/4 of said Section 23 in the event said drilling results in a gas well. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6365:** Application of Michael P. Grace II for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the W/2 of Section 25, Township 21 South, Range 26 East, Burton Flat Field, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.
- CASE 6366:** Application of Phillips Petroleum Company for statutory unitization, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order unitizing, for the purpose of a pressure maintenance project, all mineral interests in the East Vacuum Grayburg-San Andres Unit encompassing 7,025 acres, more or less, underlying all or portions of the following lands in Lea County, New Mexico: Section 24, Township 17 South, Range 34 East; Sections 18 thru 29 and 31 thru 35, Township 17 South, Range 35 East; and Sections 4 and 5, Township 18 South, Range 35 East.
- The unitized interval would be the Grayburg-San Andres Formation between the depths of 4,050 feet and 5,050 feet in Exxon's NM State "K" Well No. 19, located in Unit P of Section 28, Township 17 South, Range 35 East.
- Among the matters to be considered at the hearing will be the necessity of unit operations; the designation of a unit operator; the determination of the horizontal and vertical limits of the unit area; the determination of a fair, reasonable, and equitable allocation of production and costs of production, including capital investment, to each of the various tracts in the unit area; the determination of credits and charges to be made among the various owners in the unit area for their investment in wells and equipment; and such other matters as may be necessary and appropriate for carrying on efficient unit operations, including, but not necessarily limited to, unit voting procedures, selection, removal, or substitution of unit operator, and time of commencement and termination of unit operations.
- CASE 6367:** Application of Phillips Petroleum Corporation for a pressure maintenance project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pressure maintenance project on its East Vacuum Grayburg-San Andres Unit, Lea County, New Mexico, by the injection of water into the Grayburg-San Andres formation; and the establishment of an administrative procedure for approval of injection and producing wells at unorthodox locations.

Dockets Nos. 35-78 and 36-78 are tentatively set for hearing on November 8 and 21, 1978. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - OCTOBER 25, 1978

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM,
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

CASE 6290: (Continued from September 13, 1978, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit R. A. Craue, Jr., Great American Insurance Co., and all other interested parties to appear and show cause why the Donella Well No. 1 located in Unit P of Section 3, Township 29 North, Range 15 West, San Juan County, New Mexico, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6339: (Continued from October 11, 1978, Examiner Hearing)

Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 22, Township 23 South, Range 22 East, Eddy County, New Mexico, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6355: Application of Amoco Production Company for two unorthodox well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of the unorthodox locations of its South Mattix Unit Well No. 32 located 1535 feet from the North line and 330 feet from the East line and its South Mattix Unit Well No. 34 located 1650 feet from the North line and 2310 feet from the West line, both in Section 22, Township 24 South, Range 37 East, Fowler-Upper Yaso Pool, Lea County, New Mexico, the S/2 NE/4 and the E/2 NW/4 of Section 22 to be dedicated, respectively, to the wells.

CASE 6356: Application of Amoco Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Abo formation through the perforated interval from 8391 feet to 9100 feet in its State "E" Tract 18 Well No. 21 located in Unit B of Section 2, Township 17 South, Range 36 East, Lovington-Abo Pool, Lea County, New Mexico.

CASE 6357: Application of Enserch Exploration, Inc., for pool creation and special pool rules, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order creating a new oil pool in the Pennsylvanian formation for its Lambirth Well No. 4 located in Unit O of Section 31, Township 5 South, Range 33 East, Roosevelt County, New Mexico, and for promulgation of special pool rules, including provision for 80-acre spacing and special well location requirements.

CASE 6358: Application of Jake L. Hamon for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation through the perforated interval from 12,997 feet to 13,036 feet in his State K-33 Well No. 2 located in Unit W of Section 30, Township 16 South, Range 36 East, East Shoe Bar-Devonian Pool, Lea County, New Mexico.

CASE 6359: Application of Getty Oil Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Gallup and Dakota production in the wellbore of its Jicarilla "C" Well No. 27 located in Unit E of Section 33, Township 25 North, Range 5 West. Applicant further seeks provision for administrative approval for downhole commingling of the Gallup and Dakota formations in others of its wells on its Jicarilla "B" and Jicarilla "C" leases in Sections 5 and 6, Township 24 North, Range 5 West, and Sections 21, 22, 27, 28 and 31 thru 34, Township 25 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6368: Application of Getty Oil Company for the amendment of Order No. R-5388, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-5388 to provide an administrative procedure to permit the downhole commingling of Pictured Cliffs and Chacra production in wells on its Jicarilla "B" and "C" Leases in Sections 21, 22, 27, 28, and 31 thru 34, Township 25 North, Range 5 West, and Sections 5 and 6, Township 24 North, Range 5 West, all in Rio Arriba County, New Mexico.

CASE 6360: Application of Continental Oil Company for a non-standard gas proration unit and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 228-acre non-standard gas proration unit comprising the SW/4 and S/2 SE/4 of Section 18, Township 21 South, Range 36 East, Eumont Gas Pool, Lea County, New Mexico, to be simultaneously dedicated to applicant's Lockhart A-18 Wells Nos. 3 and 4, located in Units K and M, respectively, of said Section 18.

force pooling RT

Tom
Marble

885-4171

~~Carroll~~
Texas O & G
Cities Grove

W/2 25 218 26E

R. Michael
Riverside CC surface

Copiner
State Game & Fish
↓
oil & gas lease

S/2 NW/4 Game & Fish

S/4 Riverside CC

Send docket:

Thomas Marek
P.O. Box 1718
Carlsbad
88220

Memo

From

FLORENE DAVIDSON
ADMINISTRATIVE SECRETARY

To

Jay Forbes

Box 1718

Carlsbad, New Mexico 88220

885-3144

Opposing attorney
Send copy of docket.

Jeb Stuart

Game and Fish

OIL CONSERVATION COMMISSION-SANTA FE

Case 6365

HARRIS, RELKIN & LEE

ATTORNEYS AT LAW

SUITE 418 - TWO PARK CENTRAL TOWER

300 SAN MATEO, N.E.

ALBUQUERQUE, NEW MEXICO 87108

TELEPHONE (505) 256-3633

DAHL L. HARRIS
HARRY N. RELKIN
EDWARD D. LEE

October 5, 1978

Mr. R.L. Stamets
The Oil Conservation Division
Energy and Minerals Department
State of New Mexico
P.O. Box 2088
Santa Fe, NM 87501

RLH

Re: Forced pooling of W $\frac{1}{2}$ of Sec. 25, T21 S, R26 E

Dear Mr. Stamets:

This letter is to confirm my telephone call of this date. My clients, the Graces, wish to change the named applicant on the application for forced pooling of the W $\frac{1}{2}$ of Sec. 25, T21 S, R26 E, N.M.P.M. from Corinne Grace to Michael P. Grace.

This change will make the application conform with the declaration of pooled unit that was filed with the Eddy County Clerk in April of 1978, and with the application for permit to drill granted by Mr. W.A. Gressett in April of 1978.

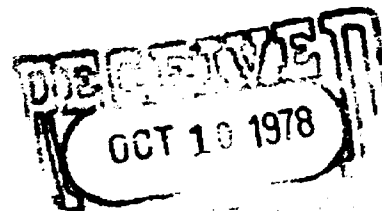
Your assistance in this matter is appreciated.

Sincerely,

Dahl L. Harris

Dahl L. Harris

DLH/sb
cc: Corinne Grace



10-2-78

Application Corinne Grace
for compulsory pooling.

W/2 25-T213-R26E

Eddy County

Wolfcamp & Pennsylvanian Form.
Burton Flat Field

Dahl Harris

Check Pool

DAHL L. HARRIS

ATTORNEY AT LAW

SUITE 418 - TWO PARK CENTRAL TOWER

300 SAN MATEO, N.E.

ALBUQUERQUE, NEW MEXICO 87108

TELEPHONE (505) 256-3533

HARRIS, RELKIN & LEE

ATTORNEYS AT LAW

SUITE 410 - TWO PARK CENTRAL TOWER

300 SAN MATEO, N.E.

ALBUQUERQUE, NEW MEXICO 87108

TELEPHONE (505) 254-2533

Dahl L. Harris

HARRY N. RELKIN

EDWARD D. LEE

October 4, 1978

The Oil Conservation Division
Energy and Minerals Department
State of New Mexico
P.O. Box 2088
Santa Fe, NM 87501

Attention: R.L. Stamets

Dear Sir:

Enclosed herewith in triplicate is the application of Corinne Grace for compulsory pooling of the W $\frac{1}{2}$ of Section 25, Township 21 South, Range 26 East, N.M.P.M. situate in Eddy County.

Corinne Grace requests that this matter be set down on the docket for examiners hearing on October 25, 1978.

If there is any problem with the application, please let me know in time for its amendment prior to the October 25, 1978 hearing.

Sincerely,

Dahl L. Harris

Dahl L. Harris

DLH/sb

Encl.

cc: Corinne Grace

66T -6 1973

BEFORE THE ^{Santa Fe}
OIL CONSERVATION COMMISSION OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF CORINNE GRACE FOR COMPULSORY POOLING, EDDY COUNTY, NEW MEXICO

CASE 6365

APPLICATION

Comes now Corinne Grace, by her undersigned attorneys and, as provided by Section 65-3-14, New Mexico Statutes Annotated, 1953 Compilation, as amended, hereby makes application for an order pooling all of the mineral interests in and under the $W\frac{1}{2}$ of Section 25, Township 21 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show the Commission:

1. Applicant and her husband are the owners of 60.5% of the working interest in and under the $W\frac{1}{2}$ of said Section 25, and applicant has the right to drill thereon.

2. Applicant proposes to dedicate the above-referred to pooled unit to a well to be drilled at an orthodox location within the boundary of said pooled unit.

3. Applicant has sought and been unable to obtain either voluntary agreement for pooling or farm-out from the following operator:

Texas Oil & Gas Corporation, 12.5% working interest.

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

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

WHEREFORE, applicant prays that this application be set for hearing before the Commission or the Commission's duly appointed examiner, and that after notice and hearing as required by law the Commission enter its order pooling the lands, together with the provision for application to recover her costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges, and a risk factor for the risk assumed by applicant in drilling, completing and equipping the well, and such other and further provisions as may be proper in the premises.

Respectfully submitted,
HARRIS, RELKIN & LEE

By *Dahl L. Harris*
Dahl L. Harris
Suite 418-Two Park Central Tower
300 San Mateo NE
Albuquerque, NM 87108
(505) 256-3533

(3) That at the time of the hearing of this case, applicant Michael P. Grace^{II} and his wife, Corinne Grace, claimed ownership of 38.6 percent and 21.9 percent, respectively, of the lands included in the proposed 320-acre gas proration unit.

(4) That the 38.6 percent ^{ownership} ~~of the 320 acres~~ which Michael P. Grace^I claimed was contained in an oil and gas lease covering 123.5 acres held in fee by the Riverside Country Club, a corporation, and the 21.9 percent ^{ownership} ~~of the 320 acres~~ which Corinne Grace claimed was contained in an oil and gas lease covering 70 acres in the W/2 of the aforesaid Section 25 held by the State Game Commission of the State of New Mexico.

(5) That at the hearing ^{there was considerable discussion to the effect} ~~the Examiner was advised~~ that the validity of both of the aforesaid leases was in question, and that the lessors ^{of} ~~in~~ both ^{leases} ~~instances~~ were seeking to have their respective leases declared invalid.

(6) That on June 6, 1979, in the District Court of the United States for the District of New Mexico, Judge Edwin L. Mechem handed down his Memorandum Opinion and Judgment, holding that the Oil and Gas Lease between Michael P. Grace^{II} and the Riverside Country Club is invalid, having expired April 3, 1978.

(7) That considering the aforesaid determination by the United States District Court, the applicant is no longer the owner of any lands in the W/2 of Section 25, although his wife, Corinne Grace, may own some 70 acres in the W/2 of Section 25, under the contested State Game Commission lease.

(8) That Section 70-2-17, NMSA 1978, provides that an "owner" who has the right to drill, and proposes to drill, may bring an action before the Division to pool lands to form a spacing or proration unit.

(8) That the applicant was not the owner of any lands in the W/2 of Section 25 at the time of the hearing of this case on October 25, 1978.

(10) That ^{inasmuch as} the applicant is ^{not} ~~no longer~~ an "owner" in the lands proposed to be pooled, as defined in Section 70-2-33, Subsection E, NMSA 1978, ~~and~~ this case should be dismissed.

IT IS THEREFORE ORDERED:

(1) That Case No. 6365 is hereby dismissed.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

CLERK'S CERTIFICATE

STATE OF NEW MEXICO }

County of Eddy }

ss.

I, **FRANCES M. WILCOX**, Clerk of the
DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT, within and for the County of Eddy, State
of NEW MEXICO, DO HEREBY CERTIFY that the attached is a full, true and correct copy of
the original

COMPLAINTS filed in this office as shown by such Complaints;

in Causes numbered as follows:

27140	30251	31850
27418	30265	32075
27431	30266	32078
27592	30638	32136
27619	30730	32242
27706	30949	CV-77-11
28052	31221	CV-77-18
28078	31246	CV-77-56
28261	31289	CV-77-68
28262	31309	CV-77-81
28516	31347	CV-77-85
29119	31392	CV-77-119
29161	31504	CV-77-221
29290	31507	CV-77-358
29491	31515	CV-77-386
29575	31520	CV-78-358
30055	31747	
30094	31837	

~~XX cause number~~

on the

CIVIL

Docket

of said court, wherein

is _____, and

is _____, all as shown from the files and records of my said office.

IN WITNESS WHEREOF, I have hereunto set my hand
and affixed the seal of said Court at Carlsbad, New Mexico,
this 23rd day of October, A. D. 19 78.

FRANCES M. WILCOX

Clerk of the District Court

By: Maggie B. Foster

Deputy

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

5910-5.
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

CLYDE ABBOTT and MURRELL J. ABBOTT)
Partners, d/b/a ABBOTT BROTHERS,)
)
 PLAINTIFF,)
)
VS.)
)
CORINNE GRACE,)
)
)
 DEFENDANT.)

FILED APR 26 1971 IN MY OFFICE
9:26 AM
FRANCES M. WILSON
Clerk of the District Court

NO. 27140

C O M P L A I N T

PLAINTIFFS, for their Cause of Action against the
Defendant allege:

1.

That the Plaintiffs are residents of Lea County, New Mexico, doing business as a partnership under the name of ABBOTT BROTHERS, and that the Defendant, according to the information and belief of Plaintiffs, is a resident of Eddy County, New Mexico, and the real property involved in this action is located in Eddy County, New Mexico.


2.

That heretofore, during the period of June 10, 1970, to June 20, 1970, the Plaintiffs furnished materials and labor in the drilling of a surface hole for the Defendant at the request of her Agent, Forrest Blount, aka F. Blount, at the Corrine Grace, Indian Hills Well No. 1, located in the SE/4 of the SE/4 of Section 8, Township 21 South, Range 24 East, N.M.P.M., Eddy County, New Mexico.

3.

That there is due and owing Plaintiffs from Defendant the sum of TWO THOUSAND SIX HUNDRED SIXTY-TWO AND 40/100 DOLLARS (\$2,662.40,) together with interest from July 20, 1970, until paid at the rate of six (6) per cent per annum, and attorney fees for preparation of Mechanic and Materialman's Lien, filed on

Plaintiffs judgment herein, and that the Plaintiffs have judgment personally against the Defendant for any deficiency remaining after foreclosure of said Lien and for such other and further relief as the Court deems proper.


N. RANDOLPH REESE
P.O. Box 1619
Hobbs, New Mexico 88240

Attorney for Plaintiffs


STATE OF NEW MEXICO)
) SS
COUNTY OF LEA)

MURRELL J. ABBOTT, one of the Plaintiffs, being duly sworn upon his oath, states :

That he has read and is familiar with the allegations and contents of the Complaint and that they are true and correct except such matters as may be stated upon information and belief and as to the latter, he believes them to be true.


MURRELL J. ABBOTT

SUBSCRIBED AND SWORN to before me this 22 day of April, 1971.


NOTARY PUBLIC

My Commission Expires:

Sept 2, 1971

MECHANIC AND MATERIALMAN'S LIEN

NOTICE IS HEREBY GIVEN that the undersigned claimant, Abbott Brothers, a copartnership composed of Clyde Abbott, partner, and Murrell J. Abbott, partner, P.O. Box 637, Hobbs, New Mexico, claims a lien upon the following described property and all improvements and personal property thereon, to wit:

The oil and gas and other minerals in and under and that may be produced from the SE/4 of the SE/4 of Section 8, Township 21S, Range 24E, N.M.P.M., Eddy County, New Mexico.

Said Well and its accompanying acreage upon which claimant claims a lien also being known as Corinne Grace, Indian Hills No. 1.

Said lien is claimed on account of materials furnished and labor performed for Corinne Grace at the request of her agent, Forrest Blount, a/k/a F. Blount and said materials and labor were furnished during the period beginning June 10, 1970, and ending June 20, 1970. The amount for which said lien is claimed after deducting all just credits and offsets, is \$2,662.40.

The terms, time given, and conditions under which the materials and labor were furnished to the said Corinne Grace were that claimants agreed to and did furnish their equipment and labor in drilling a surface hole for said above described oil well on said above described premises and that claimants are entitled to \$200.00 travel time for moving to said location and moving back to their yard in Hobbs, New Mexico, from said location together with 10 days drilling at 12 hours per day and rig time at \$15.00 per hour in the amount of \$1,800.00, helper time of 10 days of 12 hours per day at \$3.00 per day, amounting to \$360.00 or a total of \$2,560.00, together with 4% sales tax in the amount of \$102.40, amounting to a total of \$2,662.40, which amount said owner, through said agent, agreed to pay within 30 days from the completion of the work.

EXHIBIT 'A'

The name of the reputed owner of the said above described property is Corinne Grace.

The balance of \$2,662.40 remains unpaid, although demands have been made for the payment thereof, and the lien is claimed for the amount due together with the amount of \$150.00 as cost for preparing, filing and perfecting this lien plus \$2.75 for recording fees.

EXECUTED this 14th day of September, A.D., 1970.

Abbott Bros.
ABBOTT BROTHERS

By Murrell Abbott
Partner

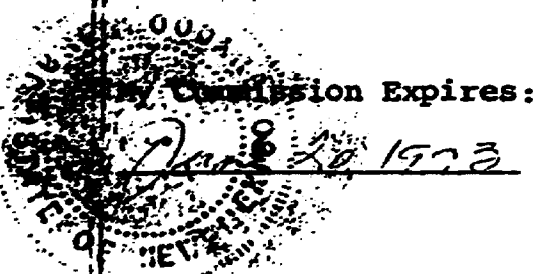
STATE OF NEW MEXICO)
COUNTY OF LEA) SS

The undersigned, MURRELL J. ABBOTT, being first duly sworn upon his oath, states that he has read the foregoing claim of Mechanic and Materialman's Lien, and that the statements therein contained are true and correct.

Murrell J. Abbott
MURRELL J. ABBOTT

SUBSCRIBED AND SWORN to before me this 14 day of September, A.D., 1970.

James H. Henshaw
NOTARY PUBLIC



"STATE OF NEW MEXICO, County of Eddy, do hereby certify that this instrument was filed for record on the 14 day of Sept. 1970 at 10:30 o'clock A.M. and duly recorded in book 74 page 440 of the Records of Miscellaneous

Mildred Branch, County Clerk

By Quanita Carpenter Deputy

6:29 - 5
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FILED SEP - 2 1971 IN MY
1:35 P M OFFICE
FRANCES M. WILCOX
Clerk of the District Court

RAY FRANK SMALL,
Plaintiff,
vs.
MICHAEL P. GRACE and
CORINNE GRACE,
Defendants.

No. 27418

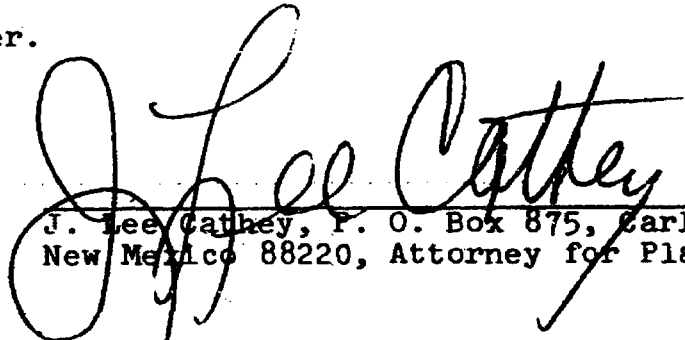
C O M P L A I N T

Plaintiff states:

1. That the plaintiff is a resident of Eddy County, New Mexico.
2. That between September 13, 1970 and January 19, 1971 plaintiff rendered services to defendants, at their special instance and request, in the capacity of night watchman and handyman.
3. That for said services the defendants promised to pay plaintiff a salary of \$25.00 per an eight hour day.
4. That the defendants have not paid the plaintiff's salary or any part thereof for the period of January 11, 1971 thru January 18, 1971 for which plaintiff is entitled to be compensated by the defendants in the amount of \$145.00, plus the payment of \$145.00 as liquidated damages for defendants violation of the Fair Labor Standards Act.
5. That at the special instance and request of the defendants, plaintiff performed overtime services for the defendants between the period of September 13, 1970 thru January 18, 1971 for which plaintiff is entitled to be paid the amount of \$392.34 plus an additional amount in the sum of \$392.34 as liquidated damages for defendants violation of the provisions of the Fair Labor Standards Act.
6. That the plaintiff is further entitled to Judgment against the defendants for a reasonable attorney's fees as provided for in the Fair Labor Standards Act.

WHEREFORE plaintiff prays that he have judgment against the defendants as follows:

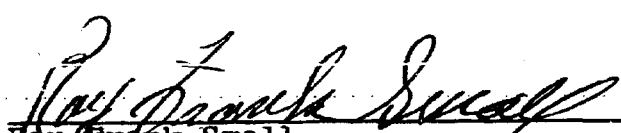
1. \$145.00 for the January wages.
2. \$145.00 as liquidated damages for failure to pay the January, 1971 wages.
3. \$392.34 for overtime compensation from September 13, 1970 thru January 18, 1971.
4. \$392.34 for liquidated damages for failure to pay the aforesaid overtime pay.
5. Reasonable Attorney's fees.
6. Court costs and such other and further relief as to the Court may seem just and proper.


J. Lee Cathey, P. O. Box 875, Carlsbad,
New Mexico 88220, Attorney for Plaintiff

STATE OF NEW MEXICO)
 : ss.
COUNTY OF EDDY)

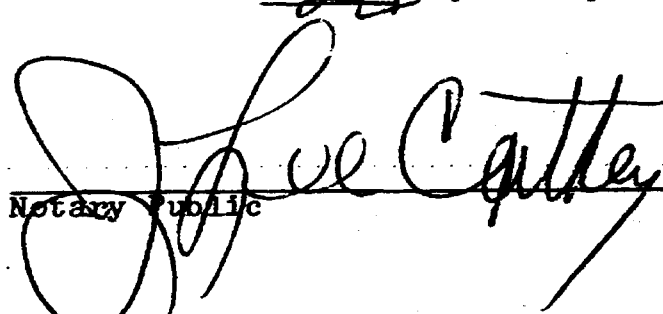
Ray Frank Small, being first duly sworn upon his oath, states:

That he is the plaintiff in the foregoing Complaint; that the matters and things therein are true and correct.


Ray Frank Small

SUBSCRIBED AND SWORN to before me this 2d day of September, 1971.

My Commission Expires:
October 13, 1974


Notary Public

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED SEP - 8 1971 IN MY
10:57 AM OFFICE
FRANCES M. WILCOX
Clerk of the District Court

MACK CHASE, INC., a)
New Mexico corporation,)
)
Plaintiff,)
)
VS.)
)
MICHAEL P. GRACE and)
CORINNE GRACE,)
)
Defendants.)

Cause No. 27731

COMPLAINT

COMES NOW the Plaintiff complaining of the Defendants and for
its cause of action alleges.

I.

Plaintiff is a New Mexico corporation with its principal office
in Artesia, New Mexico.

II.

Defendants are individuals who reside in Carlsbad, New Mexico.

III.

That at the special instance and request of the defendants, Plaintiff
has performed labor and services for, and furnished material, machinery
and supplies to be used in developing defendant's oil and gas leasehold
estates owned, held or claimed by defendants covering the hereinafter
described lands situated in Eddy County, New Mexico, to-wit:

Township 23 South, Range 26 East, N.M.P.M.

Section 11: N-1/2

Said labor, material, and services were so performed, and
machinery and supplies were furnished under and by virtue of written and
oral agreements between Plaintiff and defendants, all as more particularly

set forth in Exhibit "A" attached hereto and made a part hereof for all purposes. The charges as made are in strict accordance with the terms of the contract, and the aggregate of such items is \$5,781.64, after allowing all just credits and offsets, all of which is due and owing to the Plaintiff by the Defendants.

IV.

That Defendants, their agents, servants, and representatives were present at the well sites when the various items were furnished by the Plaintiff, and all of said items were approved by the Defendants, their agents, servants and representatives.

V.

That on the 12th day of August, 1971, Plaintiff, in accordance with the applicable statutes filed a lien in the office of the County Clerk of Eddy County, New Mexico, the same being recorded in Book 81 at Page 28 of the Miscellaneous Records of said office, a copy of which is attached hereto marked Exhibit "A" and made a part hereof for all purposes. Said lien is upon the whole of the above described land and said oil and gas leasehold estate covering said land and appurtenances thereto.

VI.

That when the above lien was filed there was due and owing Plaintiff from Defendants the sum of \$5,781.64 plus interest at the rate of One and one-half percent (1-1/2%) per month from May 20, 1971, and though often requested to pay the same has refused to do so.

VII.

By Defendants' failure to pay said sum Plaintiff has been compelled to employ an attorney and has agreed to pay said attorney a reasonable fee of one-third of the amount of said claim.

3

CLAIM OF LIEN UNDER OIL AND GAS LIEN ACT

KNOW ALL MEN BY THESE PRESENTS:

That Mack Chase, Inc., a New Mexico corporation, P. O. Box 254, Artesia, New Mexico, has and claims a lien against the oil and gas leasehold estate hereinafter described, and sets forth said claim of lien, as follows:

1. The name and residence of the claimant is Mack Chase, Inc., a New Mexico corporation, P. O. Box 254, Artesia, New Mexico 88210.
2. The amount claimed and the items thereof, as nearly as practicable, are set forth on the attached Exhibit "A", consisting of three pages, being Invoice No. 71233, dated May 20, 1971, and the total amount thereof due claimant on said date was the sum of \$5,781.64, which sum was due from Michael P. Grace and/or Corinne Grace, P. O. Box 1418, Carlsbad, New Mexico 88220.
3. The names of the persons for whom the materials, labor and services were furnished are Michael P. Grace and/or Corrine Grace, P. O. Box 1418, Carlsbad, New Mexico 88220.
4. That a description of the property upon which the lien is claimed is that certain State of New Mexico Oil and Gas Lease and the Panagra No. 1 Well located on the NW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 11, Township 23 South, Range 26 East, N.M.P.M., and the proration unit dedicated to said well, to wit, the N $\frac{1}{2}$ of Section 11, Township 23 South, Range 26 East, N.M.P.M., in Eddy County, New Mexico, and claimant claims a lien on all of the leasehold rights and equipment located thereon, together with interest, as provided by law, and the costs of preparing and filing this lien and reasonable and proper attorney's fees for the preparing and filing of the lien and reasonable and proper attorney's fees in the event of foreclosure.

WHEREFORE, claimant claims a lien against the above described oil and gas lease and the proration unit and the well located on said lease and the leasehold equipment and the materials thereon for said sum of \$5,781.64, together with interest, as provided by law, together with the sum of \$104.00 for preparing and filing this lien and the costs of recording the same, and for attorney's fees in the event of foreclosure.

DATED this 10th day of August, 1971.

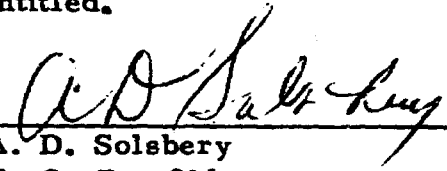
MACK CHASE, INC.

By: Alois Goodson

Alois Goodson,
Secretary, Office Manager and
Bookkeeper.

WHEREFORE, Plaintiff prays that:

- (1) Defendants be cited to appear and answer
herein, and
- (2) That upon a final hearing, Plaintiff have judgment
against Defendants for the sum of \$5,781.64,
- (3) Plus interest thereon from May 20, 1971, at the
rate of 1-1/2% per month,
- (4) Plus attorney fees of one-third of \$5,781.64,
- (5) For all cost of suit,
- (6) For foreclosure of its lien on the above described
property, and
- (7) For such other and further relief to which Plaintiff
may show itself entitled.


A. D. Solsbery
P. O. Box 801
Roswell, New Mexico 88201

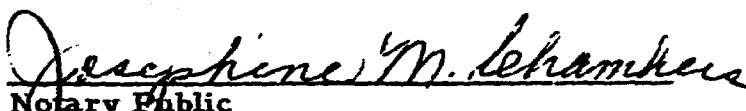
Attorney for Plaintiff

STATE OF NEW MEXICO)
COUNTY OF CHAVES)

A. D. SOLSBERY, being first duly sworn upon oath, deposes and
states: that he is the attorney for the Plaintiff in the foregoing complaint;
that he has read the same and knows and understands the contents thereof,
and that the contents thereof are true and correct to the best of his knowledge,
information and belief.



SUBSCRIBED AND SWORN TO before me this 7th day of September, 1971.


Notary Public

My Commission Expires:

6/22/75

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

Alois Goodson, being duly sworn upon her oath, states:

That she is Secretary of Mack Chase, Inc., a New Mexico corporation; that she is office manager and bookkeeper for said corporation; and that the hereto attached itemized statement of account and the foregoing Claim of Lien under Oil and Gas Lien Act are one and all true and correct and the amounts set forth are justly due to Mack Chase, Inc., and there are no offsets or credits.

Alois Goodson
Alois Goodson,
Secretary of Mack Chase, Inc.,
Lien claimant.

SUBSCRIBED AND SWORN to before me this 10th day of August, 1971,
Lela Elcott
Notary Public
My Commission Expires: Oct 28, 1974

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

The foregoing instrument was acknowledged before me this 10th day of August, 1971, by Alois Goodson, Secretary, office manager and bookkeeper of Mack Chase, Inc.

Lela Elcott
Notary Public
My Commission Expires: Oct 28, 1974

Lela Elcott
Notary Public

PH. 746-4977
746-3863
746-8500

WACK CHASE, Inc.

P. O. BOX 284

ARTESIA, NEW MEXICO 88210

Page 1

INVOICE NO. 71233

to: Michael P. and/or Corinne Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

DATE May 20, 1971

LEASE: Pansgra

WELL NO. 1

PURCHASE ORDER NO.

DATE	Double Derrick	SERVICES RENDERED	HOURS	RATE	AMOUNT
5-3-71	Moved to location, rigged up, put red flashing light on top of derrick and shut down. 3 man crew.		7	31.00	\$ 217.00
5-4-71	Drove to well, turned off lights, crew not needed. Shut down.		4	31.00	124.00
5-5-71	Made run with swab to check for fluid, dry. Wire line unit tried to fish blanking plug out of packer, didn't get it. Rigged Wire Line unit down and shut down. 2 man crew. Light Plant (used during night by new Wire Line unit.)		12	27.16	325.92 25.00
5-6-71	Perforated. 2 man crew.		13	27.16	353.08
5-7-71	Blowing and testing well. Rig on stand-by.				100.00
5-8-71	Rigged up Wire Line unit; had trouble getting blanking plug down, finally got it set and bled well down. Plug wasn't holding, pulled it out and set another plug. Bled well down and plug holding. 4 man crew. 7:00AM to Midnight. Light Plant (7:00PM to 12:00 midnight)		17	34.84	592.28 25.00
5-9-71	Pulled well head, Dowell spotted 500 gallons acid and flushed. Backed tubing out of packer and pulled 25 stands. Shut down. 4 man crew. (Midnight to 4:00 AM) Power Tongs		= 4	34.84	139.36 37.50
5-9-71	Started swabbing water back at 10:00 Am, was relieved at 11:00 PM. 2 man crew. 4 sets Swab Cups @ 9.00 per set 2 Oil-saver Rubbers @ 2.50 each		13	27.16	353.08 36.00 5.00
5-9-71	Relieved Wes' crew at 11:01 Pm. Swabbing. 2 men. Light Plant 4 sets Swab Cups @ 9.00 per set 1 Oil-saver Rubber		8	27.16	217.28 25.00 36.00 2.50
	Balance carried forward.....				2614.00

1 1/2% INTEREST PER MONTH CHARGED ON ALL PAST DUE ACCOUNTS.

PHONE: 746-4877
746-3892
746-8200

WACK CHASE, Inc.

P. O. BOX 254
ARTESIA, NEW MEXICO 88210

Page 2

INVOICE NO. 71233

31

TO: Michael P. and/or Corinne Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

DATE May 20, 1971

LEASE: Panagra

WELL NO. 1

PURCHASE ORDER NO.

DATE	Double Derrick SERVICES RENDERED	HOURS	RATE	AMOUNT
	Balance brought forward.....			\$2614.00
5-10-71	Rigged down swab and started pulling tubing. Got tubing out and found Hydril rubber worn out and waited on L & M to replace it. Put on Hydril, perforated and started Baker packer in. Packer not working, pulled back out and waited on replacement. Started back in and blanking plug not holding, pulled back out & plug lost in hole; waited on another plug. 4 man crew. (6:00A - 12:00 midnight.) Power Tongs Light Plant	18	34.84	627.12 37.50 25.00
5-11-71	Ran packer back in, stripped Hydril off, set packer and flanged up Xmas-tree. Rigged up Wireline unit to fish plug and shut down. 4 man crew. (Midnight 10th to 8:00AM.)	8	34.84	278.72
5-11-71	Tried to swab well, couldn't pull any fluid. Shut down. 2 man crew,	6	27.16	162.96
5-12-71	Rig on Stand-by.			100.00
5-13-71	Rig on Stand-by.			100.00
5-14-71	Rig on Stand-by.			100.00
5-15-71	Went back to well and stood by for Wireline unit until noon. Tried to swab well but couldn't pull any fluid. Waited for Dowell, unseated packer and let fluid equalize. Dowell circulated. 3 man crew. (7:00AM to Midnight). 2 sets Swab Cups @ 9.00 per set 1 Oil-saver Rubber Light Plant	14	31.00	434.00 18.00 2.50 25.00
	Balance carried forward.....			\$4524.80

1 1/2% INTEREST PER MONTH CHARGED ON ALL PAST DUE ACCOUNTS.

MACK CHASE, Inc.

 P. O. BOX 284
 ARTESIA, NEW MEXICO 88210

Page 3

INVOICE NO. 71233

 TO: Michael P. and/or Corinne Grace
 P. O. Box 1418
 Carlsbad, New Mexico 88220

DATE May 20, 1971

LEASE: Panagra

WELL NO. 1

PURCHASE ORDER NO.

DATE	DOUBLE DERRICK	SERVICES RENDERED	HOURS	RATE	AMOUNT
		Balance brought forward.....			\$4524.80
5-16-71		Started pulling tubing, lost packer on way out and tried to fish it with sand line but couldn't pick it up. Ran tubing back in to 4200' and picked up packer and ran back to bottom and reset packer. Flanged up and Dowell started pumping. Got communication and shut down. 4 man crew. 12:01Am to 12:00Am, 17th)	24	31.00	836.16
		Power Tongs			37.50
		Light Plant			25.00
5-17-71		Rigged down. 2 men.	5	27.16	135.80
		4% New Mexico Sales Tax			222.38
					\$5781.64

 STATE OF NEW MEXICO)
) : ss.
 COUNTY OF EDDY)

Alois Goodson, being duly sworn upon her oath, states:

That the foregoing itemized statement of account, Invoice No. 71233 of Mack Chase, Inc., is just, true and correct, and the amount of \$5,781.64 is justly due, owing and unpaid to Mack Chase, Inc., by Michael P. Grace and/or Corrine Grace and there are no credits of offsets thereto.

 Alois Goodson,
 Secretary of Mack Chase, Inc.

SUBSCRIBED AND SWORN to before me this 10th day of August, 1971.

Notary Public

My Commission Expires:

Oct 8, 1974

2% INTEREST PER MONTH CHARGED ON ALL PAST DUE ACCOUNTS.

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 2nd day of August, A. D. 1971 at 1:45 o'clock P. M., and duly recorded Book 81, Page 28 of the Records of Miscellaneous of said County.

GERALDINE MAHAFFEY, County Clerk

By: [Signature] Deputy

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED NOV 23 1971 IN MY OFFICE
11:13 AM
FRANCES M. WILCOX
Clerk of the District Court

POOL COMPANY, INC.
A TEXAS CORPORATION,

Plaintiff,

VS.

CORRINE GRACE AND MICHAEL P.
GRACE, II,

Defendants.)

No. 27592

C O M P L A I N T

COMES NOW the Plaintiff and for its claim for relief from the Defendants to the Court states:

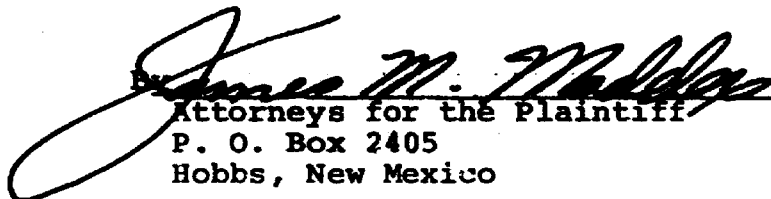
1. Plaintiff is a Texas Corporation qualified to do business in New Mexico whose address in New Mexico is 805 East Texas Street, Hobbs, New Mexico.
2. The Defendants have transacted business within the County of Eddy, State of New Mexico, and thereby subjected themselves to the jurisdiction of the Eddy County District Court of New Mexico.
3. The Defendants contracted on open account for certain services and materials from the Plaintiff during a period of time between February 14, 1971 and May 2, 1971 as is shown by the invoices attached hereto and made a part hereof as if set out in full herein.
4. The present balance of said account is \$14,829.53.
5. Plaintiff is entitled to interest on the amount unpaid from the twentieth of the month following the date of said invoices in accordance with the terms of said invoices.
6. Demand has been made by the Plaintiff on the Defendants for payment and the Defendants have failed and refused to pay.

7. Plaintiff has engaged legal counsel under the provisions of New Mexico law to collect this claim and said attorneys are entitled to a reasonable fee in addition to the necessary costs incurred.

WHEREFORE, The Plaintiff prays to the Court:

1. That the Plaintiff be awarded the sum of \$14,829.53 plus interest from the twentieth of the month following the date of the respective invoices.
2. That the Plaintiff be awarded a reasonable attorneys fee and costs.
3. That such other relief as the Court may deem proper be granted.

MADDOX & MADDOX


Attorneys for the Plaintiff
P. O. Box 2405
Hobbs, New Mexico

V E R I F I C A T I O N

STATE OF)
COUNTY OF)

John A. Casebier, Jr., being first duly sworn upon his oath states that he is Western Region Vice-President of Pool Company, Inc., a Texas Corporation, qualified to do business in New Mexico, and makes this Verification on its behalf, that he has read the foregoing Complaint and knows and understands the contents thereof; that matters stated therein are true and correct except those matters stated in information and belief, and as to those he verily believes them to be true.


JOHN A. CASEBIER, JR.

SUBSCRIBED AND SWORN to before me this 22nd day of

November, 1971.


Notary Public

My Commission expires:

2-2-75

POOL COMPANY

To

CORRINE GRACE
c/o MICHAEL P. GRACE II
P. O. BOX 1418
CARLSBAD, NEW MEXICO 88220

INVOICE NO. 03-81 8601 (N.K.)

INVOICE DATE March 24, 1971

CONTRACT NO.

LEASE AND/OR WELL NO.

Panagra #1

PURCHASE ORDER NO.

DATE	W. O. NO.	DESCRIPTION	NO. OF HOURS	RATE/HR.	AMOUNT
		DOUBLE DERRICK PRODUCTION RIG-----12,000'			
2-14	83219	To perform well servicing operations on the above			
2-15	83220	well as shown on the attached tickets:			
2-16	83221				
2-17	83222	D.D.Derrick w/operator & 3 man crew	255½	33.00	8,431.50
2-18	83223	Rig Labor	85	3.75	-318.75cr.
2-19	83224	Tongs	13	35.00	455.00
2-21	83148	Light Plant	3	15.00	45.00
2-22	74690	2" Regal LK Cups	80	4.50	360.00
2-22	83601	OSR's	16	3.00	48.00
2-23	74691				9,020.75
2-23	83602				360.83
2-24	83603				\$9,381.58
2-25	83604				
2-26	83605	THIRD PARTY CHARGE:			
2-27	83606	Star Tool Company (Tkt. #15157 - Attached)			1,095.13
2-28	83607	Union Supply Company, Inc. (Tkt. #3-37996 - Attached)			22.62
3-01	83608				\$1,117.75
3-02	83609				
3-02	88258				
3-03	83610				
3-04	83611				
3-05	83612				
3-06	83613				
3-07	83626				
3-15	83614				
		TOTAL INVOICE			\$10,499.33

THANK YOU...

psc/7013

TERMS: NET—PAYABLE AT P. O. BOX 1900, SAN ANGELO, TEXAS 76901 ON OR BEFORE 28TH OF MONTH FOLLOWING DATE OF INVOICE. INTEREST CHARGED THEREAFTER

POOL COMPANY

To

Corrine Grace
c/o Michael P. Grace II
P. O. Box 1418
Carlsbad, New Mexico 88220

INVOICE NO. 05-81 8701 (N.M.)

INVOICE DATE May 4, 1971

CONTRACT NO.

BASE AND/OR WELL NO.

Paragra #1

PURCHASE ORDER NO.

DATE	W. O. NO.	DESCRIPTION	NO. OF HOURS	RATE/HR.	AMOUNT
		Double Derrick Production Rig-----11,500'			
4-21	94856	To perform well servicing operations on the above			
4-22	94857	well as shown on the attached tickets:			
4-22	94710				
4-23	94711	D.D.Derrick w/operator & 3 man crew	103 1/2	34.65	3,586.28
4-23	94858	Derrick Man	10 1/2	4.25	-44.63c
4-24	94859	Rig Labor	61	4.00	-244.00c
4-25	94860	Power Tonge	4	37.50	150.00
4-25	94861	Light Plant	2	25.00	50.00
4-26	94862	2" Regal BG Cups	116	4.50	522.00
4-27	94863	OSR's	44	3.00	132.00
4-28	94864	Tubing Wiper	1	12.00	12.00
4-29	94865				4,163.65
5-02	94866				166.55
		4% N.M. Tax			
		TOTAL INVOICE			\$4,330.20

pmc/703

THANK YOU...

TERMS: NET-PAYABLE AT P. O. BOX 1940, SAN ANGELO, TEXAS 76901 ON OR BEFORE 28TH OF MONTH FOLLOWING DATE ON INVOICE. INTEREST CHARGED THEREON AT 12%.

FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FILED DEC - 7 1971 IN MY
10:05 A.M. OFFICE
FRANCES M. WILCOX
Clerk of the District Court

RAY F. SMALL,

Plaintiff,

vs.

MICHAEL P. GRACE and
CORINNE GRACE, Employers
and Self-Insured,

Defendants.

No. 27619

C O M P L A I N T

Comes now the plaintiff herein and ask Judgment for compensation under the terms herein provided by the Workmen's Compensation Act of the State of New Mexico and for grounds shows to the Court:

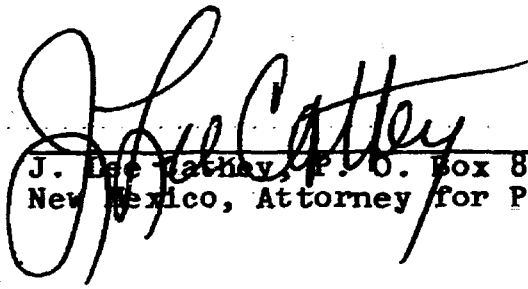
1. Plaintiff was an employee of the defendants, Michael P. Grace and Corinne Grace on January 19, 1971 in Eddy County, New Mexico, that on said January 19, 1971, plaintiff suffered an accident during the course of his employment and that injuries were incurred when plaintiff stumbled and fell while proceeding to shut off the valve on defendant's gas well.

2. That at the time of said accident, plaintiff was earning a wage in excess of \$100.00 per week.

3. That as a result of said accident, plaintiff has suffered temporary total and total permanent disability to his body as a whole.

4. That although defendants have been notified, they have failed and refused to pay to plaintiff the compensation which plaintiff is entitled to as a natural and direct result of said accident.

WHEREFORE plaintiff prays Judgment against the defendants under the Workmen's Compensation Act of the State of New Mexico.


J. Lee Cathay, P. O. Box 875, Carlsbad,
New Mexico, Attorney for Plaintiff

STATE OF NEW MEXICO)
COUNTY OF EDDY) ss.

RAY F. SMALL, being first duly sworn upon his oath, deposes and states:

That he is the plaintiff in the above entitled cause; that he has read and understands the foregoing Complaint, is familiar with the contents thereof and that the matters and things contained therein are true and correct.

Ray F. Small
Plaintiff

SUBSCRIBED AND SWORN to before me this 7th day of December, 1971.

My commission expires:

October 13, 1974

Joe Cathey
Notary Public

STATE OF NEW MEXICO

COUNTY OF EDDY D

IN THE DISTRICT COURT

FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

JOHN OAKASON d/b/a PETROLEUM
INVESTMENT & RESEARCH,

Plaintiff,

vs.

CORRINE GRACE,

Defendant.

FILED JAN 18 1972 IN MY
11:01 AM OFFICE
FRANCES M. WILCOX
Clerk of the District Court

No. 27706

COMPLAINT

I

The Defendant is a resident of Eddy County, New Mexico.

II

On the 9th day of September, 1968, the Plaintiff recovered a Judgment against the Defendant in Petroleum Investment and Research vs. Corrine Grace, cause number 78-5051-E in the 101 Judicial District Court of Dallas County, Texas. The Defendant was duly served in accordance with the law and failed to appear and default judgment was granted against the Defendant in the amount of \$2,315.50, plus court costs. A certified copy of the Default Judgment is attached hereto as Exhibit "A".

III

The Judgment is still in full force and effect.

No appeal has been taken from the Judgment; the time for appeal has run. No part of the Judgment has been paid.

IV

The Plaintiff is entitled to interest from the date of Judgment, costs, and attorneys' fees.

WHEREFORE, the Plaintiff demands Judgment against the Defendant in the sum of \$2,315.50 plus court costs, plus interest, plus the cost of this action, and attorneys' fees.

SUTIN, THAYER & BROWNE

By Paul G. Bardacke
Paul G. Bardacke
Attorneys for Plaintiff
800 Simms Building
P.O. Box 1945
Albuquerque, New Mexico 87103

We hereby certify that we have
mailed a copy of the foregoing
pleading to opposing counsel
this _____ day of January,
1972.

By _____
Paul G. Bardacke

PETROLEUM INVESTMENT AND
RESEARCH

VERSUS

CORRINE GRACE
6625 Forest Lane

IN THE 101ST JUDICIAL

DISTRICT COURT OF

DALLAS COUNTY, TEXAS

J U D G M E N T

ON THIS, THE 9th day of Sept., 1968, this cause coming on to be heard, Plaintiff appearing by its attorney, and Defendant, having been duly served in accordance with the law, failed to appear and enter an answer herein; and a jury being waived and the Court having heard the pleadings and the evidence and argument of counsel, the Court is of the opinion that the material allegations in Plaintiff's petition are true and the Plaintiff is entitled to a judgment against the Defendant in the amount of \$2,315.50.

IT IS, therefore, ORDERED, ADJUDGED, AND DECREED by the Court that Plaintiff have judgment against the Defendant in the amount of Two Thousand Three Hundred Fifteen and 50/100 (\$2,315.50) Dollars;

IT IS, further, ORDERED, ADJUDGED, AND DECREED by the Court that costs of court be assessed against the Defendant.

SIGNED AND ENTERED on this, the 9th day of September, 1968.

DALLAS A. BLANKENSHIP

JUDGE 101ST DISTRICT COURT

JUDGE

Approved:

Richard N. Johnston
Richard N. Johnston
Attorney for Plaintiff
Suite 200 Lawyer's Building
706 Main Street
Dallas, Texas 75202
Riverside 7-7244

FILED OR RECORDED

BOOK 622 PAGE 398
SAS: JAM COUNTY, NEW MEXICO

1969 OCT 20 AM 9:01

James J. [unclear]
Patricia L. Jones
Rec. #31028 - EN 3.75

CLERK'S CERTIFICATE

THE STATE OF TEXAS
COUNTY OF DALLAS }

I, BILL SHAW, Clerk of the District Courts of Dallas County, Texas, do hereby certify that the above and foregoing is a true and correct copy of Judgment

in Cause No. 68-5051-E, entitled Petroleum Investment and Research

vs. Corrine Grace

as the same appears of record in my office in Vol. E-6, Page 142, Minutes of the District Court of Dallas County for the 101st Judicial District of Texas.

GIVEN UNDER MY HAND AND SEAL of said Court, at office in Dallas, Texas, this the 10th day of October, A. D. 1969

BILL SHAW

Clerk of the District Courts,

Dallas County, Texas

By Dorothy Tyra Deputy
Dorothy Tyra

6978-5
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY.

FILED JUN 14 1972 IN MY
11:50 AM OFFICE
FRANCES M. WILCOX
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

L. R. POMEROY,
PLAINTIFF,

VS.

MICHAEL P. GRACE AND
CORRINE GRACE,

DEFENDANTS.

NO. 28052

C O M P L A I N T

Plaintiff for cause of action against the defendants
states:

COUNT 1

1. Plaintiff is a resident of Houston, Texas, and is a petroleum engineer who was employed by the defendants to do certain work in Eddy County, New Mexico, as hereinafter set forth; defendants are residents of Eddy County, New Mexico.

2. That on December 2, 1971, within the time provided by law a lien was filed in the Office of the County Clerk of Eddy County, Miscellaneous Records, Book 82, Page 977, in the amount of \$350.31; a copy of said lien is attached hereto, marked Exhibit A and by reference made a part hereof and represents the amount of money owed to the plaintiff by the defendants.

3. That the lien attached hereto and marked Exhibit A is for labor, equipment and materials furnished and was all performed at the instance and request of the defendants.

4. That the description of the property upon which the lien is claimed is described as follows:

CORRINE GRACE - HUMBLE GRACE WELL NO. 1, SECTION 2,
TOWNSHIP 23 SOUTH, RANGE 26 EAST, EDDY COUNTY, NEW MEXICO.

5. That the plaintiff has made demand for payment, and payment has been refused and it has been necessary for plaintiff to retain the services of an attorney to enforce his rights herein and to file the claim of lien hereinabove referred to and is entitled to attorney fees for filing the lien in the amount of \$52.00, \$1.75 recording fee, and 33-1/3% of the total amount due under said lien should be charged by the Court as reasonable attorneys fees.

WHEREFORE, plaintiff prays judgment against the defendants on Count 1 for the sum of \$350.31; \$52.00 attorney fee for preparing and filing said lien; \$1.75 recording fee; and 33-1/3% of the amount due as attorney fees for this action herein, and that upon the hearing of this claim that judgment herein be declared to be a first and prior lien upon the premises described herein; that said lien be foreclosed in the manner provided by law and the proceeds of said sale be applied first to the payment of the judgment in favor of the plaintiff, together with interest and costs and attorneys fees and the residual, if any, be applied as the Court may direct and that plaintiff have his costs herein expended, and for such other relief as may be proper.

COUNT 2

1. Plaintiff adopts the allegations of Paragraphs 1, 3 and 5 of Count 1 as though fully set forth herein.

2. That on December 2, 1971, within the time provided by law a lien was filed in the Office of the County Clerk of Eddy County, Miscellaneous Records, Book 82, Page 979, in the amount of \$300.00; a copy of said lien is attached hereto, marked Exhibit B and by reference made a part hereof and represents the amount of money owed to the plaintiff by the defendants.

3. The description of the property upon which the lien is claimed is described as follows:

CORRINE GRACE - INDIAN HILLS WELL NO. 1, SECTION 8, TOWNSHIP 21 SOUTH, RANGE 24 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

WHEREFORE, plaintiff prays judgment against the defendants on Count 2 for the sum of \$300.00; \$52.00 attorney fee for preparing and filing said lien; and \$1.75 recording fee; and 33-1/3% of the amount due as attorney fees for this action herein, and that upon the hearing of this claim that judgment herein be declared to be a first and prior lien upon the premises described herein; that said lien be foreclosed in the manner provided by law and the proceeds of said sale be applied first to the payment of the judgment in favor of the plaintiff, together with interest and costs and attorneys fees and the residual, if any, be applied as the Court may direct and that plaintiff have his costs herein expended, and for such other relief as may be proper.

COUNT 3

1. Plaintiff adopts the allegations of Paragraphs 1, 3 and 5 of Count 1 as though fully set forth herein.

2. That on December 7, 1971, within the time provided by law a lien was filed in the Office of the County Clerk of Eddy County, Miscellaneous Records, Book 83, Page 406, in the amount of \$320.00; a copy of said lien is attached hereto, marked Exhibit C and by reference made a part hereof and represents the amount of money owed to the plaintiff by the defendants.

3. That the description of the property upon which the lien is claimed is described as follows:

CORRINE GRACE - CITY OF CARLSBAD WELL NO. 1, SECTION 25, TOWNSHIP 22 SOUTH, RANGE 26 EAST, N.M.P.M., EDDY COUNTY, NEW MEXICO.

WHEREFORE, plaintiff prays judgment against the defendants on Count 3 for the sum of \$320.00; \$52.00 attorney fee for preparing and filing said lien; \$1.75 recording fee; and 33-1/3% of the amount due as attorney fees for this action herein, and that upon the hearing of this claim that judgment herein be declared to be a first and prior lien upon the premises described herein; that said lien be foreclosed in the manner provided by law and the proceeds of said sale be applied first to the payment of the judgment in favor of the plaintiff, together with interest and costs and attorneys fees and the residual, if any, be applied as the Court may direct and that plaintiff have his costs herein expended, and for such other relief as may be proper.

COUNT 4

1. Plaintiff adopts the allegations of Paragraphs 1, 3 and 5 of Count 1 as though fully set forth herein.

2. That on December 13, 1971, within the time provided by law a lien was filed in the Office of the County Clerk of Eddy County, Miscellaneous Records, Book 83, Page 530, in the amount of \$2,030.04; a copy of said lien is attached hereto, marked Exhibit D and by reference made a part hereof and represents the amount of money owed to the plaintiff by the defendants.

3. That the description of the property upon which the lien is claimed is described as follows:

GRACE - GRADONOCO WELL NO. 1, SECTION 2, TOWNSHIP
23 SOUTH, RANGE 26 EAST, N.M.P.M., EDDY COUNTY, NEW
MEXICO (SOUTH CARLSBAD FIELD).

WHEREFORE, plaintiff prays judgment against the defendants on Count 4 for the sum of \$2,030.04; \$52.00 attorney fee for preparing and filing said lien; \$1.75 recording fee; and 33-1/3% of the amount due as attorney fees for this action herein,

and that upon the hearing of this claim that judgment herein be declared to be a first and prior lien upon the premises described herein; that said lien be foreclosed in the manner provided by law and the proceeds of said sale be applied first to the payment of the judgment in favor of the plaintiff, together with interest and costs and attorneys fees and the residual, if any, be applied as the Court may direct and that plaintiff have his costs herein expended, and for such other relief as may be proper.

COUNT 5

1. Plaintiff adopts the allegations of Paragraphs 1, 3 and 5 of Count 1 as though fully set forth herein.

2. That on December 16, 1971, within the time provided by law a lien was filed in the Office of the County Clerk of Eddy County, Miscellaneous Records, Book 83, Page 595, in the amount of \$810.59; a copy of said lien is attached hereto, marked Exhibit E and by reference made a part hereof and represents the amount of money owed to the plaintiff by the defendants.

3. That the description of the property upon which the lien is claimed is described as follows:

CORRINE GRACE - PANAGRA #1, SECTION 11, TOWNSHIP 23
SOUTH, RANGE 26 EAST, N.M.P.M., EDDY COUNTY, NEW
MEXICO (SOUTH CARLSBAD FIELD).

WHEREFORE, plaintiff prays judgment against the defendants on Count 5 for the sum of \$810.59; \$52.00 attorney fee for preparing and filing said lien; \$1.75 recording fee; and 33-1/3% of the amount due as attorney fees for this action herein, and that upon the hearing of this claim that judgment herein be declared to be a first and prior lien upon the premises described herein; that said lien be foreclosed in the manner provided by law and the proceeds of said sale be applied first to the payment


of the judgment in favor of the plaintiff, together with interest and costs and attorneys fees and the residual, if any, be applied as the Court may direct and that plaintiff have his costs herein expended, and for such other relief as may be proper.

COUNT 6

1. Plaintiff adopts by reference as though fully set forth herein Counts 1 through 5 set forth above.

2. That the work and services performed by the plaintiff for the defendants, and the charges made therefor, were reasonable and commensurate with the work performed by the plaintiff for the defendants, and plaintiff, in the alternative only, is entitled to quantum meruit in the amount of \$3,810.94 plus attorney fees in the amount of 33-1/3% of said amount, plus the costs of this action, and for such other relief as may be proper.

WHEREFORE, in the alternative only, plaintiff prays for quantum meruit for work performed for \$3,810.94 plus 33-1/3% thereof as attorney fees, plus the costs of this action, and for such other relief as may be proper.


OF NEAL & NEAL
Post Office Box 278
Hobbs, New Mexico 88240
(Attorneys for plaintiff)

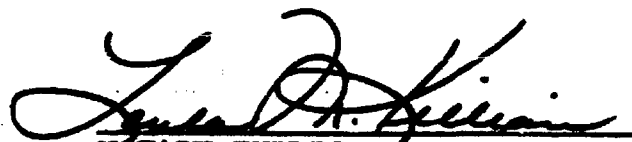
STATE OF NEW MEXICO,)
) SS.
COUNTY OF LEA.)

I, C. FINCHER NEAL, first being duly sworn upon my oath,
state:

I am one of the attorneys for L. R. POMEROY, plaintiff
in the above styled and numbered cause; I have read and under-
stand the foregoing Complaint, and the facts and figures therein
alleged are true and correct to the best of my knowledge,
information and belief; I make this verification on behalf of
the plaintiff because of his absence from the State of New
Mexico.


C. FINCHER NEAL

SUBSCRIBED AND SWORN to before me this the 12th day of
June, 1972.


NOTARY PUBLIC

My Commission Expires:

June 1, 1976



CFN/1k

EXHIBIT A

STATE OF NEW MEXICO

S

COUNTY OF EDDY

S

L. R. POMEROY, claimant herein, whose address is 12506 Woodthorpe, Houston, Texas, having furnished materials and supplies and performed labor by express contract with the owner of the leasehold or lease for oil and gas purposes hereinafter named, upon the property hereinafter described, for the purpose of perfecting a lien on said property, leasehold and lease for oil and gas purposes, to secure the amount of the claim therefor makes this Affidavit and on oath states:

1. The name and residence of the claimant is L. R. Pomeroy, 12506 Woodthorpe, Houston, Texas.
2. The amount of this claim is \$350.31 and said amount is just, reasonable and unpaid.
3. The amount claimed and the items thereof, as nearly as practicable are as follows:
(SEE ATTACHED STATEMENT)
4. The name of the person to whom such materials and supplies were furnished and for whom such labor was performed is Corinne Grace and Michael P. Grace whose address is P.O.Box 1418, Carlsbad, New Mexico, 88220.
5. The property upon which the lien is claimed is described as follows:
Corrine Grace - Humble Grace Well No. 1, Section 2, Township 23 South, Range 26 East, Eddy County, New Mexico.

Claimant further states that all facts and statements made in this Affidavit are true and correct.


L. R. POMEROY

SWORN TO AND SUBSCRIBED TO before me by L. R. POMEROY,
Affiant, this the ____ day of November, 1971.

Notary Public in and for
Harris County, Texas

L. R. (DICK) POMEROY

Petroleum Engineer

PHONE 489-8051

12806 WOODTHORPE LANE

HOUSTON, TEXAS 77024

November 22, 1971

Corrine Grace or
Michael P. Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

Corrine Grace - Humble Grace # 1 Sec. 2 - T 25 S - R 26 E
South Carlsbad Field Eddy County, New Mexico

**Professional Services & Expenses
Supplemental July, 1971**

Paul E. Cameron

7-19-71 Gas Contract

\$ 75.00

7-20-71 " "

20.00

Expenses Ken P. Smith

30.31

**Professional Services
Cameron & Smith thru Aug. 6, 1971**

Gas Contract

225.00

\$ 350.31

EXHIBIT B

STATE OF NEW MEXICO

§

COUNTY OF EDDY

§

L. R. POMEROY, claimant herein, whose address is 12506 Woodthorpe, Houston, Texas, having furnished materials and supplies and performed labor by express contract with the owner of the leasehold or lease for oil and gas purposes hereinafter named, upon the property hereinafter described, for the purpose of perfecting a lien on said property, leasehold and lease for oil and gas purposes, to secure the amount of the claim therefor makes this Affidavit and on oath states:

1. The name and residence of the claimant is L. R. Pomeroy, 12506 Woodthorpe, Houston, Texas.
2. The amount of this claim is \$300.00 and said amount is just, reasonable and unpaid.
3. The amount claimed and the items thereof, as nearly as practicable are as follows:
(SEE ATTACHED STATEMENT)
4. The name of the person to whom such materials and supplies were furnished and for whom such labor was performed is Corinne Grace and Michael P. Grace whose address is P.O.Box 1418, Carlsbad, New Mexico, 88220.
5. The property upon which the lien is claimed is described as follows:
Corrine Grace - Indian Hills Well No. 1, Section 8, Township 21 South, Range 24 East, Eddy County, New Mexico.

Claimant further states that all facts and statements made in this Affidavit are true and correct.


L. R. POMEROY

SWORN TO AND SUBSCRIBED TO before me by L. R. POMEROY,
Claimant, this the ____ day of November, 1971.

Notary Public in and for
Harris County, Texas

LEWIS R. POMEROY, III

REGISTERED PROFESSIONAL ENGINEER
Consulting Petroleum Engineer
AC-713 - 445-8081
12806 WOODTHORPE LANE
HOUSTON, TEXAS 77024

November 22, 1971

Corrine Grace or
Michael P. Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

Corrine Grace - Indian Hills # 1 Sec. 8 -T21S - R24E
Indian Hills Field Eddy County, New Mexico

Professional Services

L. R. Pomeroy August, 1971

\$ 300.00

STATE OF NEW MEXICO

§

EXHIBIT C

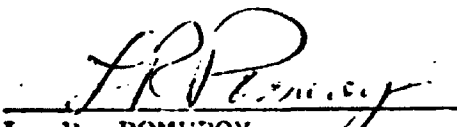
COUNTY OF EDDY

§

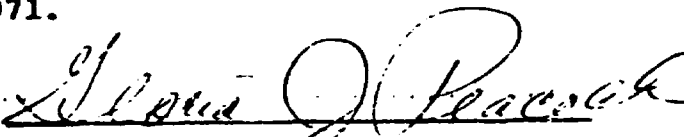
L. R. POMEROY, claimant herein, whose address is 12506 Woodthorpe, Houston, Texas, having furnished materials and supplies and performed labor by express contract with the owner of the leasehold or lease for oil and gas purposes hereinafter named, upon the property hereinafter described, for the purpose of perfecting a lien on said property, leasehold and lease for oil and gas purposes, to secure the amount of the claim therefor makes this Affidavit and on oath states:

1. The name and residence of the claimant is L. R. Pomeroy, 12506 Woodthorpe, Houston, Texas.
2. The amount of this claim is \$320.00 and said amount is just, reasonable and unpaid.
3. The amount claimed and the items thereof, as nearly as practicable are as follows:
(SEE ATTACHED STATEMENT)
4. The name of the person to whom such materials and supplies were furnished and for whom such labor was performed is Corinne Grace and Michael P. Grace whose address is P.O.Box 1418, Carlsbad, New Mexico, 88220.
5. The property upon which the lien is claimed is described as follows:
Corrine Grace - City of Carlsbad Well No. 1, Section 25, Township 22 South, Range 26, East, Eddy County, New Mexico.

Claimant further states that all facts and statements made in this Affidavit are true and correct.


L. R. POMEROY

SWORN TO AND SUBSCRIBED TO before me by L. R. POMEROY,
Claimant, this the 3rd day of November, 1971.


Notary Public in and for
Harris County, Texas

L. R. (DICK) POMEROY

Petroleum Engineer

PHONE 468-4061

12806 WOODTHORPE LANE

HOUSTON, TEXAS 77024

November 22, 1971

Corrine Grace or
Michael P. Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

Corrine Grace - City of Carlsbad, N. M. Sec. 25 - T22S - R26E
South Carlsbad Field Eddy County, New Mexico

Professional Services
Supplemental July, 1971

Paul E. Cameron

7-19-71

Gas Contract

\$ 75.00

7-20-71

" "

20.00

Professional Services
Cameron & Smith thru Aug. 6, 1971

Gas Contract

225.00

\$ 320.00

STATE OF NEW MEXICO

EXHIBIT D

COUNTY OF EDDY

L. R. POMEROY, claimant herein, whose address is 12506 Woodthorpe, Houston, Texas, having furnished materials and supplies and performed labor by express contract with the owner of the leasehold or lease for oil and gas purposes hereinafter named, upon the property hereinafter described, for the purpose of perfecting a lien on said property, leasehold and lease for oil and gas purposes, to secure the amount of the claim therefor makes this Affidavit and on oath states:

1. The name and residence of the claimant is L. R. Pomero, 12506 Woodthorpe, Houston, Texas.
2. The amount of this claim is \$2,030.74 and said amount is just, reasonable and unpaid.
3. The amount claimed and the items thereof, as nearly as practicable are as follows:

SEE ATTACHED STATEMENT

4. The name of the person to whom such materials and supplies were furnished and for whom such labor was performed is Corinne Grace and Michael P. Grace whose address is P.O. Box 1416, Carlsbad, New Mexico, 88220.
5. The property upon which the lien is claimed is described as follows:

Section 2, Township 23 South, Range 20E East South
Carlsbad Field, Eddy County, New Mexico, Grace -
Grahamoco well number One.

Claimant further states that all facts and statements made in this Affidavit are true and correct.

L. R. Pomero
L. R. Pomero

SWORN TO AND SUBSCRIBED TO before me by L. R. POMEROY,
Affiant, this the 5th day of December, 1971.

L. R. Pomero
NOTARY PUBLIC FOR
HARRIS COUNTY, TEXAS

My Commission expires June 1, 1975.

L. R. (DICK) POMEROY

Petroleum Engineer

PHONE 452-6981

12508 WOODTHORPE LANE
HOUSTON, TEXAS 77024

October 6, 1971

Michael P. Grace
or Corrine Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

Corrine Grace - Gradonoco # 1
South Carlsbad Field

Sec. 2 - T 23 S - R 26 E
Eddy County, New Mexico

**Professional Services & Expenses
Supplemental July, 1971**

Paul K. Cameron	Casing Design	\$ 20.00
L. R. Pomeroy	Two days	300.00
Expenses		
Air Travel	L. R. Pomeroy	43.50
Telephone	Cameron & Smith	124.96

August 1 thru 17, 1971

L. R. Pomeroy	Nine days	\$ 1,350.00
Expenses		
Return Mileage		75.12
Gasoline, meals & misc.		62.83
Telephone	Cameron & Smith	53.63

\$ 2,030.04

EXHIBIT E

STATE OF NEW MEXICO

§

COUNTY OF EDDY

§

L. R. POMEROY, claimant herein, whose address is 12506 Woodthorpe, Houston, Texas, having furnished materials and supplies and performed labor by express contract with the owner of the leasehold or lease for oil and gas purposes hereinafter named, upon the property hereinafter described, for the purpose of perfecting a lien on said property, leasehold and lease for oil and gas purposes, to secure the amount of the claim therefore makes this Affidavit and on oath states:

1. The name and residence of the claimant is L. R. Pomeroy, 12506 Woodthorpe, Houston, Texas.
2. The amount of this claim is \$816.50 and said amount is just, reasonable and unpaid.
3. The amount claimed and the items thereof, as nearly as practicable are as follows:
(See attached statement)
4. The name of the person to whom such materials and supplies were furnished and for whom such labor was performed is Corinne Grace and Michael P. Grace whose address is P.O.Box 1418, Carlsbad, New Mexico, 88220.
5. The property upon which the lien is claimed is described as follows:
Corrine Grace - Panagra #1 - Sec. 11 - T23S - R20E
South Carlsbad Field Eddy County, New Mexico

Claimant further states that all facts and statements made in this affidavit are true and correct.

L. R. Pomeroy
L. R. POMEROY

Subscribed to AND SUBSCRIBED TO before me by L. R. POMEROY, Affiant; this the 13th day of December 1971.

Michael P. Grace
Michael P. Grace and for
Eddy County, Texas

LEWIS R. POMEROY, III

REGISTERED PROFESSIONAL ENGINEER

Consulting Petroleum Engineer

AC-713 - 488-8081

12808 WOODTHORPE LANE

HOUSTON, TEXAS 77024

November 23, 1971

Corrine Grace or
Michael P. Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

Corrine Grace - Panagra # 1 Sec. 11 - T23S - R26E
South Carlsbad Field Eddy County, New Mexico

**Professional Services & Expenses
Supplemental July, 1971**

Expenses Ken P. Smith \$ 60.59

**Professional Services
Cameron & Smith thru Aug. 6, 1971**

Ken P. Smith 150.00

Professional Services

L. R. Pomeroy August, 1971 600.00

\$ 810.59

70155

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED JUN 30 1972 IN MR
OFFICE
FRANCES M. WILCOX
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

GILL SUPPLY AND RENTAL, INC.,
a corporation,

Plaintiff,

v.

MICHAEL P. GRACE and CORINNE
GRACE,

Defendants.

No. 28078

COMPLAINT

Plaintiff, for its cause of action states:

1. That the defendants at all times mentioned herein were the owners of State of New Mexico Oil and Gas Lease No. K-6290, embracing Section 36, Township 22 South, Range 26 East in Eddy County, New Mexico. The defendants at all times herein mentioned were the owners and engaged in the drilling of an oil and gas well upon the above described lease, known as the Grace-Carlsbad No. 1.
2. On or about 20 March 1972, the plaintiff, at the special instance and request of the defendants, sold and delivered to the defendants 100 sacks of a substance known as "Super X" at a total price of \$7800.00, including sales tax. Said Super X was delivered to the location of the above described oil and gas lease to be used in the drilling and completing of said oil and gas well.
3. Thereafter, the defendants, without any justification or reason, returned to the plaintiff at their expense, 76 sacks of said Super X, leaving a balance owing to the plaintiff for the 24 sacks retained by them the sum of \$1872.00, including sales tax. By reason of the return of said merchandize, plaintiff incurred a restocking charge of \$226.10, leaving a balance owing by defendants to plaintiff by reason of the purchase of said Super X the sum of \$2,098.10.
4. That on 20 March 1972, plaintiff, at the special instance and request of the defendants, sold to the defendants approximately

1 137,000 pounds of calcium chloride to be used in the drilling and
2 completing of the above described oil and gas well for a total
3 agreed price of \$14,937.50, freight prepaid, to said oil and gas
4 well location.

5 5. That said materials were ordered by the defendants from
6 the plaintiff at approximately 8:30 A.M. on 20 March 1972 and
7 delivery from the sources of supply commenced at 9:30 A.M. on said
8 date. That said material started to arrive at the above described
9 oil and gas well location on said date and the defendants accepted
10 and retained 83 drums of calcium chloride of the value of \$5,006.56,
11 including sales tax.

12 6. That the balance of said calcium chloride arrived at the
13 location of the above oil and gas well on the 20th and 21st of
14 March and within the time agreed upon between the parties for the
15 delivery of the same. The defendants, without just cause or reason,
16 rejected and refused to accept the balance of said calcium chloride
17 and directed the persons delivering the same to return it to its
18 source.

19 7. That by reason of said rejection and refusal of the de-
20 fendants to accept said calcium chloride the plaintiff has incurred
21 trucking and restocking charges in the amount of \$3,758.50.

22 8. That said materials were to be paid for by 1 April 1972
23 and although the plaintiff has repeatedly made request for payment
24 of the materials retained by the defendants and for the foregoing
25 trucking and restocking charges, the defendants have failed and
26 refused to pay for the same.

27 9. That plaintiff on 16 June 1972 pursuant to Section 65-5-1
28 to Section 65-5-15 filed a lien against the above described oil and
29 gas lease which was recorded in Book 86 at page 867 of the Miscel-
30 laneous Records of Eddy County, New Mexico, a copy of which is at-
31 tached hereto and incorporated herein as Exhibit "A".

32 10. That in order to prepare and file said lien, as well as

1 to bring this action, plaintiff had to obtain the services of its
2 attorneys and by reason of Section 65-5-9, plaintiff is entitled to
3 a reasonable attorney's fee for the filing and recording of said
4 lien and for the bringing of this action to foreclose the same.

5 WHEREFORE, Plaintiff prays:

6 1. That the plaintiff have a judgment against the defendants,
7 jointly and severally, for the sum of \$10,863.16, with interest
8 thereon from 1 April 1972 until paid, as well as all costs and
9 attorney's fees incurred in preparing and filing its lien and bring-
10 ing this action.

11 2. That plaintiff be determined and adjudged to have a valid
12 and subsisting lien on State of New Mexico Oil and Gas Lease No.
13 K-6290, embracing Section 36, Township 22 South, Range 26 East,
14 N.M.P.M., as well as all other appurtenances as provided in Section
15 65-5-1, N.M.S.A. 1953 Comp., for the amount of the plaintiff's
16 claim, interest, costs, and attorney's fees.

17 3. That the lien of the plaintiff be foreclosed and sold in
18 the manner provided by law and that the plaintiff be paid all
19 amounts due it as well as the expenses of sale and that defendants
20 be adjudged to pay any deficiency that may remain after applying
21 all of such monies so applicable thereto.

22 4. For such other and further relief as the Court deems
23 proper.

24 MCCORMICK, PAINE AND FORBES

25 By



26 E. C. Paine

27 P. O. Box 1718
28 Carlsbad, N. M. 88220
29 Attorneys for Plaintiff
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CLAIM OF LIEN

CONES NOW GILL SUPPLY AND RENTAL, INC., 2703 Pagewood,
Odessa, Texas 79760, and claims a lien on the hereinafter de-
scribed oil and gas lease and the equipment thereon, pursuant to
Section 65-5-4, N.M.S.A., 1953, and states:

1. The amount claimed is \$10,863.16 plus interest at six
percent from 1 April 1972, plus a reasonable attorney's fee for
preparing and filing this claim.

2. The claim is for the following items:

*24 sacks of Super X	\$1,800.00
10% restocking charge on return of 76 sacks of Super X (see attached copy Invoice No. 35 03 00608)	3,758.50
*83 drums Calcium Chloride-94%	4,814.00
10% restocking charge on 38 sacks Calcium Chloride-94%	226.10
	<hr/>
	\$10,598.60
New Mexico Sales Tax - 4%	264.56
	<hr/>
Total	\$10,863.16

3. The materials itemized above were furnished to Michael
P. Grace and Corinne Grace at their special instance and request.

4. The lien is claimed against State of New Mexico Oil and
Gas Lease K-6290 issued by the State of New Mexico to Michael P.
Grace on 16 August 1966, insofar as said lease covers Section 36,
Township 22 South, Range 26 East, Eddy County, New Mexico.

5. The items described above were furnished to Michael P.
Grace and Corinne Grace for use in drilling and completing a gas
well known as Grace-Carlsbad No. 1, located on the above de-
scribed lease.

6. The last of the materials were furnished on 21 March
1971.

7. The owners of the above described oil and gas lease are
Michael P. Grace and Corinne Grace, P. O. Box 1418, Carlsbad,
New Mexico 88220.

EXHIBIT "A"

MCCORMICK, PAINE and FORBES

By E. C. Paine

E. C. Paine

P. O. Box 1719

Carlsbad, New Mexico 88220

Attorneys for Lien Claimant

STATE OF TEXAS)
COUNTY OF ECTOR) ss.

AFFIDAVIT

Elbert R. Gill, being duly sworn on behalf of the Lien Claimant, states:

That he is president of Gill Supply and Rental, Inc.; that he has read the foregoing claim of lien and knows the contents thereof and that the same is true of his own knowledge.

Elbert R. Gill
Elbert R. Gill

Subscribed and sworn to before me this 15 day of June 1972.

Notary Public

My Commission Expires:

June 1973

STATE OF TEXAS)
COUNTY OF ECTOR) ss.

The foregoing instrument was acknowledged before me this 15 day of June 1972 by Elbert R. Gill, President of Gill Supply and Rental, Inc., a Texas Corporation, in behalf of said corporation.

Notary Public

My Commission Expires:

June 1973



VAN WATERS & ROGERS

DENVER
1001 10th St.
Phone 1074 and 1081
Cable 1001 and 1081
Box 1001 and 1081

ALBUQUERQUE
P.O. Box 1001
Albuquerque, New Mexico 87101
Phone 1074 and 1081
Cable 1001 and 1081
Box 1001 and 1081

SHIPPED TO BOX 2207, DENVER, COLORADO 80217

CHECK

PAGE 1 OF 1

35-03-00608

NO.	TERMS: NET 10TH PROX.	INV. NO.
DATE	CUSTOMER'S ORDER NO.	REQUISITION NO.

SOLD TO

Photo 12 4 1984 3 3

File Supply + Rental Inc
PO Box 382
Odessa Texas

SHIP TO

DATE

QUANTITY	UNIT	VNR NUMBER	DESCRIPTION	PRICE	EXTENSION
			Change for freight 107 Resubst.		
			on Requested Order of Carb. fuel		
			4 Trucks		
35	lb		Calcium Chloride	997.20	
1550	lb		"	9222.50	
		107		10213.70	102137
			Freight - Albuquerque		
			Carbide - 3 Trucks	2323.00	
			Albany Carbide 3 Trucks	189.00	
			Bot Jack Albany Carbide - 100 lbs.	223.13	

CONTAINERS CHARGED EXTRA ARE RETURNABLE FOR CREDIT IF RETURNED IN GOOD CONDITION WITHIN 90 DAYS. BALANCES MORE THAN THIRTY (30) DAYS PAST DUE ARE SUBJECT TO A SERVICE CHARGE OF 1% PER MONTH, OR IF LESS, THE MAXIMUM AMOUNT PERMITTED BY APPLICABLE LAW.

DATE SHIPPED

SHIPPED VIA

SHIPPED IN GOOD ORDER

PAID BY	CHECKED BY	DELIVERED BY	DATE	AMOUNT	WHEN SHIP

MERCHANDISE TOTAL	102137
SALES TAX ON MERCH. & 1% H&B CHG.	
SERVICE CHARGES	102137
MAINTENANCE	
PREPAID FREIGHT	273713
CONTAINERS	
PAYABLE PAYEE	375850

STATE OF NEW MEXICO, County of Bddy, ss. I hereby certify that this instrument was filed for record on the 14th day of August 1984 at 2:30 o'clock P.M. and duly recorded in Book 16 Page 167 of the Records of Albuquerque.

GENERAL MANAGER, County Clerk

[Signature]

IN THE DISTRICT COURT OF EDDY COUNTY JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

SIVALLS TANKS, INC., A
CORPORATION,

PLAINTIFF,

VS.

MICHAEL P. GRACE AND
CORRINE GRACE,

DEFENDANTS.

FILED SEP 18 1972 IN MY
11:20 AM OFFICE
FRANCES M. WILCOX
Clerk of the District Court

NO. 28261

C O M P L A I N T

Plaintiff for cause of action against the defendants states:

COUNT 1

1. Plaintiff is a foreign corporation doing business in the State of New Mexico; defendants are residents of Eddy County, New Mexico.

2. That heretofore on June 26, 1972, within the time provided by law, a lien was filed in the Office of the County Clerk of Eddy County, Miscellaneous Records Book 87, Page 6, in the amount of \$1,060.80; a copy of said lien is attached hereto marked Exhibit A and by reference made a part hereof and represents the amount of money owed to the plaintiff by the defendants for labor, equipment and materials furnished, all of which were performed at the instance and request and for the benefit of the defendants herein.

3. That the description of the property upon which the lien is claimed is as follows:

CORRINE GRACE - PENEGRAY NO. 1 OR PANAGRAY NO. 1,
LOCATED IN SECTION 11, TOWNSHIP 23 SOUTH, RANGE 26
EAST, N.M.P.M. (SOUTH CARLSBAD FIELD), EDDY COUNTY,
NEW MEXICO.

4. That plaintiff has made demand for payment and payment has been refused, and by reason thereof it has been necessary for plaintiff to retain the services of an attorney to enforce its rights and to file a claim of lien as above referred to, and plaintiff is entitled to an additional sum for attorney fees, for the costs of filing the liens, for the costs of the preparation of the lien, and a reasonable attorney fee for the amount of foreclosing said liens as provided by law.

WHEREFORE, plaintiff prays judgment against the defendants on Count 1 for the sum of \$1,060.80 plus interest as provided by said invoice No. H-61103, plus the further sum of \$52.00 as attorney fees for the preparation of the lien described in Exhibit A, plus the further sum of \$4.75 for recording said lien, plus the further sum of 33-1/3% of the amount due as attorney fees, and that upon hearing and judgment rendered herein that said lien be declared a first and prior lien against the premises described herein; that said lien be foreclosed as provided by law and the proceeds be applied first to the payment of the judgment in favor of plaintiff, plus interest, costs and attorneys fees, and the residual, if any, as directed by the Court; and for such other relief as may be proper in the premises.

COUNT 2

1. Plaintiff adopts the allegations of Paragraph 1 of Count 1 as though fully set forth herein.

2. That heretofore on June 26, 1972, within the time provided by law, a lien was filed in the Office of the County Clerk of Eddy County, Miscellaneous Records Book 87, Page 10, in the

amount of \$515.68; a copy of said lien is attached hereto marked Exhibit B and by reference made a part hereof and represents the amount of money owed to the plaintiff by the defendants for labor, equipment and materials furnished, all of which were performed at the instance and request and for the benefit of the defendants herein.

3. That the description of the property upon which the lien is claimed is as follows:

HUMBLE-GRACE WELL NO. 1, LOCATED IN SECTION 2,
TOWNSHIP 23 SOUTH, RANGE 26 EAST, N.M.P.M., EDDY
COUNTY, NEW MEXICO.

4. That plaintiff has made demand for payment and payment has been refused, and by reason thereof it has been necessary for plaintiff to retain the services of an attorney to enforce its rights and to file a claim of lien as above referred to, and plaintiff is entitled to an additional sum for attorney fees, for the costs of filing the liens, for the costs of the preparation of the lien, and a reasonable attorney fee for the amount of foreclosing said liens as provided by law.

WHEREFORE, plaintiff prays judgment against the defendants on Count 2 for the sum of \$515.68 plus interest as provided by said invoice No. H-61100, plus the further sum of \$52.00 as attorney fees for the preparation of the lien described in Exhibit B, plus the further sum of \$4.75 for recording said lien, plus the further sum of 33-1/3% of the amount due as attorney fees, and that upon hearing and judgment rendered herein that said lien be declared a first and prior lien against the premises described herein; that said lien be foreclosed as provided by law and the

proceeds be applied first to the payment of the judgment in favor of plaintiff, plus interest costs and attorneys fees, and the residual, if any, as directed by the Court; and for such other relief as may be proper in the premises.

COUNT 3

1. Plaintiff adopts the allegations of Paragraph 1 of Count 1 as though fully set forth herein.

2. That heretofore on June 26, 1972, within the time provided by law, a lien was filed in the Office of the County Clerk of Eddy County, Miscellaneous Records Book 87, Page 14, in the amount of \$1066.92; a copy of said lien is attached hereto marked Exhibit C and by reference made a part hereof and represents the amount of money owed to the plaintiff by the defendants for labor, equipment and materials furnished, all of which were performed at the instance and request and for the benefit of the defendants herein.

3. That the description of the property upon which the lien is claimed is as follows:

CORRINE GRACE - CITY OF CARLSBAD WELL NO. 1,
SECTION 25, TOWNSHIP 22 SOUTH, RANGE 26 EAST,
N.M.P.M., EDDY COUNTY, NEW MEXICO.

4. That plaintiff has made demand for payment and payment has been refused, and by reason thereof it has been necessary for plaintiff to retain the services of an attorney to enforce its rights and to file a claim of lien as above referred to, and plaintiff is entitled to an additional sum for attorney fees, for the costs of filing the liens, for the costs of the preparation of the lien, and a reasonable attorney fee for the amount of foreclosing said liens as provided by law.


WHEREFORE, plaintiff prays judgment against the defendants on Count 3 for the sum of \$1,066.92 plus interest as provided by invoice Nos. O-61104, H-61102 and H-61101, plus the further sum of \$52.00 as attorney fees for the preparation of the lien described in Exhibit C, plus the further sum of \$6.75 for recording said lien, plus the further sum of 33-1/3% of the amount due as attorney fees, and that upon hearing and judgment rendered herein that said lien be declared a first and prior lien against the premises described herein; that said lien be foreclosed as provided by law and the proceeds be applied first to the payment of the judgment in favor of plaintiff, plus interest, costs and attorneys fees, and the residual, if any, as directed by the Court; and for such other relief as may be proper in the premises.

COUNT 4

1. Plaintiff adopts by reference as though fully set forth herein the allegations of Counts 1, 2 and 3.

2. That the work and services performed by the plaintiff for the defendants and the charges made for labor and material, were reasonable and commensurate with the work performed and by reason thereof plaintiff is entitled to its costs of material plus an additional sum for whatever work was performed in quantum meruit for the total sum of \$2,643.40 plus costs, plus interest, plus attorney fees in the amount of 33-1/3% of the amount due.

WHEREFORE, in the alternative only, plaintiff prays for quantum meruit for work performed for \$2,643.40 plus costs, plus interest, plus attorney fees in the amount of 33-13/7% of the amount due; and for such other relief as may be proper.


of NEAL & NEAL
Post Office Box 278
Hobbs, New Mexico
(Attorneys for plaintiff)

STATE OF TEXAS,)
) SS.
COUNTY OF _____.)

I, C. RICHARD SIVALLS, first being duly sworn, upon my oath state:

I am President of SIVALLS TANKS, INC., a corporation, plaintiff in the above styled and numbered cause; I have read and understand the foregoing Complaint and the facts and figures therein alleged are true and correct to the best of my knowledge, information and belief.

C. Richard Sivals
C. RICHARD SIVALLS

SUBSCRIBED AND SWORN to before me this the 12 day of September, 1972.

Donald R. Potter
NOTARY PUBLIC *Ector County*



CFN/lk

FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY
IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FILED SEP 18 1972
4:32 PM
FRANCES M. WILCOX
Clerk of the District Court

HOWARD I. EVERETT and
ACIE R. EVERETT,

Plaintiffs,

v.

MICHAEL P. GRACE and
CORINNE GRACE,

Defendants.

No. 28262

C O M P L A I N T

Plaintiffs for their claim for relief state:

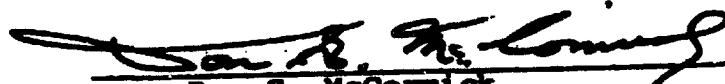
1. Plaintiffs and defendants are all residents of Eddy County, New Mexico.
2. Plaintiffs are the owners of all the oil, gas and other minerals lying in and under the following lands in Eddy County, New Mexico:

The NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 2, Township 23 South
Range 26 East lying east of Highway 62
containing 31.965 acres.
3. Defendants are the owners and operators of a gas well located in the S $\frac{1}{2}$ of Section 2, Township 23 South, Range 26 East, Eddy County, New Mexico, known as "Humble-Grace Com.". Said well is producing dry gas from all of the S $\frac{1}{2}$ of said Section 2, including the lands owned by plaintiffs.
4. Plaintiffs are entitled to a royalty of 1/8 on their proportionate share of all the gas produced and sold from said well. The amount now due plaintiffs from defendants on open account for royalty on dry gas for the months of February, March, April and May, 1972, is \$2,703.81 which defendants have failed to pay plaintiffs although demand has been made.
5. Under the provisions of Section 18-1-37, N.M.S.A. 1953, plaintiffs are entitled to a reasonable attorneys fee in an action on an open account. Such a reasonable fee would be \$500.00.

1 WHEREFORE, plaintiffs pray judgment against defendants on
2 open account for \$2,703.81 plus \$500.00 attorneys fees and for
3 costs of this action.

4 MCCORMICK, PAINE and FORBES

5 By

6 

7 Don G. McCormick

8 P. O. Box 1718

9 Carlsbad, New Mexico 88220

10 Attorneys for Plaintiffs.

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IN THE DISTRICT COURT OF EDDY COUNTY FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

7611-5
FILED FEB - 2 1973 IN Rm OFFICE
FRANCES M. WILCOX
Clerk of the District Court

OTIS ENGINEERING CORPORATION,)
A DELAWARE CORPORATION,)

Plaintiff,)

vs.)

Cause No. 28516

MICHAEL P. GRACE and CORINNE)
GRACE.)

Defendants.)

COMPLAINT

COMES NOW the Plaintiff complaining of the Defendants and for its
cause of action alleges:

I.

Plaintiff is a Delaware Corporation with its principal office in
Carrollton, Texas, and is now and all times material hereto authorized to
do business in the State of New Mexico.

II.

Defendants are residents of Eddy County, New Mexico.

III.

That at the special instance and request of the Defendants, Plaintiff
has performed labor and services for, and furnished material, machinery
and supplies to be used in developing Defendants' oil and gas leasehold estates
owned, held or claimed by Defendants covering the hereinafter described
lands situated in Eddy County, New Mexico, to-wit:

Go Po Go #1 Well located 1980' from East & North lines of
Section 25, Township 22 South, Range 26 East, Eddy County,
New Mexico on lands or leasehold of approximately 40 acres,
more or less.

Go Po Go #2 Well located 1980' from North & East lines of
Section 24, Township 22 South, Range 26 East, Eddy County,
New Mexico on lands or leasehold of approximately 40 acres,
more or less.

Panagra #1 Well located 990' from North line, 1980' from East line Section 11, Township 23 South, Range 26 East, Eddy County, New Mexico, on lands or leasehold of approximately 320 acres, more or less.

Said labor, material, and services were so performed, and machinery and supplies were furnished under and by virtue of written and oral agreements between Plaintiff and Defendants, all as more particularly set forth in Exhibit "A" attached hereto and made a part hereof for all purposes. The charges as made are in strict accordance with the terms of the contract, and the aggregate of such items is Fifteen Thousand Five Hundred Ninety-Eight Dollars and Forty-nine Cents (\$15,598.49), after allowing all just credits and offsets, all of which is due and owing to the Plaintiff by the Defendants.

IV.

That Defendants, their agents, servants, and representatives were present at the well sites when the various items were furnished by the Plaintiff, and all of said items were approved by the Defendants, their agents, servants and representatives.

V.

That on the Third day of January, 1973, Plaintiff, in accordance with the applicable statutes filed a lien in the office of the County Clerk of Eddy County, New Mexico, the same being recorded in Book 92 at Page 969 of the Miscellaneous Records of said office, a copy of which is attached hereto, marked Exhibit "A" and made a part hereof for all purposes. Said lien is upon the whole of the above described land and said oil and gas leasehold estate covering said land and appurtenances thereto.

VI.

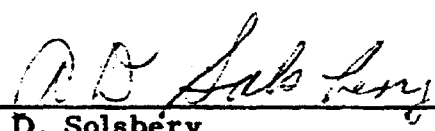
That when the above lien was filed there was due and owing Plaintiff from Defendants the sum of \$15,598.49 plus interest at the rate of Ten Percent (10%) per annum from August 31, 1972, and though often requested to pay the same, Defendants have refused to do so.

VII.

By Defendants failure to pay said sum, Plaintiff has been compelled to employ an attorney and has agreed to pay said attorney a reasonable fee of one-third of the amount of said claim.

WHEREFORE, Plaintiff prays that:

- (1) Defendants be cited to appear and answer herein; and,
- (2) That upon a final hearing, Plaintiff have judgment against Defendants for the sum of \$15,598.49,
- (3) Plus interest thereon from August 31, 1972, at the rate of Ten Percent (10%) per annum,
- (4) Plus attorney fees of one-third of \$15,598.49,
- (5) For all cost of suit,
- (6) For foreclosure of its lien on the above described property; and,
- (7) For such other and further relief to which it may show itself entitled.

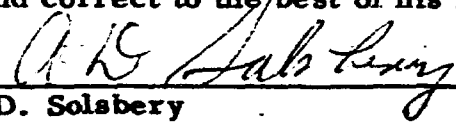

A. D. Solsbery
Post Office Box 801
Roswell, New Mexico 88201

Attorney for Plaintiff

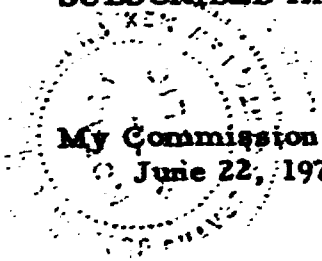
STATE OF NEW MEXICO)
COUNTY OF CHAVES)

A. D. SOLSBERY, being first duly sworn upon oath, deposes and states;

That he is the attorney for the Plaintiff in the foregoing complaint; that he has read the same and knows and understands the contents thereof; and that the contents thereof are true and correct to the best of his knowledge, information and belief.


A. D. Solsbery

SUBSCRIBED AND SWORN TO before me this 1st day of February, 1973.


My Commission Expires:
June 22, 1975


Notary Public

STATE OF TEXAS |
COUNTY OF DALLAS | SS.

W.E. Rich of lawful age, being first duly sworn upon his oath, deposes and states:

That OTIS ENGINEERING CORPORATION, a Delaware Corporation, the Claimant herein, has a claim against Corinne Grace, P.O. Box 1418, Carlsbad, New Mexico 88220 for the sum of \$15,598.49 due to Claimant for services rendered and materials and equipment furnished between the dates of August 30, 1972 and November 1, 1972 as more fully is set out in an Itemized Statement of Account thereof, attached hereto marked "Exhibit A" and made a part hereof: that said services were rendered and said materials and equipment were furnished by Claimant for use and were used in the digging, drilling, torpedoing, completing, operating or repairing of a well or wells known as Go Po Go #1 & 2, and Panagra #1, being drilled or operated for oil and gas upon the following described lands or leasehold owned by the said Corinne Grace and situated in Eddy County, State of New Mexico to-wit:

Go Po Go #1 Well located 1980' from East & North lines of S25 T22 R26, Eddy County, New Mexico on lands or leasehold of approximately 40 acres, more or less.

Go Po Go #2 Well located 1980' from North & East lines of S24 T22 R26, Eddy County, New Mexico on lands or leasehold of approximately 40 acres, more or less.

Panagra #1 Well located 990' from North line, 1980' from East line S11 T23 R26, Eddy County, New Mexico, on lands or leasehold of approximately 320 acres, more or less.

That the said OTIS ENGINEERING CORPORATION, has and claims a lien upon the whole of said oil and gas mining leasehold estate, the proceeds from the sale of oil or gas produced therefrom inuring to the working interest thereof, the wells, equipment, pipelines and buildings upon said premises and all tools and supplies furnished thereto, located thereon or used in connection therewith, in the amount of \$15,598.49, with interest at the legal rate until the same is paid; and that the name of the owner, the name of the Claimant, the description of the property on which lien is claimed and the items of indebtedness, as herein set forth and according to the Exhibit "A" attached hereto, are just, true and correct, as he verily believes and the amount shown to be due is just, due and owing.

Dated this 3rd day of January, 1973.

W. E. Rich
W.E. Rich Senior Vice-Pres.
OTIS ENGINEERING CORPORATION

Subscribed and sworn to before me, a Notary Public, this 3rd day of January, 1973.

James L. Harts
Notary Public

My Commission Expires:

6-1-73

CURRINE GRACE
BOX 1418
CARLSBAD NEW MEX 80220

CUSTOMER ACCOUNTS RECEIVABLE STATUS
CUST. NO. 27850
2200A
MONTH ENDING 11-30-72

DESCRIPTION	INVOICE NUMBER	INVOICE DATE	TICKET DATE	LOC.	CURRENT MONTH	30 TO 60 DAYS		60 TO 90 DAYS		OVER 90 DAYS	
CU PU GU #1	411355	08-31-72	08-31	40231				109.20		109.20	
CU PO GU #1	411356	08-31-72	08-31	40231				1,177.80		1,09.20	
CU PU GU #1	412166	09-19-72	09-01	40231				1,003.60		1,623.44	
CU PU GU #2	413066	09-25-72	09-07	40131				1,001.00			
CU PU GU #2	413067	09-25-72	09-08	40131				293.80			
CU PU GU #2	413068	09-25-72	09-12	40131				306.80			
CU PU GU #2	413069	09-25-72	09-12	40131				260.00			
CU PU GU #2	413070	09-25-72	09-13	40131				425.36			
CU PU GU #2	413687	09-25-72	09-03	40231				290.16			
CU PU GU #1	413731	09-25-72	09-01	40231				589.16			
CU PU GU #1	413777	09-28-72	08-30	40231				109.20			
CU PU GU #1	415157	09-30-72	09-19	40231				206.96			
CU PU GU #1	415158	09-30-72	09-20	40231				6,369.05			
CU PU GU #1	415161	09-30-72	09-20	40131							
CU PU GU #1	416896	09-30-72	09-23	40131							
CU PU GU #1	410067	10-23-72	09-19	40231				45.03			
CU PU GU #2	418075	10-23-72	09-15	40131				301.50			
CU PU GU #2	420005	10-31-72	09-08	40131				705.21			
CU PU GU #1	420726	10-31-72	09-20	40231				83.64			
CU PU GU #1	420727	10-31-72	09-20	40231				145.34			
CU PU GU #1	422825	11-14-72	11-01	40231							
TOTAL AMOUNT DUE					15,598.49	443.04	1,260.72	12,142.09	1,732.64		
TOTAL AMOUNT PAY											

PAYMENTS

Exhibit A

STATE OF NEW MEXICO, County of Bernalillo, ss. I hereby certify that
this instrument was filed for record on the 23rd day of November 1973 at 4:40 o'clock P.M. and duly recorded in Book 92
Page 261 of the Records of the County Clerk
GREGORIE M. HAVEN, County Clerk
By _____ Deputy

FILED OCT 23 1972
 2:11 pm
 FRANKLIN W. BRYAN
 Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

MERLAND, INC.,

Plaintiff,

v.

MICHAEL P. GRACE, II,

Defendant.

No. 29119

C O M P L A I N T

Plaintiff for its claim of relief states:

1. Plaintiff is the owner of all the oil, gas and other minerals lying in and under the following lands in Eddy County, New Mexico:

SE $\frac{1}{4}$, Section 24, Township 22 South, Range 26 East.

2. On 10 July 1972, plaintiff executed and delivered to D. L. Hannifin an oil and gas lease covering said lands, which lease provided that the royalties to be paid by lessee were 3/16ths on oil and 3/16ths on gas. Said oil and gas lease is still in full force and effect.

3. The defendant and his wife, Corinne Grace, are the owners of certain oil and gas leasehold interests covering all or a portion of the following lands in Eddy County, New Mexico:

SW $\frac{1}{4}$, Section 24, Township 22 South, Range 26 East.

4. In Consolidated Cases 4819 and 4836 before the Oil Conservation Commission of the State of New Mexico, there was issued on 8 November 1972 Order No. R-4432 which force-pooled the entire south-half of said Section 24 and created said south-half as a 320 acre standard unit to be dedicated to a well drilled at some standard location on said tract. In the same order, the defendant was designated as the operator of the well and unit.

5. On or about 28 January 1973, the defendant as operator of said unit commenced the drilling of a well in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said section and completed the same on or about 29 March 1973 as

1 a producing gas well.

2 6. The defendant entered into a contract to sell all the
3 gas produced from said well to El Paso Natural Gas Company and
4 commenced making deliveries of gas on or about 16 April 1973. The
5 well drilled by the defendant and connected to the pipeline of
6 El Paso Natural Gas Company is known as Grace No. 1 Atlantic.

7 7. The defendant has sold and delivered to El Paso Natural
8 Gas Company for the period commencing 16 April 1973 and ending at
9 7:00 a.m. on 26 June 1973 gas for which defendant received the
10 following amounts:

11	April 1973	\$128,292.31
12	May 1973	313,433.17
13	June 1973	<u>329,886.36</u>
14	Total	\$771,611.84

15 8. Under the terms of the oil and gas lease executed by
16 plaintiff to D. L. Hannifin and under the terms of the order of
17 the New Mexico Oil Conservation Commission referred to above,
18 plaintiff was entitled to receive from defendant the proceeds of
19 .093750 of the gas sold. The total amount due to plaintiff from
20 defendant for the gas sold during the period referred to above
21 is \$72,338.61, less any taxes levied by the State of New Mexico
22 based on production assessed against the royalty interests of
23 plaintiff. Plaintiff has no knowledge or information as to
24 whether or not defendant has paid any of such production taxes.
25 Plaintiff has no security for such debt.

26 9. Plaintiff has made demand upon defendant to pay the
27 sums due it, which demand has been ignored by defendant.

28 10. This claim of plaintiff against defendant is one on
29 open account in that it is based on running or concurrent dealings
30 between the parties which have not been closed, settled or stated,
31 and further dealings between the same parties are contemplated.

32 11. Plaintiff is entitled to a reasonable attorney's fee for
this suit on open account in accordance with the provisions of

1 Section 18-1-37, N.M.S.A. 1953, and such a reasonable fee is
2 \$10,000.00.

3 WHEREFORE, plaintiff prays Judgment against the defendant
4 for:

5 1. \$72,338.61 less any production taxes chargeable to
6 plaintiff's royalty interests which may have been paid by
7 defendant.

8 2. Attorney's fees of \$10,000.00.

9 MCCORMICK, PAINE and FORBES

10
11 By 

Don G. McCormick

P. O. Box 1718

Carlsbad, New Mexico 88220

Attorneys for Plaintiff
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849-5

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO

IN THE DISTRICT COURT OF EDDY COUNTY COUNTY OF EDDY
STATE OF NEW MEXICO

FILED NOV - 7 1973 IN MY
4:35 PM OFFICE
FRANCIS M. WILSON
Clerk of the District Court

MERLAND, INC., :
Plaintiff, :
vs. :
EL PASO NATURAL GAS COMPANY, :
a corporation, and :
MICHAEL P. GRACE, II, :
Defendants. :

No. 29161

COMPLAINT

Plaintiff, for its claim of relief states:

1. Plaintiff is a New Mexico corporation with its principal place of business at 112 North Canyon, Carlsbad, New Mexico.
2. Defendant, EL PASO NATURAL GAS COMPANY is a corporation organized under the laws of the State of Delaware, but authorized to do business in the State of New Mexico.
3. Defendant, MICHAEL P. GRACE, II is a resident of Eddy County, New Mexico.
4. This action is brought to enforce the rights of the Plaintiff under the Oil and Gas Products Lien Act, Section 61-10-1, N.M.S.A., 1953.
5. Plaintiff is the owner of all the oil, gas and other minerals lying in and under the following described lands in Eddy County, New Mexico:
SE $\frac{1}{4}$, Section 24, Township 22 South, Range 26 East.
6. On 10 July 1972, Plaintiff executed and delivered to D. L. Hannifin an oil and gas lease covering said lands, which lease provided that the royalties to be paid by lessee were 3/16ths on oil and 3/16ths on gas. Said oil and gas lease is still in full force and effect.

1 7. The Defendant, MICHAEL P. GRACE, II and his wife,
2 CORINNE GRACE are the owners of certain oil and gas leasehold
3 interests covering all or a portion of the following lands in
4 Eddy County, New Mexico:

5 SW $\frac{1}{4}$, Section 24, Township 22 South, Range 26 East.

6 8. In Consolidated Cases 4819 and 4836 before the Oil
7 Conservation Commission of the State of New Mexico, there was
8 issued on 8 November 1972 Order No. 4432 which force-pooled the
9 entire south half as a 320 acre standard unit to be dedicated to
10 a well to be drilled at some standard location on said tract.
11 In the same order the Defendant, MICHAEL P. GRACE, II was
12 designated as the operator of the well and unit.

13 9. On or about 28 January 1973 the Defendant, MICHAEL
14 P. GRACE, II as operator of said unit commenced the drilling of
15 a well in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said Section and completed the same on
16 or about 29 March 1973 as a producing gas well.

17 10. The Defendant, MICHAEL P. GRACE, II as operator,
18 entered into a contract to sell all the gas produced from said
19 well to Defendant, EL PASO NATURAL GAS COMPANY, and commenced
20 making deliveries of gas on or about 16 April 1973. The said
21 well is known as the Grace-Atlantic No. 1.

22 11. During the period commencing 16 April 1973 and
23 ending at 7:00 a.m. on 26 June 1973, the Defendant, MICHAEL P.
24 GRACE, II, as operator, sold and delivered to Defendant, EL
25 PASO NATURAL GAS COMPANY, gas from said well of the value of
26 \$771,611.84.

27 12. Under the terms of the oil and gas lease executed
28 by Plaintiff to D. L. Hannifin and under the terms of the Order
29 of the New Mexico Oil Conservation Commission referred to above,
30 Plaintiff was entitled to receive from Defendants the proceeds
31 of .093750 of the gas sold. The total amount due to Plaintiff
32 from Defendants for the gas sold during the period referred to

1 above is \$72,338.61, less any taxes levied by the State of New
2 Mexico based upon production assessed against the royalty
3 interests of Plaintiff. Plaintiff has no knowledge or infor-
4 mation as to whether or not Defendants have paid any of such
5 production taxes.

6 13. On 23 October 1973 Plaintiff filed in the office
7 of the County Clerk of Eddy County, New Mexico a Notice of Lien
8 under the provisions of the Oil and Gas Products Lien Act, said
9 Notice of Lien was filed as a financing statement and given
10 number 64591 and was also recorded in Book 108, page 873 of the
11 Miscellaneous Records of Eddy County, New Mexico, a true copy
12 of said Notice of Lien is attached hereto as Exhibit 1.

13 14. Under the terms of the Oil and Gas Products Lien
14 Act, the Defendant MICHAEL P. GRACE, II was the operator of the
15 production unit and the Defendant EL PASO NATURAL GAS COMPANY
16 was the first purchaser, while the Plaintiff occupies the
17 position of an interest owner.

18 15. The oil and gas lease from Plaintiff to D. L.
19 Hannifin referred to above, did not specify any time within which
20 payment of the royalty was due to Plaintiff and, therefore it
21 became due within a reasonable time. The Notice of Lien attached
22 hereto was filed and recorded within a reasonable time after
23 payment of such royalty was due.

24 16. Under the terms of the Oil and Gas Production Lien
25 Act, the Plaintiff has a continuing purchase money security
26 interest in and a lien upon its interest in or share of the
27 unpaid for production severed from a production unit or the
28 proceeds of product if such unpaid for product has been sold by
29 the first purchaser. Plaintiff states on information and belief
30 that the gas product from said well has now been sold by Defen-
31 dant, EL PASO NATURAL GAS COMPANY and therefore, Plaintiff has
32 a lien upon the proceeds of the gas so sold to the extent of

1 \$72,338.61, less any taxes levied by the State of New Mexico
2 based on production assessed against the royalty interests of
3 Plaintiff.

4 17. Plaintiff has no knowledge as to who now possesses
5 the proceeds of the product so sold by Defendant EL PASO NATURAL
6 GAS COMPANY and alleges on information and belief that such
7 proceeds may be in the possession of either or both Defendants
8 or may be comingled to such an extent that they cannot be
9 identified or traced. For such reason, Plaintiff is entitled to
10 a judgment against both Defendants for the value of the severed
11 products.

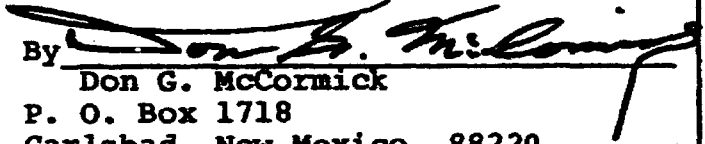
12 18. Under the provisions of the Oil and Gas Production
13 Lien Act, Plaintiff is entitled to a reasonable attorney's fee
14 for enforcing this lien.

15 WHEREFORE, Plaintiff prays judgment against the
16 Defendants, jointly and severally, for:

17 1. \$72,338.61, less any production taxes chargeable
18 to Plaintiff's royalty interest which may have been paid by
19 Defendants, plus interest at 6% per annum from 23 October 1973,
20 and;

21 2. For a reasonable attorney's fee to be set by the
22 Court for a sum of not less than \$10,000.00.

23
24 McCORMICK, PAINE and FORBES

25
26 By 
27 Don G. McCormick
28 P. O. Box 1718
29 Carlsbad, New Mexico 88220
30 Attorneys for Plaintiff.
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Don B. McLaughlin
Notary Public

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Records of Life-Saving Service
 GERALDINE MAHANFEY, County Clerk
 By Juanita Carpenter, Deputy

EXHIBIT 1.

0 8658-5
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

FILED JAN 22 1974 IN MR
2:50 PM OFFICE
FRANCES M. WILCOX
Clerk of the District Court

HOWARD I. EVERETT and
ACIE R. EVERETT,

Plaintiffs,

v.

No. 29290

TRANSWESTERN PIPELINE COMPANY, a
corporation, MICHAEL P. GRACE,
and CORINNE GRACE,

Defendants.

COMPLAINT

Plaintiffs, for their claim for relief, state:

1. Plaintiffs are the owners of all the oil, gas and other
minerals lying in and under the following lands in Eddy County,
New Mexico:

NE $\frac{1}{4}$ SE $\frac{1}{4}$ Section 2, Township 23 South, Range 26
East, lying East of Highway 62, containing
31.965 acres.

2. Defendants Grace are the owners and operators of a gas
well located in the S $\frac{1}{2}$ of the same Section, known as Humble-Grace
Com. Said well is producing dry gas from all of the S $\frac{1}{2}$ of said
Section 2, including the lands owned by plaintiffs.

3. Plaintiffs, on 14 June 1965, executed and delivered to
one E. S. Gear an oil and gas lease on the lands owned by them
described in paragraph 1 above, which provided that the royalties
to be paid by the lessee were 1/8th on gas and 1/8th on oil.

4. By Order of the New Mexico Oil Conservation Commission
entered on 5 August 1970 in Case No. 4398, the leasehold and
royalty interests in the lands described in paragraph 1 were force
pooled to constitute a proration unit comprising the entire S $\frac{1}{2}$ of
Section 2, Township 23 South, Range 26 East. In said Order the
defendants Grace were designated as the operators of the well or
wells to be drilled on said proration unit.

5. The Humble-Grace Com. Well was spudded in February 1971

1 and completed prior to February 1972. Defendants Grace commenced
2 selling gas from said well in February 1972 to defendant Trans-
3 western Pipeline Company.

4 6. The defendant Transwestern Pipeline Company has remitted
5 to defendants 100% of the proceeds of the gas purchased by it,
6 not deducting anything for royalty or taxes. Plaintiffs have been
7 paid royalty for the months of February, March, April and May 1972,
8 but have not been paid anything for the period commencing at 7 A.M.
9 on 1 June 1972 to date.

10 7. The royalty due plaintiffs from the production from said
11 well amounts to .0123688 of all the gas produced. Plaintiffs
12 allege that the sum now due them is in excess of \$1,000, but less
13 than \$10,000.00.

14 8. Plaintiffs have executed and delivered to defendants
15 Grace a Division Order, but the defendants Grace have failed and
16 refused to pay the royalty due for the period commencing 1 June
17 1972 at 7 A.M.

18 9. On 21 January 1974, plaintiffs filed in the office of the
19 County Clerk of Eddy County, New Mexico, a Notice of Lien under
20 the provisions of the Oil and Gas Products Lien Act. Said Notice
21 of Lien was filed as a financing statement and given No. 65925 and
22 was also recorded in Book 112, page 640 of the Miscellaneous Records
23 of Eddy County, New Mexico, a true copy of said Notice of Lien
24 being attached hereto as Exhibit 1.

25 10. Under the terms of the Oil and Gas Products Lien Act,
26 the defendants Grace were the operators of the production unit and
27 the defendant Transwestern Pipeline Company was the first purchaser,
28 while the plaintiffs occupy the position of an interest owner.

29 11. The oil and gas lease from plaintiffs to E. S. Gear
30 referred to above and under which defendants Grace are now produc-
31 ing said well did not specify any time within which payment of the
32 royalty was due to plaintiffs and, therefore, it became due within

1 a reasonable time. The Notice of Lien attached hereto was filed
2 and recorded within a reasonable time after payment of such
3 royalty was due.

4 12. Under the terms of the Oil and Gas Products Lien Act,
5 the plaintiffs have a continuing purchase money security interest
6 and lien upon its interest in or share of the unpaid-for production
7 severed from a production unit or the proceeds of the product if
8 such unpaid-for product has been sold by the first purchaser.
9 Plaintiffs state on information and belief that the gas product
10 from said well has now been sold by defendant Transwestern Pipeline
11 Company and, therefore, plaintiffs have a lien upon the proceeds of
12 the gas so sold to the extent of their fractional interest in the
13 same, less any taxes levied by the State of New Mexico, based on
14 production assessed against the royalty interest of plaintiffs.

15 13. Plaintiffs have no knowledge as to who now possesses the
16 proceeds of the product so sold by defendant Transwestern Pipeline
17 Company and allege on information and belief that such proceeds
18 may be in the possession of either or all defendants or may be
19 comingled to such an extent that they cannot be identified or
20 traced. For such reason, plaintiffs are entitled to a Judgment
21 against all defendants for the value of the severed products.

22 14. Under the provisions of the Oil and Gas Products Lien
23 Act, plaintiffs are entitled to a reasonable attorney's fee for
24 enforcing this lien.

25 WHEREFORE, Plaintiffs pray Judgment against the defendants
26 jointly and severally for:

27 1. The dollar value of their fractional interest in the
28 production from the above described proration unit, plus interest
29 at 6% per annum from due date until paid.

30 2. For a reasonable attorney's fee to be set by the Court
31 for a sum of not less than \$800.00.
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MCCORMICK, PAINE AND FORBES

By


Don G. McCormick

P. O. Box 1718
Carlsbad, N. M. 88220

Attorneys for Plaintiffs

NOTICE OF LIEN

Notice is hereby given that Howard I. Everett and
Acie R. Everett, whose address is 514 North Canyon Street,
Carlsbad, New Mexico own an undivided .0123688 interest in the
products severed from the Humble-Grace Com. No. 1 well by Michael
P. Grace and Corinne Grace, the operators, and which well is
located on the following described land in Eddy County, New Mexico
S/2 Section 2, Township 23 South, Range 26 East.

Products severed from said land have been and are now,
or may be taken, received or purchased by Transwestern Pipeline
Company, a corporation; and the above named interest owner has a
purchase money security interest in and lien upon said products
and the proceeds thereof to secure payment of the purchase price
for the months of June 1972 to date under the provisions of the
Oil and Gas Products Lien Act.

DATED this 21st day of January 1974.

s/ H. I. Everett
Howard I. Everett

s/ Acie R. Everett
Acie R. Everett

STATE OF NEW MEXICO :
COUNTY OF EDDY : ss.
:

The foregoing instrument was acknowledged before me
this 21st day of January 1974 by HOWARD I. EVERETT and his wife,
ACIE R. EVERETT.

s/ Don G. McCormick
Notary Public

My commission expires:
10 April 1974

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that
this instrument was filed for record on the 21 day of Jan.
1974 at 2:45 o'clock P.M. and duly recorded in Book 112
page 640 of the Records of Miscellaneous

GERALDINE MAHAFFEY, County Clerk
By *[Signature]* Deputy

Exhibit 1.

FILED APR 16 1974 IN MY
OFFICEIN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICOFRANCES M. WILCOX
Clerk of the District CourtSAMUEL S. SMITH, FONTIE RICHARDS,
and NORMA LEE WRIGHT,

Plaintiffs,

v.

MICHAEL P. GRACE, II,

Defendant.

No. 29491COMPLAINT

Plaintiffs, for their claim for relief against defendant,
state:

1. Samuel J. Smith died intestate on 4 April 1961. At the
time of his death, he and his wife were the owners, as community
property, of an undivided 1/4th of all oil, gas and other minerals
lying in and under the following lands in Eddy County, New Mexico:

Lots 5, 6, 7, 8, 9, 10 and 19 of Walling
Heights, a subdivision of a part of the
SW $\frac{1}{4}$ of Section 24, Township 22 South,
Range 26 East, containing 40 acres, more
or less.

2. Under the laws of descent and distribution in effect in
New Mexico on 4 April 1961, the title to the decedent's share of
said minerals at the instant of his death vested as follows:

Maggie Alice Smith, widow - 5/8ths
James E. Smith, son - 3/40ths
Gertie Nance, daughter - 3/40ths
Samuel S. Smith, son - 3/40ths
Fontie Richards, daughter - 3/40ths
Norma Lee Wright, daughter - 3/40ths

3. The plaintiffs herein have never conveyed or leased their
share of said minerals. Since the interest of the deceased, Samuel
J. Smith, was an undivided 1/4th, the plaintiffs herein are each
the owners of an undivided 3/160th of the minerals under said
40-acre tract.

4. Plaintiffs state on information and belief that the
defendant herein has acquired oil and gas leases on the interests

1 owned or formerly owned by Maggie Alice Smith, James E. Smith, and
2 Gertie Nance.

3 5. In consolidated cases 4819 and 4836 before the New Mexico
4 Oil Conservation Commission there was issued Order No. 4432 on 8
5 November 1972 which force-pooled the entire S $\frac{1}{2}$ of said Section 24
6 into a 320-acre standard unit to be dedicated to a well to be
7 drilled at some standard location on said 320-acre tract. In the
8 same Order, defendant was designated as the operator of the well
9 and unit and has been the operator at all times since.

10 6. On or about 28 January 1973, the defendant, as operator of
11 said unit, commenced the drilling of a well in the NW $\frac{1}{4}$ SE $\frac{1}{4}$ of said
12 Section, known as Grace-Atlantic No. 1, and completed the same on
13 or about 29 March 1973 as a producing gas well.

14 7. Since completion of said gas well the defendant has con-
15 verted to his own use all of the gas produced from said well, ig-
16 noring the ownership rights of the plaintiffs.

17 8. Defendant has produced and sold gas from said well up to
18 and including 28 Feb., 1974 to the extent of 3,654,772 m.c.f., of
19 the market value of \$2,267,274.36, on which he has paid or is
20 obligated to pay production taxes of \$145,536.34, leaving the net
21 value of such production at \$2,121,738.02.

22 9. Plaintiffs were each the owners of an undivided 3/1280ths
23 of the gas converted by defendant, this fraction being arrived at
24 as follows:

- 25 a. Ownership of each plaintiff in 1/4th of 40 acres of
26 minerals equals 3/40ths.
27 b. Ownership of each plaintiff in 40 acres equals
28 3/160ths.
29 c. Ownership of each plaintiff in the 320-acre drilling
30 unit is 1/8th of 3/160ths or 3/1280ths.

31 Plaintiffs are each entitled to recover from the defendant the
32 value of their gas unlawfully converted, the same being 3/1280ths

1 of \$2,121,738.02, or \$4,972.83.

2 10. The action of the defendant in converting the gas
3 belonging to plaintiffs was without authority or right and not in
4 good faith. After being notified of the ownership rights of
5 plaintiffs, defendant ignored the same and continued to convert
6 their gas. For such reason, defendant is not entitled to deduct
7 from the amounts received by him the expenses of mining, drilling
8 and operating said gas well.

9 WHEREFORE, Plaintiffs each pray for judgment against defen-
10 dant for the value of their gas unlawfully converted by him in the
11 amount of \$4,972.83, plus interest at 6% per annum from the date
12 of conversion.

13 MCCORMICK, PAINE and FORBES

14 By

Tom Cherryhomes
Tom Cherryhomes

16 By

Don G. McCormick
Don G. McCormick

18 P. O. Box 1718
Carlsbad, New Mexico 88220

19 Attorneys for Plaintiffs
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FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED MAY 20 1974 IN THE
1:36 PM OFFICE
FRANCES M. WILSON
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

THE OIL CONSERVATION COMMISSION)
OF THE STATE OF NEW MEXICO,)
)
Plaintiff,)
)
vs.)
)
CORINNE GRACE,)
an individual,)
)
Defendant.)

No. 29575

COMPLAINT

Plaintiff for its claim for relief states:

1. That plaintiff Oil Conservation Commission of the State of New Mexico is a duly organized agency of the State of New Mexico, and that defendant Corinne Grace is the operator of certain gas wells in the South Carlsbad Field, Eddy County, New Mexico.

2. That defendant, acting through her agents, servants, or other persons under her control, operates the following gas wells in the South Carlsbad Field, Eddy County, New Mexico:

The Corinne Grace Gradonoco Com. No. 1 Well, located in Unit H of Section 2, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico.

The Corinne Grace Panagra Com No. Well, located in Unit B, Section 11, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico.

The Corinne Grace Humble-Grace Com No. Well, located in Unit P, Section 2, Township 23 South, Range 26 East, NMPM, Eddy County, New Mexico.

The Corinne Grace City of Carlsbad Com No. 1 Well, located in Unit 0 of Section 25, Township 22 South, Range 26 East, NMPM, Eddy County, New Mexico.

3. That the above-described wells produce or have produced salt water in conjunction with the production of hydrocarbons.

4. That defendant also operates her Salty Bill No. 1 Well, located in Unit C, Section 36, Township 22 South, Range 26 East, to dispose of salt water produced in conjunction with the production of hydrocarbons.

5. That Order No. R-3221, as amended, of the Oil Conservation Commission of the State of New Mexico, duly promulgated by said Commission after notice and hearing, a copy of which is attached hereto and made a part hereof by reference, provides, *inter alia*, that:

"(3) That effective January 1, 1969, the disposal of water produced in conjunction with the production of oil or gas, or both, on the surface of the ground, or in any pit, pond, lake, depression, draw, streambed, or arroyo, or in any watercourse, or in any other place or in any manner which will constitute a hazard to any fresh water supplies and said disposal has not previously been prohibited. . . is hereby prohibited in that area encompassed by Lea, Eddy, Chaves, and Roosevelt Counties, New Mexico.

"(4) That in those areas subject to the provisions of Orders Nos. (1) and (3) above, surface pits may be utilized for the disposal of a maximum of one barrel of produced water per day for each developed 40-acre tract served by said pits, provided however, that in no event shall said surface pits disposal exceed 16 barrels per day

"(6) That the District Supervisor of the appropriate District Office of the Commission is hereby empowered to authorize temporary disposal in surface pits for a period not to exceed 30 days for such contingencies as injection system failures and evaluation of wildcat wells. Authority for said disposal shall only be granted on an individual case basis and only after the volume and quality of the water produced and the proximity of fresh water supplies have been taken into consideration."

6. That defendant neither sought nor obtained authorization from the Artesia District Office to dispose of salt water into a pit at a rate in excess of one barrel per day in accordance with the provisions of Commission Order No. R-3221, as amended.

7. That in operating the subject wells, defendant, acting through her agents, servants, or other persons under her direction and control, permitted quantities of water which were produced in conjunction with the production of hydrocarbons in excess of amounts prescribed in Oil Conservation Commission Order No. R-3221 to be disposed of in open, unlined pits and upon the ground for a minimum of one day.

8. That the storage of produced water in open pits in excess of the quantity allowed in Order No. R-3221 or the disposal of produced water onto the ground is a potential danger to fresh water in New Mexico.

9. That the purpose of said Order No. R-3221 is to protect fresh water by requiring that produced water in excess of prescribed amounts as specified in Order No. R-3221 be stored in special containers as specified in Order No. R-3221.

10. That defendant had actual or constructive knowledge of said Order No. R-3221.

11. That defendant violated said Order No. R-3221 by authorizing or allowing her agents, servants, or other persons under her direction and control to store salt water in open unlined pits and dispose of salt water upon the ground at the respective well locations set forth herein.

12. That Sections 65-3-24 and 65-3-27 NMSA, 1953 Compilation, provide that an action may be instituted by the plaintiff herein to recover penalties of up to \$1000 per day per violation for violations of its rules, regulations, or orders.

13. That this action is brought in Eddy County, New Mexico, which is the county in which the cause of action originated.

WHEREFORE, Plaintiff prays:

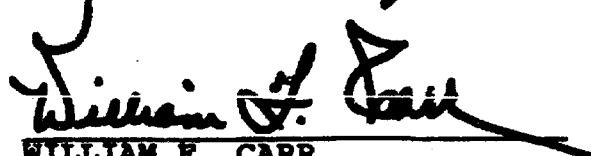
1. That it be granted judgment against defendant in the

amount of \$5,000 or such greater amount as plaintiff may prove is justified, which amount is to be paid unto the State Treasury as provided for in Article XII, Section 4, of the Constitution of the State of New Mexico, plus costs.

2. For such further relief as the court deems proper.

DAVID L. NORVELL
Attorney General


THOMAS W. DERRYBERRY


WILLIAM F. CARR

Special Assistant Attorneys General
Oil Conservation Commission
of the State of New Mexico
P.O. Box 2088
Santa Fe, New Mexico 87501

FILED DEC 1 1966
 STATE OF NEW MEXICO
 COUNTY OF EDDY
 CLERK OF THE DISTRICT COURT

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IN THE DISTRICT COURT OF EDDY COUNTY
 STATE OF NEW MEXICO

DOROTHY S. CARLSON,
 Plaintiff,
 v.
 MICHAEL P. GRACE, II, and
 CORINNE GRACE,
 Defendants.

No. 3005

COMPLAINT
FIRST CAUSE OF ACTION

Plaintiff, for her claim for relief in this first cause of action, states:

1. Plaintiff is the owner of an undivided 1/3rd of the oil, gas and other minerals lying in and under the following lands in Eddy County, New Mexico:

Township 22 South, Range 26 East
 Section 24: W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$,
 containing 120 acres, more or less.

2. Plaintiff is also the owner of an undivided 1/2 of the oil, gas and other minerals lying in and under the following lands in Eddy County, New Mexico, to-wit:

Township 22 South, Range 26 East
 Section 24: E $\frac{1}{2}$ NW $\frac{1}{4}$,
 containing 80 acres, more or less.

3. On 29 June 1966, Plaintiff made, executed and delivered to Sinclair Oil and Gas Company, an Oil and Gas Lease covering her interest in the lands described in paragraph 1 above. Said lease was recorded in Book 171, page 524 of the O&GL Records of Eddy County, New Mexico, and a copy of the same is filed with this Complaint as Exhibit 1, pursuant to Section 21-1-1(9)k, N.M.S.A. 1953.

4. On 24 February 1965 the Plaintiff made, executed and delivered to E. S. Grear, an Oil and Gas Lease covering her interest in the lands described in paragraph 2 above. Said lease was

1 recorded in Book 154, page 492, O&GL Records of Eddy County, N. M.,
2 and a copy of the same is likewise filed with this pleading, as
3 Exhibit 2.

4 5. By mesne conveyances and assignments, the Defendants here-
5 in became the owners of the two oil and gas leases referred to
6 above and now own the same.

7 6. Prior to 29 October 1972, the Defendants took the necessary
8 action before the New Mexico Oil Conservation Commission to pool
9 all of the N $\frac{1}{4}$ of Section 24, Township 22 South, Range 26 East into
10 a gas proration unit and drilled a well on said half section, known
11 as Corinne Grace Go-Po-Go #2. Said well was a producing well and
12 has ever since it was completed produced great quantities of gas.

13 7. By the terms of the two oil and gas leases referred to
14 above, which provide for a royalty of 1/8th, Plaintiff was entitled
15 to receive 1/4th of 1/8th of the proceeds of all gas produced from
16 said well, the same amounting to 3.125% of the production, less her
17 proportionate share of the production taxes.

18 8. The Defendants have failed to pay Plaintiff the royalty
19 due her for production for the months of February, March, April,
20 May and June 1974 in the net amount of \$7,649.84, although demand
21 has been made therefor.

22 9. The oil and gas leases referred to above, upon their
23 assignment to Defendants, constitute written contracts between
24 Plaintiff and Defendants whereby Defendants were obligated to pay
25 such royalty. Defendants have breached said contracts by failure
26 to pay such royalty and for that reason Plaintiff is entitled to
27 judgment against Defendants for \$7,649.84, plus interest on the
28 delinquent payments at 6% per annum.

29 10. The breach of contract by Defendants was wanton and
30 maliciously intentional in that they paid other royalty owners but
31 failed and refused to pay Plaintiff, thereby wrongfully depriving
32 her of her contract rights. For such reason, Plaintiff is entitled

1 to punitive damages in the amount of \$2,000.00.

2 11. The Defendants own and operate said gas well either as a
3 partnership or as joint adventurers and for such reason they are
4 jointly and severally liable to Plaintiff.

5 WHEREFORE, Plaintiff prays judgment against Defendants, as
6 follows:

- 7 1. For \$7,649.84, plus interest from the due date of each
8 delinquent installment at the rate of 6% per annum, and
9 2. For punitive damages in the amount of \$2,000.00, and
10 3. For costs.

11 SECOND AND ALTERNATIVE CAUSE OF ACTION

12 Plaintiff, for her claim for relief in this second and alter-
13 native cause of action, states:

14 1. Plaintiff adopts by reference and incorporates herein
15 paragraphs 1, 2, 3, 4, 5, 6, 7, 8, and 11 of the first cause of
16 action.

17 2. The royalty due Plaintiff, after deduction of production
18 taxes, was payable at regular monthly intervals, but the amount of
19 the same cannot be determined without considering the following
20 factors:

- 21 a. The amount of production delivered to the
22 pipeline each month.
23 b. The B.t.u. content of the gas so delivered.
24 c. The price per m.c.f. paid to Defendants for
25 the gas, and
26 d. The amount of production taxes chargeable to
27 Plaintiff.

28 3. By virtue of the foregoing, the claim of Plaintiff con-
29 stitutes an open account and Plaintiff is entitled to recover
30 attorney's fees pursuant to Section 18-1-37, N.M.S.A. 1953. Plain-
31 tiff alleges that reasonable attorney's fees are \$2,000.00.

32 WHEREFORE, Plaintiff, as an alternative to the first cause of

1 action, prays judgment against Defendants for

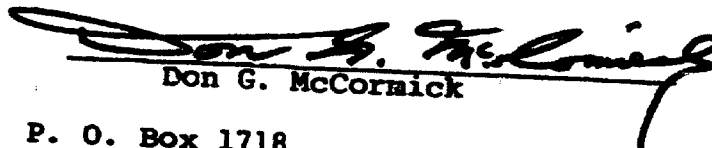
2 1. \$7,649.84, and

3 2. \$2,000.00 for attorney's fees, and

4 3. Costs.

5 MCCORMICK, PAINE and FORBES

6 By

7 
8 Don G. McCormick

9 P. O. Box 1718
10 Carlsbad, N. M. 88220

11 Attorneys for Plaintiff
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STATE OF NEW MEXICO,

County of Bddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30 day of June
in 1968 by Edna D. Pardue, Partner, in Pardue Farms, a Partnership, on behalf of
said Partnership.

My Commission Expires June 8, 1968

John M. Walker
Notary Public

STATE OF NEW MEXICO,

County of Bddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30 day of June
in 1968 by Dorothy Edgart Carlson

My Commission Expires June 8, 1968

John M. Walker
Notary Public

STATE OF NEW MEXICO,

County of Bddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30 day of June
in 1968 by Leona Stagner, widow

My Commission Expires June 8, 1968

John M. Walker
Notary Public

STATE OF

County of

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission Expires _____

Notary Public

By Clayton S. [Signature]
Deputy

Business Practices
County Clerk

I hereby certify that this instrument was filed for
record on June 11, 1968 at 11:30 a.m. and
A. D. 1968, at 11:30 a.m. and
was duly recorded in Book 171 at Page 534
of the Records of said County.

STATE OF NEW MEXICO
COUNTY OF Bddy

Term _____

No. of Acres _____
County, New Mexico

Section _____ Township _____ Range _____

Date _____, 19____

TO _____

FROM _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

TO _____

STATE OF NEW MEXICO

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____
by _____, President
of _____ a _____ corporation
on behalf of said corporation.

My Commission Expires _____

Notary Public

STATE OF _____

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

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

OIL AND GAS LEASE

THIS AGREEMENT made this 24 day of February 1965, between Willie L. Pierce, a widow, and Dorothy S. Carlson, a married woman, dealing in her sole and separate property

114 W. Church Street,
Carlsbad, New Mexico,
(Post Office Address)

have called lower (whether one or more) and E. S. Grear, have:
1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the proceeds of the lease herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, including gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things therein to produce, save, take care of, treat, process, store and transport said minerals.

The following described land is Eddy County, New Mexico, to-wit:

Township 22 South, Range 26 East, N. M. P. M.:

Section 13: SE 1/4 and SE 1/4 of SW 1/4;
Section 24: E 1/2 of NW 1/4.

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 274.46 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of eight (8) 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.

3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well, one-eighth of that produced and saved from said land, same to be delivered at the well or to the credit of lessee in the pipe line to which the wells may be connected; (b) on gas, including casinghead gas and all gas-bearing substances produced from said land and sold or used off the premises or in the manufacture of electricity or other product therefrom, the market value at the mouth of the well of one-eighth of the gas so sold or used, provided that on gas sold at the well the royalty shall be one-eighth of the amount realized from such sale; (c) and of any time when this lease is not validated by other provisions hereof and there is a gas well on said land, or land pooled therewith, but gas is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee or any assignee hereunder may pay or tender an advance annual royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party making such payment or tender, and so long as said advance royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Such payments may be paid or tendered to the depository bank and in the same manner as provided herein for the payment or tender of delay rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate

or, at both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 274.46 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of the same number of months, each during the primary term.

Payments or tender may be made to the lessor or to the Carlsbad National Bank

at Carlsbad, New Mexico, which bank, or any successor thereof, shall continue to be the agent for the lessor and lessee's heirs and assigns. If such bank (or any successor bank) shall fail, dissolve, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessee shall deliver to lessee a recordable instrument making provision for another acceptable method of payment or tender, and any depository change in a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessee, or any lessee if more than one, on or before the rental paying date.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or portions thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled for all hereunder shall not exceed forty (40) acres plus a tolerance of 10%, and units pooled for gas shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or acre in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land covered by this lease. Credit for their production shall be included in the unit production of surface acres in the land covered by this lease included in the unit. After deducting any used in lease or unit operations, which the number of surface acres in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production therefrom should cease for any cause, this lease shall not terminate if lessee commences drilling or additional drilling operations within 90 days thereafter and diligently prosecutes the same, or (if it is within the primary term) commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of production. If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted. If during the drilling or reworking of any well under this lease, lessee should abandon the hole or well and after diligent efforts in good faith is unable to complete said operations, then within 90 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessee's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. 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 lessee, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and a well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessee's consent. Lessee shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling house of any owner or owners and not needed for operations hereunder.

8. The rights of other party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, assigns, assigns, but no change or division in ownership of the land, rentals, or royalties, however accomplished, shall operate to release the obligations or diminish the rights of lessor; and no change or division in such ownership shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by registered mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original owner. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rental or royalty to the credit of such owner. In the event of an assignment of this lease so as to a successor portion of said land, the rentals payable hereunder shall be apportioned as between the several leasehold portions ratably according to the surface area of each, and default in rental payment by one shall not affect the rights of other leasehold portions hereunder. An assignment of this lease, in whole or in part, shall, to the extent of such assignment, release and discharge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rental due from such lessee or assignee or fail to comply with any other provision of the lease, such default shall not affect this lease in so far as it covers a part of said land upon which lessee or any assignee thereof shall so comply or make payment of said rentals.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then, while so prevented, lessee's duty shall be suspended, and lessee shall not be liable 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.

10. Lessee hereby warrants and agrees to defend the title to said land, and agrees that lessee, at his option, may discharge any tax, mortgage, or other lien upon said land, and in the event lessee does so, it shall be subrogated to such lien to enforce same and apportion rentals and royalties according hereunder toward satisfaction same. Without impairment of lessee's rights under the warranty, in the event of failure of title, it is agreed that if lessee owns an interest in said land less than the entire fee simple estate, then the rentals and royalties due lessee shall be reduced proportionately; should any one of more of the parties named above as lessee fail to execute this lease it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, his heirs, successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessee or his heirs, successors and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; however lessee shall be relieved from all obligations, expressed or implied, of this agreement to do so, or to convey or surrender, and thereafter the rentals payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Willie L. Pierce
(Willie L. Pierce)

Dorothy S. Carlson

P

FILED IN MY OFFICE
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY

IN MY OFFICE

STATE OF NEW MEXICO

FRANK J. MALCON
Clerk of the District Court

ROBERT O. GRIM, dba GRIM
DRILLING COMPANY,

Plaintiff,

v.

MICHAEL P. GRACE, II, and
CORINNE GRACE, dba GRACE
OIL COMPANY,

Defendants.

No. 30094COMPLAINT

Plaintiff, for his claim for relief, states:

1. Plaintiff is engaged in the well drilling business with his principal place of business at Belen, New Mexico.

2. Defendants were the owners of a Federal oil and gas lease in Sandoval County, New Mexico. On or about 28 October 1974, a written contract was entered into between Plaintiff and Defendants whereby Plaintiff agreed to drill a well on said lease at a location near Cuba, New Mexico. A copy of said contract is attached, marked Exhibit 1.

3. Said contract was signed on behalf of Defendants by Dale S. Carlson, who was and is their Chief Geologist, located in Albuquerque, New Mexico.

4. Plaintiff faithfully performed his contract and drilled said well from a depth of 235 feet to a depth of 2235 feet to a point 200 feet below the top of the Pictured Cliffs formation. Defendants had previously drilled said well to a depth of 235 feet to set surface casing. The well was unproductive and at the instruction of defendants was plugged and abandoned.

5. Defendants are indebted to Plaintiff in the amount of \$21,804.00 for the balance due on said contract, as follows:

Move in and move out	\$ 3,000.00
Drill from 235 to 2235 feet,	
2,000 feet at \$8.00	16,000.00
17 loads of water at \$10.00	170.00
7 loads of water, trucking at \$90	630.00
60 hours, logging, plugging, etc.	
at \$67.50	4,050.00
	<u>\$23,850.00</u>

1 Brought forward \$23,850.00
2 New Mexico Sales Tax 954.00
3 \$24,804.00
4 Less payment by Defendants
5 12-10-74 3,000.00
6 Balance due \$21,804.00

7 6. Said sum of \$21,804.00 became due to Plaintiff on 22
8 December 1974 and demand has been made for payment, which demand
9 has been refused by defendants.

10 7. The Defendants herein were either partners or joint
11 adventurers in the drilling of said well and for such reason are
12 jointly and severally liable under this contract.

13 WHEREFORE, Plaintiff prays judgment against the defendants for
14 the sum of \$21,804.00, plus interest at 6% per annum from 22 De-
15 cember 1974, and for costs.

16 McCORMICK, PAINE AND FORBES

17 By

18 
19 Don G. McCormick

20 P. O. Box 1718
21 Carlsbad, New Mexico 88220

22 Attorneys for Plaintiff
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Oct. 28
1974

Contract for drilling @ Cuba
w/ Grace Oil Co. + Grim drilling

Grim agrees to furnish a 200p Wagner GD
to drill to approx 2000 feet at 8.00 per foot.

Grace agrees to furnish bits, pits, mud
+ water, Blow out Preventer + fishing tools.

move in + move out charge \$3,000

Standby time @ 7.50 per hour

Grace agrees to, bad conditions weather etc. furnish
Cat etc. to keep roads open so continuous drilling
operations can be performed.

John B. Wagner
Grace Oil Co.

Robert O. Grim
Grim Drilling Co.

9551 - 5
D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FILED MAR - 4 1975 IN MY
11:00 am OFFICE
FRANCES M. WILCOX
Clerk of the District Court

PENNZOIL COMPANY,
a Corporation,

Plaintiff,

vs.

MICHAEL P. GRACE II and
CORINNE GRACE,

Defendants.

No. 30251

COMPLAINT

COUNT I

Plaintiff, for its first claim against the Defendants, states:

1. Plaintiff is a Pennsylvania corporation, duly authorized to transact business in the State of New Mexico. The lands involved in this action are situate wholly within Eddy County, New Mexico, and the cause of action originated and the indebtedness sued upon was incurred in Eddy County, New Mexico.

2. Defendants are nonresidents of the State of New Mexico and are of the class of persons contemplated by Section 21-3-16, New Mexico Statutes, 1953 Annotated, by virtue of the transaction of business within the State of New Mexico and are subject to the jurisdiction of this Court by personal service of process outside the State of New Mexico.

3. On or about September 29, 1971, Plaintiff and Defendants entered into a certain Farmout Agreement relating to oil and gas exploration as to the lease referenced in said Agreement, a copy of said Farmout Agreement being attached hereto as Exhibit "A" and incorporated herein by reference.

4. Following the execution of the Farmout Agreement above referenced, the acreage referred to therein was pooled with other acreage to form a drilling unit comprising the N $\frac{1}{4}$ of Section 24, Township 22 South, Range 26 East, upon which the Defendants as Operator drilled a gas well known as the No. 2 GoPoGo Well.

5. Following the completion of the No. 2 GoPoGo Well and in conformance with the terms of the Farmout Agreement attached as Exhibit "A", Plaintiff executed an Assignment of the Oil and Gas Lease referred to in the Farmout Agreement to Defendants on December 19, 1972, a copy of which is attached hereto as Exhibit "B" and incorporated herein by reference. Following payout of the No. 2 GoPoGo Well as contemplated in Exhibit "B", Plaintiff exercised its option to exchange the overriding royalty interest reserved to a 1/2 working interest in the oil and gas lease assigned to Defendants, resulting in Plaintiff's owning a gross working interest of 12.50000% in the proration unit assigned to said well.

6. Following payout of the well and until May 4, 1974, Plaintiff sold its production from the No. 2 GoPoGo Well to Transwestern Pipeline Company under permit from the Federal Power Commission to make such sale in interstate commerce. On May 4, 1974, the Federal Power Commission permit authorizing Plaintiff to sell its share of the gas production terminated and was not again reinstated until September 1, 1974. During the entire period from May 4, 1974 until September 1, 1974, Defendants produced Plaintiff's share of gas production from the well in question and sold such gas, retaining all of the proceeds without any accounting to Plaintiff.

7. For the period of time and during which Defendants produced and sold Plaintiff's share of gas production from the well, the total amount of gas attributable to Plaintiff's interest in the well and sold by Defendants amounted to 83,452 Mcf, all as more particularly evidenced by a calculation of deliveries from May 4, 1974 to September 1, 1974 attached hereto as Exhibit "C" and incorporated herein by reference.

8. Plaintiff is informed and upon information and belief alleges that the average price received by Defendants for Plaintiff's gas production was 47.7285¢ per Mcf for the time period in question, resulting in a principal sum due from Defendants to Plaintiff in the amount of \$39,830.39.

9. Plaintiff has made repeated demands on Defendants for payment of the aforesaid open account but Defendants have failed and refused to pay said account or any part thereof.

10. In addition to the principal sum of said account aforesaid, Plaintiff is entitled to recover interest on said account as provided by law.

11. Because of Defendants' failure and refusal to pay the sums due on this account, it has become necessary for Plaintiff to place this account in the hands of its undersigned attorneys for collection, by reason whereof Plaintiff is entitled to recover from Defendants a reasonable attorney fee.

WHEREFORE, Plaintiff Pennzoil Company prays that it have and recover judgment against the Defendants Michael P. Grace II and Corinne Grace, jointly and severally, for the sum of \$39,830.39, together with interest accrued thereon as provided by law, for reasonable attorney fees, all costs of this action, and for such other and further relief which to the Court may seem proper and just.

COUNT II

Plaintiff, for its second claim against Defendants, states:

1. Plaintiff incorporates by reference the allegations contained in Paragraphs 1 through 7 of Count I the same as though herein fully set forth.

2. That at all times Plaintiff was the owner of the aforesaid part of gas production from the No. 2 GoPoGo Well and entitled to an immediate accounting from Defendants for the reasonable value thereof.

3. That the failure and refusal of Defendants to account to Plaintiff for the reasonable value of its interest in the production from said well amounts in law to a conversion.

4. That the reasonable value of Plaintiff's share of production in said well, which Defendants have converted to their own use, is \$39,830.39.

5. Defendants' failure and refusal to account to Plaintiff for the proceeds of Plaintiff's gas production from the well in question is malicious and intentional and in reckless disregard of Plaintiff's rights in the premises, as a consequence of which Plaintiff is entitled to recover punitive damages against Defendants in the sum of \$100,000.00.

WHEREFORE, Plaintiff prays that it have and recover judgment of and from the Defendants Michael P. Grace II and Corinne Grace, jointly and severally, for compensatory damages in the amount of \$39,830.39, for punitive damages in the amount of \$100,000.00, together with costs incurred in this action and for such other and further relief which to the Court may seem proper and just.

HINKLE, BONDURANT, COX & EATON

By


Attorneys for Plaintiff

P. O. Box 10

Roswell, New Mexico 88201

PENNZOIL UNITED, Inc.

WESTERN DIVISION OFFICE • WALL TOWERS WEST - MIDLAND, TEXAS • PHONE (915) 682-7316
MAILING ADDRESS: P. O. DRAWER 1828 MIDLAND, TEXAS 79701

September 29, 1971

Mrs. Corinne Grace
and Mr. Michael P. Grace II
P. O. Box 1418
Carlsbad, New Mexico 88220

Re: SOUTH CARLSBAD AREA
Eddy County, New Mexico

Dear Mr. and Mrs. Grace:

This will evidence our agreement to assign to you ^{our} ~~the~~ interest in and to our lease as hereinafter described, insofar as said lease both covers oil and gas and the W/2 NW/4 Section 24, T-22-S, R-26-E, N.M.P.M., subject to the following terms and conditions:

Pennzoil Lease No. 17891-00
Lessor: John W. Moore et ux
Lessee: David J. Sorenson
Dated: April 10, 1970

It is understood and agreed that within 60 days from date you will commence actual drilling of an initial well at a location of your choice on the NE/4 of Section 24, T-22-S, R-26-E, N.M.P.M., and thereafter drill the same with due diligence to a depth sufficient to adequately and conclusively test the Morrow formation expected to be encountered at 12,000 feet below the surface, or to granite or other impenetrable substance at a lesser depth. In the event you encounter difficulties in drilling the initial well, you may abandon the same and within 20 days thereof commence a substitute well on the same tract, which substitute well shall be drilled under the same terms and conditions as provided herein in regard to the initial well.

We shall have the following options with regard to the above noted wells:

- (1) At casing point in the Morrow formation, we are to be promptly furnished with copies of all logs and an estimate of drilling costs. We shall then have 24 hours exclusive of Sundays and holidays in which to elect to participate in the well as a working interest owner. In the event we elect to so participate, we shall be obligated to pay our proportionate part of all drilling and related costs

EXHIBIT "A"

Mrs. Corinne Grace
and Mr. Michael P. Grace II
September 29, 1971
Page No. 2

(including testing and logging) from the time of commencement of the well. All operations will then be subject to an Operating Agreement to be promptly executed by the parties hereto on the same form as Exhibit "B" attached hereto and made a part hereof.

- (2) In the event we do not elect to participate as a working interest owner as set out under (1) above, we agree that upon our being furnished with satisfactory evidence of the completion of the initial (or substitute) well in full compliance with all terms and conditions of this agreement as a commercial producer, we will assign to you our above noted lease, insofar as the same covers the W/2 NW/4 Section 24, T-22-S, R-26-E, N.M.P.M., and further limited to 100 feet below total depth drilled. Such assignment will reserve to us an overriding royalty free and clear of all costs and expenses of 1/8 of 8/8 of all production (which override will absorb any burdens in excess of the usual 1/8 royalty to the end that you will be assigned a 75% net revenue interest). We shall have the right at payout to convert said override to an undivided 1/2 working interest in the well, the production therefrom or attributable thereto, and all personal property including but not limited to casing and surface equipment used in connection therewith.

"Payout" as used herein shall mean you agree to keep accurate books on the initial or substitute well (depending upon which well may earn our leases pursuant to the terms hereof hereinafter called "earning well") of the cost of drilling, testing, completing, equipping and operating and when your net working interest production repays such costs then it shall be considered said well has "paid out". Each six months during the payout period you shall furnish us a statement reflecting the charges and credits to the payout account. At such time as the earning well pays out you shall notify us in writing and we are to have 60 days in which to elect to retain or convert our said override as provided above. Should we elect to convert said override then such conversion shall be effective as of the date of payout. In the event of our election to convert said override to a 1/2 working interest as herein provided, we shall promptly enter into a Joint Operating Agreement on the form attached hereto and marked Exhibit "B".

Mrs. Corinne Grace
and Mr. Michael P. Grace II
September 29, 1971
Page No. 3

Notwithstanding anything stated herein to the contrary, it is understood and agreed that our acreage will not be earned pursuant to the terms hereof until you have formed a valid pooled unit approved by our attorneys covering the N/2 of said Section 24.* Our reserved 1/8 override and contingent 1/2 working interest shall both be proportionately reduced to accord to our acreage located within such pooled unit.

It is understood and agreed that in drilling any well hereunder you will comply with the terms of said oil and gas lease and with all applicable laws, rules and regulations. Nothing contained herein shall be deemed to create a partnership or joint venture between you and us, and said wells are to be drilled and completed as commercial producers, or plugged and abandoned as dry holes at no risk, liability or expense to us. You further agree to indemnify and save us harmless from any liability that might arise in connection with any operations hereunder.

You agree to keep an accurate log of each well, to drill the same in good faith effort to discover oil or gas, and to test adequately to our satisfaction all oil or gas shows encountered. You will specifically comply with all requirements set out in Exhibit "A", attached hereto and made a part hereof.

All assignments delivered hereunder will be made without warranty of title, either express or implied. In the event any delay rentals are paid by us on the above described acreage while this letter is in force and effect, you shall promptly reimburse us for 100% of such payments. This provision shall not render us liable for inadvertent failure to pay such rentals. You shall render and pay all ad valorem taxes, if any, as to any acreage earned hereunder and all equipment appurtenant thereto. In the event oil or gas is produced by you from said land, you shall pay to the royalty owners all royalties on account thereof and shall save, hold and protect us from all liability on account of obligations accruing to the royalty owners on account of the production of oil and/or gas from said lands as to the depth earned hereunder. You shall have the right and privilege at any time while not in default of any of the terms and conditions of this agreement to surrender and relinquish the same to us as to all or any portion of the lands covered by this agreement, and upon the execution and delivery to us of any such surrender or relinquishment, you shall then be relieved from liability thereafter accruing as to the land covered by such surrender or relinquishment; provided, however, you shall remain responsible for all obligations or liabilities of any kind or nature which may have accrued under the terms of said lease or this agreement as to said land up to the time of surrender or relinquishment. For all

*See bottom of Page 4

Mrs. Corinne Grace
and Mr. Michael P. Grace II
September 29, 1971
Page No. 4

purposes of this section, written notice by registered mail shall be given to our office at 500 Wall Towers West, Midland, Texas.

You agree to furnish us one copy of all title opinions or division order title opinions which you might have written in regard hereto.

Failure on your part to comply with any of your obligations as herein set out shall relieve us of the obligation to make assignments hereunder.

If the foregoing correctly sets out your understanding of our agreement, please evidence your acceptance by returning within 10 days from the date hereof one copy of this letter with your signature affixed in the space provided. Our failure to receive an accepted copy within 10 days will give us the option of cancelling this agreement, or granting you additional time within which to accept it.

Very truly yours,

PENNZOIL UNITED, INC.

By: [Signature]
Vice President



AGREED TO AND ACCEPTED:
8th day of October, 1971.

[Signature]
CORINNE GRACE

[Signature]
MICHAEL P. GRACE II

*Said unit has been validly created subject to the terms and provisions of NMOCC pooling authorization dated September 16, 1971.

ASSIGNMENT OF OIL AND GAS LEASES

This Assignment made and entered into this 19th day of December, 1972, effective as of date of first runs, by and between Pennzoil Company, formerly Pennzoil United, Inc., P. O. Drawer 1828, Midland, Texas, hereinafter referred to as "Pennzoil", and Michael P. Grace II and Corinne Grace, his wife, P. O. Box 1418, Carlsbad, New Mexico, hereinafter referred to as "Grace".

W I T N E S S E T H :

In consideration of the sum of ten and other cash dollars and the covenants herein contained, the parties agree as follows:

1. Pennzoil hereby grants, assigns and conveys to Grace that certain Oil and Gas Lease dated April 10, 1970, from John W. Moore et ux to David J. Sorenson, recorded in Book 72, Page 913, Miscellaneous Records of Eddy County, New Mexico, insofar only as said lease covers the W/2 NW/4 Section 24, T-22-S, R-26-E, N.M.P.M., Eddy County, New Mexico from the surface to a depth of 12,112 feet below the surface, together with all rights, privileges and personal property thereunder, appurtenant thereto, or used in connection therewith. The lands to the depth specified are hereinafter referred to as "said lands".

2. Pennzoil hereby excepts and reserves an overriding royalty of $1/8$ of $8/8$ of the market value at the wells as produced of all the oil and gas which may be produced, saved and marketed from said lands under the terms of the above lease or any extensions or renewals thereof. The overriding royalty shall be computed and paid at the same time and in the same manner as royalties payable to the lessors under the terms of the above lease is computed and paid. The overriding royalty shall (a) be the total overriding royalty for which Grace shall be obligated and shall include all existing overriding royalties and obligations payable out of production from said lands under said lease, (b) be proportionately reduced if this

EXHIBIT "B"

assignment grants to Grace less than the entire oil and gas leasehold estate in said lands, and (c) be subject to any pooling agreement or governmental order forming a well spacing or proration unit under the rules and regulations of the New Mexico Oil Conservation Commission, and in such event the overriding royalty shall be computed and paid on the basis of the oil and gas allocated to said lands pursuant to the terms of the pooling agreement or governmental order.

3. At such time as Grace has recovered out of his net working interest production the cost of drilling, testing, completing, equipping and operating the GoPoGo No. 2 well located in the SW $\frac{1}{4}$ NE $\frac{1}{4}$ Section 24, Township 22 South, Range 26 East, N.M.P.M., Grace will so notify Pennzoil in writing. Within 60 days after receipt of such notice Pennzoil shall have the option to exchange said overriding royalty for an undivided 1/2 interest in the oil and gas lease assigned hereby. The option shall be exercised by written notice to Grace, and thereupon Grace shall execute and deliver to Pennzoil a good and sufficient assignment of the interest which shall be effective as of the day of payout. If Pennzoil exercises its option, the parties will enter into a joint operating agreement on a form to which the parties have previously agreed. It is understood that a spacing and proration unit for the GoPoGo No. 2 well has been established comprising the N $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East, N.M.P.M., that the lease hereby assigned is subject to such unit, and that if Pennzoil elects to exercise its option, it as a consequence will acquire a working interest in the well and in the production therefrom and will acquire an interest in all personal property (including but not limited to casing and surface equipment) used in connection therewith.

During the payout period Grace will maintain true and correct books showing the cost and expense incurred by him in connection with the well and the production therefrom, and such books shall at all reasonable times be open for inspection and audit by Pennzoil.

At least once every . months Grace shall furnish Pennzoil a detailed statement clearly reflecting the cost incurred by Grace with regard to the well and the production therefrom during the preceding six month period and also reflecting the unrecovered amount of the cost and expense incurred by Grace in connection with the well. Not less than 60 days prior to the first day of the month during which Grace anticipates that the well will payout, Grace will give Pennzoil written notice of such anticipation.

This Assignment is made without warranty of title, either express or implied, and is made subject to that certain Farmout Letter Agreement dated September 24, 1971, between Pennzoil and Grace.

ATTEST:

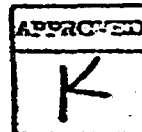
W. E. Gipson
Assistant Secretary

PENNZOIL COMPANY

By: W. E. Gipson
Vice President

Michael P. Grace II
MICHAEL P. GRACE II

Corinne Grace
CORINNE GRACE



THE STATE OF TEXAS

X
X ss.
X

COUNTY OF HARRIS

The foregoing instrument was acknowledged before me this 9th day of December, 1972, by W. E. Gipson, Vice President of PENNZOIL COMPANY, a Delaware corporation, on behalf of said corporation.

My Commission Expires:
June 1, 1973

Roselle Ashworth
Notary Public

ROSELLE ASHWORTH
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1973

THE STATE OF ~~NEW MEXICO~~ ^{ARIZONA}

X
X ss.
X

COUNTY OF ~~EBBY~~ ^{MARICOPA}

The foregoing instrument was acknowledged before me this 9th day of JULY, 1973, by MICHAEL P. GRACE II and CORINNE GRACE, his wife.

My Commission Expires:
My Commission Expires Mar. 20, 1976

John J. Schuster
Notary Public

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 11 day of July 1973 at 11:30 o'clock A.M. and duly recorded in book 53 of the Records of Maricopa.

GOPOSO #2

Calculation of over/(under) deliveries from May 4, 1974 to September 1, 1974

Month	W.I. Owner	Interest	Volume Due	Volume Taken	Over/(Under) Current	Over/(Under) Cumulative
May	Grace	.875000	174,509	193,578	19,069	19,069
	Pennzoil	.125000	24,930	5,861	(19,069)	(19,069)
			199,439	199,439		
June	Grace	.875000	161,039	184,045	23,006	42,075
	Pennzoil	.125000	23,006	0	(23,006)	(42,075)
July	Grace	.875000	143,724	164,256	20,532	62,607
	Pennzoil	.125000	20,532	0	(20,532)	(62,607)
August	Grace	.875000	145,917	166,762	20,845	83,452
	Pennzoil	.125000	20,845	0	(20,845)	(83,452)

Pennzoil share to balance .125000 + 25% 87.5% (21.875) = .34375

At present flow rate will require approximately 3 months to balance

EXHIBIT C

D 9869-S
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY
FILED MAR 1 1974 PM 1:45
FRANCIS J. WILSON
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

McCAUSLAND AVIATION, INC.,
a corporation,

Plaintiff,

vs.

No. 30265

MICHAEL P. GRACE, II,

Defendant.

COMPLAINT

COMES NOW, Plaintiff and by its attorneys states:

1. That Plaintiff is a New Mexico corporation whose principal place of business is located in Eddy County, New Mexico; that Defendant is a resident of Carlsbad, Eddy County, State of New Mexico.
2. That on December 1, 1973, Plaintiff and Defendant entered into an Agreement for the lease of a certain airplane, all as set forth on Exhibit "A", attached hereto and incorporated herein.
3. That Defendant is indebted to Plaintiff pursuant to said Agreement and the unpaid balance owing to Plaintiff is \$13,712.72, as set forth on Exhibit "B" attached hereto.
4. In order to collect the said indebtedness, Plaintiff has been required to employ its attorneys herein and should be awarded reasonable attorneys' fees therefor.

WHEREFORE, Plaintiff prays for judgment against the Defendant in the sum of \$13,712.72, plus interest and attorneys' fees as allowed by law, costs of this action and for such other

and further relief as to the Court may seem just and proper.

SCHLENKER, PARKER, PAYNE & WELLBORN,
A Professional Association

By Charles I. Wellborn
Charles I. Wellborn
P. O. Box 925
Albuquerque, New Mexico 87103

VERIFICATION

STATE OF NEW MEXICO)
COUNTY OF BERNALILLO) ss.

COMES NOW, CLAUDE M. McCAUSLAND, upon his oath, duly sworn, and states that he is President of McCAUSLAND AVIATION, INC., that he has read the foregoing Complaint, that he has personal knowledge of the facts set forth therein, and the same are true.

Claude M. McCausland
CLAUDE M. McCAUSLAND

SUBSCRIBED AND SWORN TO before me this 28th day of FEBRUARY, 1975.

Sylvia B. Hill
Notary Public

My commission expires:

Aug. 22, 1976

LEASE CONTRACT

1. This contract entered into this 1st day of December, 1973 between Claude ^{on} McCausland dba McCausland Aviation, Inc. and Michael P. Grace II witnesseth, ^{MPG} McCausland, hereinafter hereby charters to Grace that one certain airplane Cessna 310 N-5101-K ~~for a period of 30 days~~ from the date of this contract. ^{can} ^{MPG}
2. Grace will pay McCausland for the exclusive charter of said airplane the sum of \$4500.00 monthly computed on the basis of a minimum of 60 hours per month ^(Hour Meter) at the rate of \$75.00 per hour, taken from recording tach, and any excess hours will be charged and credit may be taken on any month that less than 60 hours is flown. ^{can} ^{MPG}
3. McCausland hereby agrees to owe pilot of said plane \$10.00 per hour for his actual flying time which can be deducted from the \$4500.00 as outlined below.
4. McCausland Aviation, Inc. will furnish Grace the Cessna 310 and will maintain ^{and services} said airplane, fuel, equipment, etc. and all accessories/as has been furnished in accordance with practice between the parties heretofore. ^{can} ^{MPG}
5. McCausland Aviation, Inc. will pay \$600.00 per month of the pilot's salary for the Grace's plane, and at the end of each two (2) month period an average will be computed and any hours over the 60 hours will be credited to Grace at \$10.00 per hour or Grace ^{can} ~~will~~ pay the above salary against credit as above.
6. Grace's pilot will advise McCausland when necessary maintenance is needed and will allow McCausland sufficient and reasonable time to perform same, although he may fly other aircraft in the interim.
7. McCausland will continue to furnish the same insurance as has been furnished in the past on said airplane.
8. In view of an impending fuel shortage any increase of gas & oil charges after this contract is entered into will be charged back to Grace unless Grace

EXHIBIT A

can supply the same otherwise.

9. In the event McCausland does not have adequate equipment, except as outlined in Paragraph 8, to furnish Grace with the transportation he desires then McCausland shall have the option to rent such equipment from any other sources he shall desire so long as the equipment is comparable to the equipment herein mentioned, and if McCausland does not timely fulfill this option then Grace shall have option to rent such equipment as he desires and credit same.

10. It is agreed between parties hereto that notice of the termination of this contract may be made on 30 days written notice given by either party ^{heretofore} and upon ^{con} _{MPG} expiration of 30 days this contract will be terminated.

Charles McCausland, President
McCausland Aviation, Inc.

Michael P. Grace
Michael P. Grace

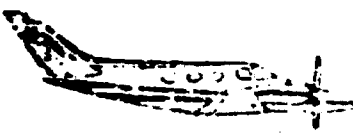
STATEMENT

McCausland Aviation, Inc.

CAVENDISH AIR TERMINAL

HEAVEN M

CARLSBAD, NEW MEXICO 88220



1500 685 5236

MR. & MRS. MICHAEL P. GRACE
P. O. BOX 1468
CARLSBAD, NEW MEXICO 88220

2012 10/25/14

ALL TRANSACTIONS MADE AFTER
THE ABOVE DATE WILL APPEAR
ON NEXT MONTH'S STATEMENT

TO INSURE PROPER CREDIT, PLEASE RETURN UPPER PORTION OF THIS STATEMENT WITH YOUR REMITTANCE.

NO.	DAY	MONTH	DESCRIPTION	AMOUNT
			PREVIOUS BALANCE	14,170.24
9	10	18263	PAYMENT - THANK YOU	6,000.00
9	11	18265	CREDIT MEMO	610.74
9	24	18348	PAYMENT - THANK YOU	5,000.00
9	1	18429	Charge	5,016.87
10	1	18430	Charge	6,126.35
Total				13,712.72

STATE OF
OF CARLSBAD

McCausland Aviation, Inc.

CARLSBAD, N.M. 88220

EXHIBIT "B"

9870-5
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

COUNTY FILED EDDY- 7 1975 IN MY
1:40 P.M. OFFICE
FRANCES M. WILCOX
Clerk of the District Court

STATE OF NEW MEXICO

IN THE DISTRICT COURT

CLAUDE M. McCAUSLAND,
Plaintiff,

vs.

No. 30266

MICHAEL P. GRACE and
CORINNE GRACE, his wife,

Defendants.

COMPLAINT

COMES NOW, Plaintiff, and states:

1. Plaintiff is a resident of Carlsbad, Eddy County, New Mexico, at all times material hereto defendants were residents of Carlsbad, Eddy County, New Mexico, and the transactions referred to herein took place in Carlsbad, Eddy County, New Mexico.

2. On or about September 2, 1972, plaintiff and defendants agreed by an agreement in writing that plaintiff would assist defendants in acquiring oil and gas leases on various tracts of land located in Eddy County, New Mexico, and as payment for plaintiff's services, defendants were to assign to plaintiff an overriding royalty equal to one thirty-second (1/32) of the market value at the wells as produced of all oil and gas and other hydrocarbon substances produced from each of the parcels of land on which oil and gas leases were obtained. Copies of the aforesaid agreement are attached hereto as Exhibit "A" and Exhibit "B" and incorporated herein. Exhibit "A" contains the signature of defendant Michael P. Grace and Exhibit "B" contains the signature of defendant Corinne Grace.

3. During the years 1972-1974, plaintiff pursuant to this agreement obtained for defendants oil and gas leases on more than a thousand tracts of land located in Eddy County,

New Mexico, and as to each, prepared for defendants' signatures a royalty assignment from defendants to plaintiff in accordance with the aforesaid agreement.

4. A large number of these royalty assignments were duly executed by each of the defendants and the same were duly recorded in the office of the County Clerk of Eddy County, New Mexico.

5. Two hundred twenty-five (225) such royalty assignments were executed by defendant Michael P. Grace only and then delivered to the plaintiff. Upon being advised that in order to have legal effect the same should be signed also by the defendant Corinne Grace, the same were returned by plaintiff to the defendant Michael P. Grace with the request that he obtain thereon the signature of defendant Corinne Grace and defendant Michael P. Grace agreed to do so. Despite repeated requests that the same be executed by her and returned to the plaintiff, and despite repeated assurances by each of the defendants that the same would be executed and returned to him, such royalty assignments have not been returned to the plaintiff and apparently not yet executed by the defendant Corinne Grace. A copy of one such royalty assignment is attached hereto and incorporated herein as Exhibit "C". Only one such assignment is attached hereto inasmuch as all such assignments are identical in all respects except as to the dates thereof and the tracts of land described therein. Each of the tracts of land described in the aforesaid royalty assignments is described on Exhibit "D" which is attached hereto and incorporated herein.

6. All other royalty assignments prepared by plaintiff which were to be executed by the defendants pursuant to the aforesaid agreement between plaintiff and defendants have been submitted to defendants Michael P. Grace and Corinne Grace

for their signatures but despite repeated requests therefor, and repeated assurances that the same would be forthcoming, none of said royalty assignments has been returned to the plaintiff and apparently none has been executed by either of the defendants. A copy of one such royalty assignment is attached hereto and incorporated herein as Exhibit "E". Only one such assignment is attached hereto inasmuch as all such assignments are identical in all respects except as to the dates thereof and the tracts of land described therein. Each of the tracts of land described in the aforesaid royalty assignments is described on Exhibit "F" which is attached hereto and incorporated herein.

7. The breach of the agreement between plaintiff and defendants by defendants has been willful, wanton and malicious and plaintiff is entitled to punitive damages therefor and to examine the financial ability of defendants to pay punitive damages.

WHEREFORE, plaintiff prays that the agreement between plaintiff and defendants be specifically enforced by order of this court and that plaintiff be awarded punitive damages against defendants in the amount of \$100,000.

SCHLENKER, PARKER, PAYNE & WELLBORN,
A Professional Association

By



Charles I. Wellborn
P. O. Box 925
Albuquerque, New Mexico 87103

Michael P. Grace II
Corinne Grace
P. O. BOX 1410
CARLSBAD, NEW MEXICO 88220
September 2, 1972

CENTRAL

Agreement between Claude McCausland and Michael P. Grace
dated September 2, 1972:

They agree as follows:

They will seek out and negotiate with owners of land
for lease of the oil and gas rights. This is to be done
as soon as possible.

and time and terms on

will set the price to be paid/each oil and gas lease
and will furnish contracts and moneys to complete leases.

As to
the service furnished by McCausland the Graces will
pay it to McCausland at the time the contract
is made.

Leases that are under way at this time are with:

1. R. U. Boyd for 80 acres
 2. Lee Voigt 32 acres
 3. Carlsbad School District for 80 acres
 4. Bill Ragle for 110 acres
 5. Stryers Motel for 9 acres
 6. City of Carlsbad for all unleased acre
- Note the city land will be on a Bid basis

Michael P. Grace
Michael P. Grace

Corinne Grace
Corinne Grace

Claude McCausland
Claude McCausland

EXHIBIT "A"

Michael P. Grace II
Corinne Grace
P. O. BOX 1418
CARLSBAD, NEW MEXICO 88220

September 2, 1972

CONTRACT

This agreement made between Claude McCausland and Michael P. and Corinne Grace this 2nd day of September, 1972:

The parties hereby agree as follows:

1. McCausland will seek out and negotiate with owners of land available for lease of the oil and gas rights. This is to be done for the Graces.
2. Grace will set the price to be paid each oil and gas lease. Graces will furnish contracts and moneys to complete leases.
3. For this service furnished by McCausland the Graces will transfer $1/32$ royalty per acre to McCausland at the time the contract is filed.
4. Negotiations that are under way at this time are with:
 1. R. U. Boyd for 80 acres
 2. Lee Voigt 32 acres
 3. Carlsbad School District for 80 acres
 4. Bill Bogle for 110 acres
 5. Stevens Motel for 9 acres
 6. City of Carlsbad for all unleased acresNote the city land will be on a Bid basis

Michael P. Grace

Corinne Grace

Corinne Grace

Claude McCausland

Claude McCausland

EXHIBIT "B"

ROYALTY ASSIGNMENT

This assignment made and entered into this 25th day of April, 1973,

by and between M. P. Grace and Corinne Grace, His wife
herein referred to as assignor, (whether one or more) and Claude McCausland

hereinafter referred to as assignee, (whether one or more).

WITNESSETH:

The undersigned assignor for and in the consideration of the sum of \$10.00 and other good and valuable considerations to assignor in hand paid by said assignee, the receipt whereof is hereby confessed and acknowledged, does hereby sell, assign, transfer, set over and convey unto said assignee, heirs, personal representatives (or its successors)

and assigns, an overriding royalty equal to One thirty-second
of the market value at the wells as produced of all of the oil and gas and other hydrocarbon substances which may be
produced, saved and marketed from the following described lands situated in the County of Eddy

State of New Mexico to-wit:

F.C. Aschbacher and Ada C. Aschbacher

That portion of the $SE\frac{1}{4}$ $SW\frac{1}{4}$ $NW\frac{1}{4}$ of Section 1, Township 22 South, Range 26 East, N.M.P.M.; Bounded and described as follows:

Beginning at a point on the South line of the $SW\frac{1}{4}$ $NW\frac{1}{4}$ of said Section; which point is 345 feet East of the Southwest corner of the $SE\frac{1}{4}$ $SW\frac{1}{4}$ $NW\frac{1}{4}$ of said Section; Thence North on a line parallel to the west boundary line of said Section a distance of 420 feet; thence East on a line parallel with the North boundary line of said Section a distance of 105 feet; thence on a line parallel with the west boundary line of said Section to the south boundary line of the $SW\frac{1}{4}$ $NW\frac{1}{4}$ of said Section; thence west along south boundary line a distance of 105 feet to the place of beginning; consisting of 1.1 Acres, more or less.

Commencing at a point which is 240' East and 30' North of the SW corner of the $SE\frac{1}{4}$ of the $SW\frac{1}{4}$ of the $NW\frac{1}{4}$ of Section 1, Township 22 South, Range 26 East; thence North 390 feet parallel with the Subdivision line; thence East 105' parallel with the subdivision line; thence South 390' parallel with the subdivision line; thence west to the place of commencement, in the City of Carlsbad, Eddy County, New Mexico; consisting of 1.1 Acres.

Beginning at the NE corner of Lot (3) Block "B" Swigart's Addition in $SE\frac{1}{4}$ of Section 1, Township 22 South, Range 26 East, N.M.P.M.; West 50'; South parallel to the lot line 100 feet; East 50' to the East line of lot 3, thence North to the beginning; consisting of 1 lot, more or less;

East 19' of West 150' of North 70' of Lot (6) and the West 131' of North 70' of Lot (6), Block "A", Halls Amended addition to the city of Carlsbad, New Mexico as shown on the official Plat filed in the office of the county clerk of Eddy County, New Mexico; consisting of 1.1 lots, more or less.

South 50' of Lot (5) Block "A", Halls Amended Addition to the City of Carlsbad, New Mexico, as shown on the official Plat filed in the office of the County Clerk of Eddy County, New Mexico; consisting of 1 lot, more or less.

Lots (31) and (32) Block "20", Hillside Addition to the City of Carlsbad, New Mexico, as shown on the official Plat filed in the office of the County Clerk of Eddy County, New Mexico; Consisting of 2 lots, more or less.

Total properties listed consist of 5.4 lots and 2.2 Acres, more or less.

My commission expires Sept 10, 1975

Notary Public

STATE OF _____

County of _____

EXHIBIT "C"

_____ of said County.

County Clerk

I hereby certify that this instrument was filed for
record on the _____ day of _____ A. D., 19____

By _____, Deputy

at _____ o'clock; _____ m., and duly recorded in

Rec. No. _____ Fees, \$ _____

Book _____ of the _____

Return to _____

Lot (10) Block "1", Alta Vista #2 Addition to the City of Carlsbad, New Mexico, as shown on the official Plat filed in the office of the County Clerk of Eddy County, New Mexico; All that portion of the NE1/2 of Section 13, Township 22 South, Range 27 East, known as Tracts #10, 11, 12 and that portion of Tract 13 being north of the canal across said land; Tract being of irregular measurements the size of 310' x 265' was secured from the Tax Assessor's Office. Consisting of 1.04 acres, more or less.

Lot (39), Block 214, Tracy Addition to the City of Carlsbad, Eddy County, New Mexico, together with all of Lessors interest in the adjoining and abutting streets and alleys, consisting of 0.53 acres more or less; and

Lots (47) and (49), Block 214, Tracy Addition to the City of Carlsbad, Eddy County, New Mexico. Consisting of 2 lots and 0.53 acres more or less.

The East Half of Lot (6), Block "12", Greene's Highland Addition to the City of Carlsbad, Eddy County, New Mexico.

Lots (6) and (7) Block "1" Bindles #2; to the City of Carlsbad, Eddy County, New Mexico, consisting of 2 acres more or less.

East 235 feet of Lot 7, Block 8, LaHuerta, less the North 120 feet thereof, together with 1 acre water right under the Carlsbad Irrigation District, subject to existing easements for roads, subject to existing easements for roads; to the City of Carlsbad, Eddy County, New Mexico; consisting of 1 1/2 acres more or less.

Lot (39), Block 214, Tracy Addition to the City of Carlsbad, Eddy County, New Mexico, together with all of Lessors interest in the adjoining and abutting streets and alleys, consisting of 0.53 acres more or less; and

Lots (47) and (49), Block 214, Tracy Addition to the City of Carlsbad, Eddy County, New Mexico. Consisting of 2 lots and 0.53 acres more or less.

The East Half of Lot (6), Block "12", Greene's Highland Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (9), Block "70" Lowe Addition to the City of Carlsbad, Eddy County, New Mexico.

The South 110 feet of Lots (2) and (4), Block "19", of Gibson's Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (24) Block "217", Tracy Addition to the City of Carlsbad, Eddy County, New Mexico; together with Lessors interest in the adjoint and abutting streets and alleys; consisting of 0.3 acres more or less.

A tract of land described as follows: Beginning 140 feet west of the southeast corner of Block 18; thence West 70 feet; thence North 165 feet; thence East a distance of 70 feet; thence South a distance of 165 feet to the point of beginning of the tract herein described; consisting of .35 acres more or less; including the adjoining and abutting streets and alleys lessor has interest in.

Lot (8) Block "E" East San Jose, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (14) Block "7", North County Club Addition to the City of Carlsbad, Eddy County, New Mexico.

The north 2 acres of Lot (9) Block "B" Happy Valley Farms; as recorded on the Official Plat thereof, and on file in the County Clerk's Office, of Eddy County, New Mexico.

Lots 5 and 6, Block A, Worley Addition, a Subdivision of Lot 11, Block 6, Happy Valley Farms, located in the NE1/2NW1/4 of Section 3, Township 22 South, Range 26 East, N.M.P.M. Consisting of .37 acres more or less.

Beginning 140 feet West of the Northeast corner of Block "18" Gibson's Addition to the City of Carlsbad, Eddy County, New Mexico; thence South 165 feet, thence West 70 feet, thence Northeast 70 feet to the place of beginning and Beginning 110 feet South of the Northeast corner of Block 18, Gibson's Addition to the City of Carlsbad, Eddy County, New Mexico; thence West 140 feet; thence South 55 feet; thence East 140 feet; thence North 55 feet to the point of beginning of the tract herein described.

Lot (4) of Block "10" Valley View Heights, a Subdivision of part of Valley, the SE1/4 Section 2 Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; and Lot (27) Block 13, of Valley View Heights, a Subdivision of part of Section 2 Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

Lot (13) Block "A" Montgomery Addition to the City of Carlsbad, Eddy County, New Mexico.
North 55 feet of South 165 of West 140 feet of Block 18 Gibson Addition to the City of Carlsbad, Eddy County, New Mexico.

The west 100 feet of lots 2 7 4 Block 66 Low Addition to the City of Carlsbad, Eddy County, New Mexico.

Begins 800 feet East 30 feet South of the NW corner of Section 12 Township 22 South, Range 26 East, thence East 75 feet, thence South 120 feet, thence 75 feet, then North to beginning.

Part NW1/4NE1/4 Sec. 12 and part SW1/4SE1/4, Sec. 1, Twn 22 S, Rge 26 E, NMPM. Also West 185 feet of the North 34 feet of Block 13, Arcadia Addition and the West 185 feet of Block 25, Gibson's Addition to the City of Carlsbad.

Lot (5), Block "87", Lowe Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (9) Block "15", and Lot (8) Block "16", Gibson's Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (2), Block "125", Riverside View Terrace Addition, to the City of Carlsbad, Eddy County, New Mexico.

Lot (22) Block "1" Alta Vista No. 2 Addition to the City of Carlsbad, Eddy County, New Mexico.
1/2 interest in oil and gas rights of Lot (12) Block "6" Arcadia Addition, to the City of Carlsbad, Eddy County, New Mexico. The above description consisting of 2 1/2 lots.

Lot (5), Block "13", Riverside Country Club Addition to the City of Carlsbad, Eddy County, New Mexico.

- (1) E 50 feet Lots 12 and 14 Block 31 Stevens Addition 50 feet by 100 feet
- (2) Lot 7 and N 1/2 of lot 9, Block 36 Stevens Addition 75 by 150 feet 1 1/2 lot
- (3) Lot 11, Block 222 Porter Addition 75 x 150 feet.

Lot (3) Block "9", Riverside Country Club Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (5) and the South Half of Lot (3), Block "97", Stevens Second Addition, to the City of Carlsbad, Eddy County, New Mexico; consisting of 2 1/2 lots.

Lot (2), Block "79", Lowe Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (1) Block "3" Alta Vista #2 Addition to the City of Carlsbad, New Mexico. As shown on the official plat filed in the office of the Clerk of Eddy County, New Mexico.

Lot (25), Block "19", Hillside Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lot 25 Twenty-five, Block "C" Valley View Heights Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

The West 38 feet of Block "1" and the East 12 feet of Lot (1) Block "2" Benz and Wiseman Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (7), Block "4" of the Redivision of the West 285.6 feet of Lots 1 and 2, Block 4, First Addition to Merchant Subdivision in the City of Carlsbad, Eddy County, New Mexico.

Lot (13) Block "2", Wilshire Addition to the City of Carlsbad, Eddy County, New Mexico.

#3 NESE Section 2, Township 22 S, Range 26 East, Carlsbad, Eddy County, New Mexico. Consisting of (.25 ac.) more or less.

All of Lot One (1) and the East 15 feet of Lot Three (3), Block Ten (10) of Hillside Subdivision in the City of Carlsbad, Eddy County, New Mexico.

Lots (33) and (34) Valley View Heights Subdivision, located in the City of Carlsbad, Eddy County, New Mexico. And

Lot (1) Block "5" Hillside Subdivision in Carlsbad, Eddy County, New Mexico.

Lots (2) and (4) and the East Half of Lot (6), Block "8", San Jose; located in the City of Carlsbad, Eddy County, New Mexico.

Lots 20 and 21, Block 2, Mays Addition to the City of Carlsbad, Eddy County, New Mexico.

Tract B of Lot (5), Block "D", of Subdivision of Lot 5, of the amended Rio Vista Addition, to the City of Carlsbad, Eddy County, New Mexico; together with all of lessors interest in the adjoining and abutting streets and alleys; consisting of .38 acres more or less.

Lots (4) and (6), Block "25", New San Jose, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (5) Neel Heights Subdivision. Part of the NE1/4NE1/4 of Section 2 Township 22 S., Range 26 East, N.M.P.M. As the same appears on the official recorded plat thereof on file in the office of the County Clerk of Eddy County, New Mexico.

Lots (6) and (7), Block "1" Bindles #2; to the City of Carlsbad, Eddy County, New Mexico, consisting of 2 acres more or less.

East 235 feet of Lot 7, Block 8, LaHuerta, less the North 120 feet thereof, together with 1 acre water right under the Carlsbad Irrigation District, subject to existing easements for roads, subject to existing easements for roads; to the City of Carlsbad, Eddy County, New Mexico; consisting of 1 1/2 acres more or less.

Lot (1) Block "3" Alta Vista #2 Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the Clerk of Eddy County, New Mexico.

Lot (3) of the Rose Subdivision of Lot (7) Block "A" of Swigarts Subdivision of Part of the N1/2SW1/4 of Section 1, Township 22 South, Range 26 East; N.M.P.M. as the same appears on the official plat thereof on file in the office of the County Clerk, of Eddy County, New Mexico.

Lot (1) Block 191 Powers Addition to the City of Carlsbad, New Mexico. As shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

The South 44.5 feet of Lot (29) Block "A" May Subdivision in the City of Carlsbad, Eddy County, New Mexico.

Lot (8), Block "93" Stevens 2nd Addition to the City of Carlsbad, Eddy County, New Mexico.

The East Half of Lot (8) Block "C" of Happy Valley Farms, as recorded on the official plat thereof, and on file in the office of the County Clerk of Eddy County, New Mexico.

Lot (10), Block "25" New San Jose, in the City of Carlsbad, Eddy County, New Mexico.

Lot (26), Block "17", Hillside Subdivision. Within the City of Carlsbad, Eddy County, New Mexico.

Lot 4, Block 8 1207 Riverside Country Club Addition, Carlsbad, New Mexico.

Lot 5, Block 226, Park-view Dr., Carlsbad, New Mexico.

Lots (5) and (7) Block "16" New Jose; located in the City of Carlsbad, Eddy County, New Mexico.

Lot (9) Block "16" New San Jose Addition to the City of Carlsbad, Eddy County, New Mexico.

Lots (13) and (14) of Block "139" of the Amended Mesa Subdivision, located in the City of Carlsbad, Eddy County, New Mexico; together with lessors interest in all the adjoining streets and alleys; consisting of .53 acres more or less.

Lots (35) and (36) of Block "9", Valley View Heights Subdivision, located in the City of Carlsbad, Eddy County, New Mexico; and

Lot (13) of Block "139" of the Amended Mesa Subdivision, located in Carlsbad, Eddy County, New Mexico.

Block 1 - Lots 1, 3, 4 and 5.

Block II - Lots 6, 7, 17 and 18.

Block III - Lots 1, 2, 3, 5, 6, 7, 9, 10 and 12 of Casa Del Rio Estates to the City of Carlsbad, Eddy County, New Mexico. Total of 17 lots (9 acres more or less).

The North 55 feet of Lots 1 and 3, Block "23" Gibson's Addition in the City of Carlsbad, Eddy County, New Mexico.

Lot (5) Block "23" of the Amended Plat of Block 23, Gibsons Addition to the City of Carlsbad, Eddy County, New Mexico.

A portion of the SW1/4 and the SE1/4 of Section 31, Twp. 21 South, Range 27 East and of that portion of the SW1/4 and the NE1/4 of Section 6, Twp. 22 South, Range 27 East, N.M.P.M. Consisting of 1 Lot 45x122.

Lots (8) and (9) Block "A" East San Jose, located in Carlsbad, Eddy County, New Mexico.

Lot (22) Block 146, Lakeside Country Club Addition, to the City of Carlsbad, Eddy County. New Mexico.

The West 50 feet of the North 112.5' of Lot (7) and the East 10 feet of the North 112.5 feet of Lot (9) in Block "22" of Spencer Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (1) Bates Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (10) Block "14" New Jose, a Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lots (35) and (36) of Block "9", Valley View Heights Subdivision, located in Carlsbad, Eddy County, New Mexico.

Lots (1) and (3) Block "63" of Lowe Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico;

Lot (9), Block "3", Pecos Acres #2 Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

Lots (1) and (3), Block "63" Lowe Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

The South 69.73 feet of Lot (3) Block "4", Benz and Wiseman Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (3) and the East 45 feet of Lot (4) Block 1, Bryan's Subdivision in the City of Carlsbad, Eddy County, New Mexico; consisting of 2 lots more or less.

Lot (31) and 1/2 of Lot (30), Block "1", Dicksons 2nd to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

Lot (36) Block "217" Tracy Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (50), Block 9, South Ridge Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (5), Block "7" Gibsons Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (3), Block "129" Riverview Terrace Addition, to the City of Carlsbad, Eddy County, New Mexico.

Lot (16), Block "11", Valley View Heights Subdivision, located in the City of Carlsbad, Eddy County, New Mexico; and recorded in Deed Book 211, page 770, in the Deed Records of the office of the County Clerk of Eddy County, New Mexico.

A tract of land described as follows: Beginning at the S.W. corner of Block 7, (Seven), Greene's Western Addition to the City of Carlsbad, Eddy County, New Mexico; thence East a distance of 175 feet; thence North a distance of 185 feet; thence West a distance of 175 feet; thence South a distance of 185 to the point of beginning of the tract herein described; together with the adjoining and abutting streets now owned by Lessor; consisting of 1 acre more or less.

Lot (13) and the South 1 foot of Lot (1) Block "3" of Greene's Western Amended Addition to the City of Carlsbad, Eddy County, New Mexico. Consisting of one lot and one foot of another lot.

Lots (10) and (12), Block "B" Montgomery Subdivision, a subdivision of Block 7, of Valley View Heights, located in the NE1/2SE1/4 Section 2 Township 22 South Range 26 East, N.M.P.M., Carlsbad, Eddy County, New Mexico.

The South 100 feet of Lot (4), Block "2", of Mitchell Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (5), Block "B", Cooper Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (14), of Block "171", Woodard Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (14) of Block "171", Woodard Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (7) West 1 ac of North 1.5 ac of Lot (9), Block "25" La Huerta to the City of Carlsbad, Eddy County, New Mexico; 6 acres more or less.

Lot (17), of Block "A" of Swigare-Lytle Subdivision, as shown on the official Plat filed in the office of the County Clerk of Eddy County, New Mexico; together with all the adjoining and abutting streets and alleys now owned by Lessor; consisting of .42 acres more or less.

Lots (31) and (33), Block "A" Sunset Heights, in the City of Carlsbad, Eddy County, New Mexico.

Lot (59), Block "4", May Subdivision, located in the City of Carlsbad, Eddy County, New Mexico; together with all of Lessors interest in the adjoining and abutting streets and alleys; consisting of .27 acres more or less.

Lot (3), Block "2", of Gibson's Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (4) Block "2" of Callison Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (1) Laney Subdivision; a subdivision of Lot 1 Block "C" Happy Valley Farms, this being a subdivision of the S. 3/4 of the SE1/4, and the SW1/4NE1/4, NE1/4SW1/4, SE1/4NW1/4, S1/2NW1/4SW1/4, NW1/4SE1/4 and part of the SW1/4NE1/4 of Section 3, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Plus the Northeast 52.5 feet by 315 feet of Lot 2, Block G, of Happy Valley Farms as recorded on the official Plat thereof, in the office of the County Clerk of Eddy County, New Mexico; together with interest in adjoining and abutting streets; consisting of 1.7 acres more or less.

Lots (17) and (19), Block "6" Hillside Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (7), Block "193", Powers Addition, according to the lost Amended Plat thereof on file in the office of the County Clerk of Eddy County, New Mexico.

Center 1/3 of Lots (1) and (3) Block "12", Greenes Highland Addition to the City of Carlsbad, New Mexico, as shown on the official Plat filed in the office of the County Clerk of Eddy County, New Mexico.

Tract 3, of Lot (6) in Block "H" Koehler Subdivision, located in Carlsbad, Eddy County, New Mexico.

Tract 3 of Lot (6) in Block "H" Koehler Subdivision, located in Carlsbad, Eddy County, New Mexico.

North 55' of Lots (1) and (3) The Center 55' of Lots (1) and (3) and South 55' of Lots and (3) of Block "1", Gibsons Addition to the City of Carlsbad, New Mexico, as shown on the official Plat filed in the office of the County Clerk of Eddy County, New Mexico; together with lessors interest in all adjoining and abutting streets and alleys; consisting of 1.23 acres, more or less.

Lots (6) and (8) Block "23" Gibson's Addition in the City of Carlsbad, Eddy County, New Mexico.

Lot (19), Block "A" Hughes Subdivision, Carlsbad, Eddy County, New Mexico.

All of lot 49 in Block A located in Sunset Heights Addition. All of lot 13 in Block 101 located in Stevens 2nd Addition. All of lot 18 in Block 2 located in Welshire Addition. All of lot 31 in Block 189 located in Osborne 2nd Subdivision. All of lots 16 and 18 in Block 20, located in Hillside Subdivision. All of lots 6 and 8 in Block 7 located in Hillside Subdivision. All of lot 58 in Block 209 Osborn 3rd Subdivision, a Subdivision of part of the NW1/4, Section 7, Township 22 S, Range 27E, N.M.P.M. All of lot 52 in Block 189 located in Osborn 2nd Subdivision. All of lots 6 and 8 in Block 7 located in Hillside Subdivision. All of lots 58 in Block 209 Osborn 3rd Subdivision, a Subdivision of part of the NW1/4, Section 7, Township 22 S, Range 27 E, N.M.P.M. All of lot 52 in Block 189 located in Osborn 2nd Subdivision. All of lot 1 in Block 1 and all of lot 10 in Block 4 located in La Huerta. The East 1/2 of lot 27 and all of lot 28 in Block C located in Valley View Heights Subdivision. All of lot (in Block 1 and all of lot 10 in Block 4 located in the "La Herta". A description of "La Herta" is attached.

Know all men: That the undersigned owner of the tract and parcel of land represented on the accompanying map and situated in Eddy County, New Mexico, having subdivided the same into the parts on this plat specified lots to be known and called "La Herta" hereby certifies:

That the foregoing subdivision of the South half of the Southeast quarter (S1/2SE1/4) a South half of Southwest quarter (S1/2SW1/2) and Northwest quarter of Southwest quarter (S1/2SW1/4) and Northwest quarter of Southwest quarter (NW1/4SW1/4) of Section Twenty-nine (29) the Southeast quarter (SE1/4) South half of Northeast quarter (S1/2NE1/2) East half of Southwest quarter (E1/2SW1/2) Southeast quarter of Northwest quarter and Lots number Two (2) Three (3) and Four (4) of Section number thirty (30) the north half (N1/2) North half of Southeast quarter (N1/2SE1/4) North half of Southwest quarter (N1/2SW1/4) and the Southwest quarter of Southwest quarter (SW1/4SW1/4) of Section Thirty-two (32) and all that part of the Northeast quarter (NE1/4), East half of Northwest quarter (E1/2NW1/4) and Northeast quarter of Southeast quarter (NE1/4SE1/4) of Section Thirty-one (31) lying North and East of the Pecos River, all of said land being situated in Township Twenty-one (21) South of Range Twenty-seven (27) East, N.M.P.M.

Lots (49) and (51), Block 31, New Jose, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (11) Block "3" of the replat of Lot 1, Block 3, Welshire Subdivision located in the City of Carlsbad, Eddy County, New Mexico.

Commencing at the Southeast corner of the Northeast 1/4 of Section 2, Township 22 South, Range 26 East, N.M.P.M., thence North 1020 feet; and thence West 880 feet to the point of beginning of the tract herein described; thence North 124 feet; thence West 120 feet; thence West 120 feet; thence South 124 feet; thence East 120 feet to the point of beginning.

Lot (61) of Block "189" Osborne Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (3), Block "12", New San Jose Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (3), Block "8", Riverside Country Club Addition to the City of Carlsbad, Eddy County, New Mexico; together with all Lessors interest in the adjoining and abutting streets and alleys; consisting of 1/2 acre more or less.

Lots (1) and (3) and (5), Block "69" Lowe Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (25), Block "205", Powers Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (15) and the West 32 feet of Lot (13), Block "194" Powers Subdivision to the City of Carlsbad, Eddy County, New Mexico.

South 60.5' of East 125' of Lot (14) Block "108", North Carlsbad Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico; consisting of 1 lot, more or less.

Lot (9) Block "23" Hayes Addition to the City of Carlsbad, Eddy County, New Mexico.

Lots (42) and (43) Block "2" 3rd Addition to New Jose, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (14), Block "62" Lowe Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (10), Block "83" of the Lowe Addition to the Town on Eddy, Now City of Carlsbad, Eddy County, New Mexico.

Lot (14), Block "9" Hillside Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (5) and the West 40 feet of Lot (4), Block "1" of Earl Subdivision, located in the W1/2 of Section 1, Township 22 South, Range 26 East, Carlsbad, Eddy County, New Mexico; consisting of 100'X158.1', considered two lots.

Lots (14) and (15) Block "N" South San Jose, located in the City of Carlsbad, Eddy County, New Mexico.

Lots (4) and (5) Hill Top Subdivision, located in the NW1/4SE1/4 Section 18, Township 22 South, Range 27 East, Carlsbad, Eddy County, New Mexico.

Lot Nine (9), Block Four (4) of Valley View Heights of the City of Carlsbad, Eddy County, New Mexico.

Lot (6), Hill Top Subdivision, located in the NW1/4SE1/4 of Section 18, Township 22 South, Range 27 East, Carlsbad, Eddy County, New Mexico.

Lot (20), Block "8" of Valley View Heights Subdivision, located in Carlsbad, Eddy County, New Mexico.

Lot (37), in Block "31", First Addition to New San Jose, Carlsbad, Eddy County, New Mexico.

Tract No. 13, located in the E1/2SE of Section 11, Township 22 South, Range 26 East, Eddy County, New Mexico; consisting of 1 acre more or less.

Lots (7) and (8) and (19) Block "G" East San Jose, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (12), Block "B", Hall addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (3) Block "100", Stevens Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (7) Block "81", First New San Jose Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the Clerk of Eddy County, New Mexico.

Lot (M) Block "35" New San Jose Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

Lot "B" Block "28", New San Jose Addition, to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

Lot (9), Block "147", Lakeside Country Club Addition to the City of Carlsbad, Eddy County, New Mexico.
Lot (5), Block "5", Valley View Heights Addition to the City of Carlsbad, Eddy County, New Mexico.
Lot (24), North 20 feet of Lot (26) Block "1", Cavern Addition.

Lot (12), Block "2" of Puckett-Netz-Pruitt Subdivision located in Carlsbad, Eddy County, New Mexico.

Lot (31) Block "2" 3rd Addition to New Jose, Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.
East 8' of a 16' strip between Lots (30) and (31) Block "2" 3rd Addition to New Jose, Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

Lot (4), Block "13" of Riverside Country Club Addition to the City of Carlsbad, Eddy County, New Mexico; together with all lessors interest in the adjoinint and abutting streets and alleys, consisting of .26 acres more or less.

Lot (12), in Block "A" of Alma Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.
Lot (5) in Block "13", of Greene Highland Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (13), Block "228", Parkview Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (8) Block "225" Parkview Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (10), Block "226" Parkview Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (9) Block "2" Halls Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (30), Block "146" Lakeside Country Club Addition to the City of Carlsbad, Eddy County, New Mexico.
Lot (5), Block "84", Lowe Addition to the City of Carlsbad, Eddy County, New Mexico.

Lots (15), (16), (17) and (18) of Block "138" of the Amended Mesa Subdivision in Carlsbad, Eddy County, New Mexico.

Lot (6), Hill Top Subdivision, located in the NW1/4SE1/4 of Section 18, Township 22 South, Range 27 East, Carlsbad, Eddy County, New Mexico.

Lots (4) and (5), Hill Top Subdivision, located in the NW1/4SE1/4 Section 18, Township 22 South, Range 27 East, Carlsbad, Eddy County, New Mexico.

Lot (7) Block "A" less the East 150 feet of said lot; of Koehler Subdivision in the City of Carlsbad, Eddy County, New Mexico; and Lot (9) Block "A" less the East 150 feet of said lot, of Koehler Subdivision located in the City of Carlsbad, Eddy County, New Mexico; consisting of one acre more or less.

Lots (7) and (8) of Block "8" Valley View Heights Subdivision, located in Carlsbad, Eddy County, New Mexico.

Commencing at the SW corner of the NW1/4, Section 1, Township 22 South, Range 26 East, N.M.P.M., thence north on the subdivision line a distance of 180', thence East parallel to the south line of the said NW1/4 Section 1, a distance of 30' to the point of beginning of the tract herein described, thence north parallel to the west line of the said NW1/4 a distance of 100', thence East parallel to the south line of the said NW1/4 a distance of 102', thence south parallel to the east line of said NW1/4 a distance of 100', thence west a distance of 102' to the point of beginning, consisting of 2 lots more or less.

Lots (2) and (4), Block "24" First Addition to the Town of Eddy, now called Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

Lots (8) and (10) Block "101" Stevens 2nd Addition to the City of Carlsbad, Eddy County, New Mexico.

Center 65 feet of Lot (8) and (10) Block "6" Gibson's Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (23) Block "193" Powers 3rd Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (6) Block "190" of Powers Addition to the City of Carlsbad, Eddy County, New Mexico.

Lots (33) and (34) Block 2 New San Jose Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

Lot (4) Block "24" Hays Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (8) and the West 10 feet of Lot (6) Block "8" Gibsons Addition to the City of Carlsbad, Eddy County, New Mexico.

The South 50 feet of the North 110 feet of Lots (1) and (3) Block "14" Gibson's Addition, in the City of Carlsbad, Eddy County, New Mexico.

Lot Eight (8) Block Four (4) of Valley View Heights, a subdivision in the City of Carlsbad, Eddy County, New Mexico.

Lot (7), Block "3" of Valley View Heights Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (15) Block "1", Third Addition to New San Jose Subdivision to the City of Carlsbad, Eddy County, New Mexico.

The west 175 feet of the south 50 feet of Lots (5) and (6) Swigart Subdivision located in the City of Carlsbad, Eddy County, New Mexico. 1 lot.

Lot (10), Block "2", Hall's Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (3) Block A, Cooper Subdivision located in the City of Carlsbad, Eddy County, New Mexico.

Lot (10), Block "93", Stevens Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (28), Block "C" of Sunset Heights Subdivision, located in Carlsbad, Eddy County, New Mexico; together with all lessors interest in the adjoinint and abutting streets and alleys; consisting of .3 acres more or less.

The north 40 feet between the West half of Block 87 and 90 of Lowe Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (8) Block "12", San Jose Addition to Carlsbad, Eddy County, New Mexico.

Lot (14) Block "A" Hughes Subdivision in the City of Carlsbad, Eddy County, New Mexico.

Lot (21), Block "D" of Valley View Heights Subdivision, located in Carlsbad, Eddy County, New Mexico.

Lot (20), Block "D" of Valley View Heights Subdivision, located in Carlsbad, Eddy County, New Mexico.

One half interest in the oil and gas rights to the north 100 feet, of the West 198 feet, of the N1/2NE1/4SE1/4 of Section 11, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, lessors interest 1/2 of 0.454 acres; or 0.227 acres more or less.

An undivided one half interest in minerals, oil and gas rights to the south 130 feet of the west 198 feet of the N1/2NE1/4SE1/4 of Section 11, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; consisting of 0.30 acres more or less, of lessor interest.

An undivided one half (1/2) interest in the minerals, oil and gas rights to the east 642 feet of the N1/2NE1/4SE1/4 of Section 11, Township 22 South, Range 26 East, N.M.P.M., less the South 165 feet, of the East 264 feet thereof; lessors interest consisting of two acres more or less. Recorded in Deed Book 205 at page 457.

Lot (10) (less north 78 feet) of Block "23" Powers 3rd Addition to the City of Carlsbad, Eddy County, New Mexico; together with all of lessor interest in adjoining and abutting streets; consisting of one lot more or less. Corner lot.

Lot (6) Block "229" Parkview Addition to the City of Carlsbad, Eddy County, New Mexico.

The north 61 1/2 feet of the south 103 1/2 feet of Lot 1, Block 20, Greene's Highland Addition to Carlsbad, Eddy County, New Mexico.

Lot (19), Block "11" of Valley View Heights Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (3) Block "230" Parkview Addition in the City of Carlsbad, Eddy County, New Mexico.

Lots (7) and (9) Block "20" Gibson's Addition to the City of Carlsbad, Eddy County, New Mexico; and Lot (2) Block "13" Greenes Highland Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (11) Block "14" Valley View Heights, in the City of Carlsbad, Eddy County, New Mexico.

Lot (10), Block "14" Valley View Heights Subdivision, located in Carlsbad, Eddy County, New Mexico.

Lot (20), Block "199" Powers Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (7) Block "22" Spencer Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (4), Block "236", Parkview Subdivision in the City of Carlsbad, Eddy County, New Mexico.

Lot (10), Block "61" Lowe Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (7) Block "27", New San Jose, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (6), Block "1" Welshire Subdivision, Carlsbad, New Mexico.

Lot (21) of Block "23", New San Jose, located in Carlsbad, Eddy County, New Mexico.

Lots (4) and (6), Block "36", Stevens Addition, to the City of Carlsbad, Eddy County, New Mexico.

Lot (9), Block "4", Cavern Subdivision to the City of Carlsbad, Eddy County, New Mexico.

Lot (12) Block "79" Lowe Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

Lots (25) and (27) and (26), Block "2" 3rd Addition to New San Jose, located in Carlsbad, Eddy County, New Mexico.

The north 80.98' of Lot 13 and a tract of land 150' by 10' described as follows: Beginning corner the SE corner of the said north 80.98' which point is on the east line of Lot 13, thence south 10' along said east line; thence west parallel to the forth line of said Lot 13, a distance of 150'; thence north parallel to the east line of said Lot 13, a distance of 10'; thence east along the south line of the north 80.98'; and parallel to the line of said Lot 13 a distance of 150' to the point of beginning; all of the foregoing property being a portion of Lot 13, Block F, Rio Vista Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot 36, Block "D" Hughes Second Subdivision to the City of Carlsbad, Eddy County, New Mexico.

Lot (9), of Block "72", Lowe Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (23) of Block "6", Riverside Country Club Addition to the City of Carlsbad, Eddy County, New Mexico; and Lot (3), of Block "13", Riverside Country Club Addition to the City of Carlsbad, Eddy County, New Mexico; together with all of lessors interest in the adjoining and abutting streets and alleys; consisting of .54 acres more or less.

The west 165 feet of the east 330 feet of the south 25 feet of the SENW of Section 35, Township 21 south, Range 26 East, Eddy County, New Mexico; and

The West 165 feet of the East 330 feet of the North 17 feet of the South 254 feet of the SENE of Section 35 Township 22 South, Range 26 East, Eddy County, New Mexico.

A tract of land 80 feet by 150 feet between the East 1/2 of Block "84" Lowe Addition, Carlsbad, Eddy County, New Mexico. Together with the adjoining and abutting streets and alleys now owned by lessor consisting of .36 acres.

The East half of Lots (2) and (4), Block 165, Woodard Addition to the City of Carlsbad, Eddy County, New Mexico.

The South (1/2) of Lot (12), Block "F" Rio Vista Addition, as shown on the official plat filed in the office of the County Clerk, of Eddy County, New Mexico; together with all the adjoining and abutting streets and alleys now owned by lessor; consisting of .55 acres more or less.

West 227 feet of Lot (29) La Huerta; to the City of Carlsbad, Eddy County, New Mexico, more or less.

Lot (6), Block "D" Hughes Second Subdivision in the City of Carlsbad, Eddy County, New Mexico.

Beginning at the point on the east boundary line of Section 2, Township 22 South, Range 26 East, N.M.P.M., which point is 1455 feet north of the line dividing the NE fourth of said section of said section from the SE 1/2 of said section; a distance of 250 feet to the beginning of the tract herein described; said section a distance of 110 feet; thence south on a line parallel with the east boundary line of said section a distance of 87 feet; thence east on a line parallel with the north boundary line of said section a distance of 110 feet; thence northerly in a straight line to the point of beginning of the tract herein described; consisting of 1 lot more or less.

Tract (A), Block "11", Hillside Subdivision in the City of Carlsbad, Eddy County, New Mexico; and
Tract (B), Block "11", Hillside Subdivision in the City of Carlsbad, Eddy County, New Mexico; and

Lot (20), and the north half of Lot (22), Block "18", Hillside Subdivision, located in the City of Carlsbad, Eddy County, New Mexico; and

Lot (2), less the north 66 feet of Block 10 of Hillside Subdivision in the City of Carlsbad, Eddy County, New Mexico, consisting of 4 1/2 lots.

The north 50 feet of the SW 1/2 SW 1/4 NE 1/4 SW 1/4 NW 1/2 of Section 1, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; together with lessors interest in the adjoining and abutting streets, consisting of .38 acres more or less.

Lot (1) Block "3", Brazeal Subdivision, located in the NW 1/4 of the SW 1/4 of Section 11, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, consisting of 1 acre more or less.

Lot (28) and the North 15 feet of Lot 30, Block "17" Hillside Subdivision located in the NE 1/2 of Section 2, Township 22 South, Range 26 East, consisting of 1 1/2 lots more or less; 95'x150'.

Lot (1) Block "202" Powers Third Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (9), Block "197" Powers 3rd Addition to the City of Carlsbad, Eddy County, New Mexico.

Beginning at the point on the east boundary line of Section 2, Township 22 South Range 26 East, N.M.P.M., which point is 1455 feet north of the line dividing the NE fourth of said section of said section from the SE1/2 of said section; a distance of 250 feet to the beginning of the tract herein described; said section a distance of 110 feet; thence south on a line parallel with the east boundary line of said section a distance of 87 feet; thence east on a line parallel with the north boundary line of said section a distance of 110 feet; thence northerly in a straight line to the point of beginning of the tract herein described; consisting of 1 lot more or less.

Lot (8), Block "14", Country Club Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (5), Block "3", Welshire Addition to the City of Carlsbad, Eddy County, New Mexico.

One half interest in the oil and gas rights to the north 100 feet of the West 198 feet, of the N1/2NE1/4SE1/4 of Section 11, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico; lessors interest 1/2 of 0.454 acres; or 0.227 acres more or less.

The north 80 feet of the west 52 1/2 feet of Lot (10), Block "15" Gibsons Addition to the City of Carlsbad, New Mexico; and The East 17 1/2 feet of the North 80 feet of Lot (10), and the West 4 1/2 feet of the North 80 feet of Lot (8) Block 15, Gibsons Addition to the City of Carlsbad, Eddy County, New Mexico.

Lots (21), (23), (25), (27) and (29), Block "B", Phoenix Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico; consisting of 5 business lots.

Lot (23) Block "7", Southridge Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

One half interest in mineral and oil rights to the following described property:

One acre of land in the south half of the SW1/4SE1/4NW1/4 of Section 25, Township 22 South, Range 26 East, N.M.P.M., and further described as follows:

Commencing at a point which is 924 feet west of the Southeast corner of said NW1/4 said Section, running thence west for a distance of 132 feet, thence north 330 feet, thence east 132 feet, thence south 330 feet, to the point of beginning, said plot containing one acre; to the City of Carlsbad, Eddy County, New Mexico; consisting of 1 acre more or less.

Beginning NW corner of S 100' of NESWSNW, Sec. 1-22-26 E 162' S 100'-W162'-N100' to POB.
#37 in S1/2NW Sec. 1-22-26.
Thence S 293.1 ft., thence E 133.4 ft., thence N 293.7 ft., thence W 135 ft. adjoins a piece of property, thence E 162 ft., thence S 100 ft., thence W 162 ft., thence N 100 ft., to the point of beginning.

Lot (19) Block "2" Welshire Subdivision in Carlsbad, New Mexico.

Lot (3), Block "24", New San Jose, Carlsbad, Eddy County, New Mexico.

Lot (5), Block "24", New San Jose, located in the City of Carlsbad, Eddy County, New Mexico.

Lot 1, Block 7, New San Jose, located in the City of Carlsbad, Eddy County, New Mexico.

Lot (5) Block "24" New Jose located in the City of Carlsbad, Eddy County, New Mexico.

Lot (1) Block "7" New San Jose Subdivision, located in the City of Carlsbad, Eddy County, New Mexico.

Lots (1) and (3) Block "23" New Jose Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico.

Lots (2), (4) and (14) in Block "15" Hays Addition to the City of Carlsbad, Eddy County, New Mexico.

One half interest in the mineral and oil rights to the following described property: Lot (2), Block "7" Arcadia Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (1) Block "3", Alta Vista #2 Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the Clerk of Eddy County, New Mexico.

Lot (10) Block "1", Alta Vista #2 Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico. All that portion of the NE1/4 of Section 12, Township 22 South, Range 27 East, known as Tracts #10, 11, 12 and that portion of Tract #13 lying north of the canal across said land; tract being of irregular measurements the size of 310' x 265' was secured from the Tax Assessors office, consisting of 1.94 acres more or less.

Lot Five (5) and the West 1 foot of Lot Three (3), of the Re-division of Lots One (1), Three (3), and Five (5), Block Three (3), Greene's Western Addition to the City of Carlsbad, Eddy County, New Mexico, as per plat of record in Book 4 of Maps, Page 85, records of Eddy County, New Mexico.

Beginning 140 feet West of the Northeast corner of Block Eighteen (18), Gibson's Addition to the City of Carlsbad, Eddy County, New Mexico; south, 165 feet; west, 70 feet; north, 165 feet; east to the place of beginning. (70 feet x 165 feet, 140 feet west of the Northeast corner.)

Beginning 110 feet south of the northeast corner of Block

Eighteen (18), Gibson's Addition to the City of Carlsbad, Eddy County, New Mexico; west, 140 feet; south, 55 feet; east, 140 feet; north to the place of beginning.

The following described real estate in Eddy County, New Mexico, to-wit:

Commencing at the Northeast corner of Lot 2, Section 1, Township 22 South, Range 26 East, N.M.P.M., thence south along the east line of said Lot 2, a distance of 196.5 feet; thence west parallel to the north line of Bonbright Street, in Carlsbad, New Mexico, a distance of 391.2 feet to the point of beginning of the tract herein described; thence north, parallel to the east line of Maple Street to the south line of Church Street; thence south, parallel to the east line of Maple Street to the alley in the center of Block 3, Greene's Western Addition to the City of Carlsbad; thence west a distance of 61 feet to the point of beginning of the tract herein described.

Lot three (3) in Block "C" of Hackberry Subdivision, a subdivision of Lots 4 and 5, Block "C" Happy Valley Farms, located in the NE1/4SW1/4 and NW1/4SE1/4 of Section 3, TWP 22 S, Range 26 E, N.M.P.M., Eddy County, New Mexico.

Lot four (4), Block ten (10), Valley View Heights, a subdivision of part of SE1/4 Section 2, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico.

Lot 27, Block 13, Valley View Heights, a subdivision part of the Section 2, Township 22 South Range, 26 East, N.M.P.M., Eddy County, New Mexico.

The north 100 feet of the south half (S1/2) of Lot Seven (7) of the Amended Plat of Lots 1, 3, 5, and 7, Block "A" of Hall's Subdivision of the S1/2NE1/4, SE1/4NW1/4 and part of the SW1/4NW1/4 of Section 17, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico.

Lot 19, Block 201, Powers Third Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot 6, in Block 6, Normandy Addition to the City of Carlsbad, County of Eddy and State of New Mexico, as shown by the official plat thereof on file in the office of the County Clerk of said Eddy County.

Commencing at a point which was the northeast corner of Lot 2, Block 10 of Gibson's addition to the City of Carlsbad, New Mexico, as such lot was disclosed upon the map of said Gibson's Addition, prior to the cagation of said map by instrument of record in Book 2, page 273, of the Miscellaneous Records of Eddy County, New Mexico. Thence east on a continuation of the north line of said Lot 2, as such north line was disclosed on said map of Bivson's addition a distance of 80 feet; thence south on the east line of Maple Street, as such street was disclosed on said map of Gibson's addition, a distance of 50 feet; thence west, parallel to the north line of said Lot 2, as said lot was disclosed upon said map of Gibson's Addition, 100 feet; thence north on a line parallel to the east line of Maple Street, as the same was disclosed upon said map of Gibson's Addition, a distance of 50 feet; thence east 20 feet to the point of beginning.

Tract 1; all of Block 4, Bindel's Subdivision in the City of Carlsbad, Eddy County, New Mexico; and located in SW1/4 of SE1/4 of Section Seven, Township 22 South, Range 27 East, NMPM, Eddy County, New Mexico; consisting of 2.7 acres more or less; including all lessors interest in the adjoining and abutting streets and alleys.

Lot (6), Block "D" Hughes Second Subdivision, in the City of Carlsbad, Eddy County, New Mexico.

Lots (6), (12) and (14) in Block "6", Greene's Western Addition to the City of Carlsbad, Eddy County, New Mexico; and The North 120 feet of Lot (1) and all of Lots (3) and (5) in Block "11" Greene's Western Addition to the City of Carlsbad, Eddy County, New Mexico.

The North 90 feet of Lot (7), Block "11" Greene's Western Addition to the City of Carlsbad, Eddy County, New Mexico; together with lessor interest in the adjoining and abutting streets and alleys, consisting of 2.3 acres more or less.

Beginning 30 feet south of northwest corner of the W1/2NE1/4 NW1/4NW1/4 Sec. One (1) in Twp. Twenty-two (22) Range Twenty-six (26) for a point of beginning; thence south along subdivision line 194.45 feet, thence east parallel with north line of NW1/4, Sec. 1, 129.79 feet, thence north parallel to east line of W1/2NE1/4NW1/4NW1/4 of said Sec. 1, 194 feet, then west to beginning.

A tract of land located in the NW1/4NE1/4NW1/4NW1/4 Sec. 1, Twp. 22 S., Rge. 26 E., N.M.P.M., Eddy County, New Mexico, more particularly described as follows: Beginning at a point on the west line of NW1/4NE1/4NW1/4NW1/4 Sec. 1, Twp. 22 S., Rge. 26 E., N.M.P.M., which point is 50 feet north of the southwest corner NW1/4NE1/4NW1/4NW1/4 Sec. 1, thence north 50 feet along said west line; thence east, parallel to the south line of said NW1/4NE1/4NW1/4NW1/4 said Sec. 1, for 229.79 feet; thence south parallel to the west line of said NW1/4NE1/4NW1/4NW1/4 said Sec. 1, a distance of 50 feet; thence west parallel to the south line of said NW1/4NE1/4NW1/4NW1/4 said Sec. 1, a distance of 229.79 feet to the point of beginning; also described as a portion of Tract No. 2_ in the NW1/4 Sec. 1, Twp. 22 S., Rge. 26 E., N.M.P.M.

The south 50 feet of Lots (7) and (9) Block "12" Gibsons Addition to the City of Carlsbad, Eddy County, New Mexico. Lot (4) Block "A" of Scoggins Subdivision, a Subdivision of Block "19", Valley View Heights Subdivision in the City of Carlsbad, Eddy County, New Mexico.

Lots (7), (13) and (17) in Block "203" of Powers Addition to the City of Carlsbad as per the 3rd amended plat thereof, Eddy County, New Mexico.

Lots (11), (13), (15) and (17) in Block "201", Powers Addition to the City of Carlsbad, as per the 3rd amended plat thereof, Eddy County, New Mexico.

Lot (12) in Block (3), Welshire Subdivision, in the City of Carlsbad, Eddy County, New Mexico.

Lots (1) and (3), Block (3), Hall's 2nd amended Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (7), less east 10 feet, Block "8", Gibson Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (3), Block "A" of Scoggins Subdivision, a Subdivision of Block "19", Valley View Heights Subdivision, in the City of Carlsbad, Eddy County, New Mexico.

Lot (12), Block "8", Southridge Addition to the City of Carlsbad, Eddy County, New Mexico

Tract 1. Being a portion of the SW1/4 of Section 1, Township 22 South, Range 26 East, N.M.P.M., more particularly described

as follows, to-wit: Beginning at the point of intersection of the south right of way line of Mermod Street and the east line of the SW1/4 of Section 1, Township 22 South, Range 26 East, N.M.P.M., which point is on the east line of said SW1/4, South 0 degrees 40 minutes West a distance of 470 feet from the center of said Section 1, said center point being on the centerline of Texas Street extended east; a distance of 41.89 feet along the arc of south curve whose radius is 240 feet; and whose long chord bears North 84 degrees 33 minutes West a distance of 41.84; thence a distance of 380.39 feet along an arc of a curve whose radius is 490 feet; and whose long chord bears North 62 degrees, 18 minutes West a distance of 370.92 feet to a point on the southeast rightway line of the U.S.R.S. Southern Canal; thence south westerly along said rightway line to the point of intersection of said rightway line with the south rightway line of Mermod Street extended west from the point of beginning of this tract on bearing North 89 degrees 33 minutes West; thence from said point South 89 degrees 33 minutes a distance of 892 feet more or less to the point of beginning and containing in all 2.23 acres more or less. Consisting of 15 lots and 2.23 acres.

That portion of the SE1/4SW1/4NW1/4 of Section 1, Township 22 South, Range 26 East, N.M.P.M.; bounded and described as follows: Beginning at a point on the south line of the SW1/4NW1/4 of said Section; which point is 345 feet east of the southwest corner of the SE1/4SW1/4NW1/4 of said Section; thence north on a line parallel to the west boundary line of said Section a distance of 420 feet; thence east on a line parallel with the north boundary line of said Section a distance of 105 feet; thence on a line parallel with the west boundary line of said Section to the south boundary line of the SW1/4NW1/4 of said Section; thence west along south boundary line a distance of 105 feet to the place of beginning; consisting of 1.1 acres more or less. Commencing at a point which is 240' east and 30' north of the SW corner of the SE1/4 of the SW1/4 of the NW1/4 of Section 1, Township 22 South, Range 26 East, thence north 390 feet parallel with the subdivision line; thence east 105' parallel with the subdivision line; thence south 390' parallel with the subdivision line; thence west to the place of commencement in the City of Carlsbad, Eddy County, New Mexico; consisting of 1.1 acres. Beginning at the NE corner of Lot (3) Block "B" Swigart's Addition in SE1/4 of Section 1, Township 22 South, Range 26 East, N.M.P.M.; west 50'; south parallel to the lot line 100 feet; east 50' to the east line of lot 3, thence north to the beginning; consisting of 1 lot, more or less; East 19' of West 150' of North 70' of Lot (6) and the West 131' of North 70' of Lot (6), Block "A", Halls Amended Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the county clerk of Eddy County, New Mexico; consisting of 1.4 lots, more or less. South 50' of Lot (5) Block "A", Halls Amended Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico; consisting of 1 lot, more or less. Lots (31) and (32) Block "20", Hillside Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico; consisting of 2 lots, more or less. Total properties listed consist of 5.4 lots and 2.2 acres, more or less.

ROYALTY ASSIGNMENT

This assignment made and entered into this 1st day of February, 19 74,
by and between M. P. Grace and Corinne Grace, His wife
herein referred to as assignor, (whether one or more) and Claude McCausland
hereinafter referred to as assignee, (whether one or more).

WITNESSETH:

The undersigned assignor for and in the consideration of the sum of \$10.00 and other good and valuable considerations to assignor in hand paid by said assignee, the receipt whereof is hereby confessed and acknowledged, does hereby sell, assign, transfer, set over and convey unto said assignee, heirs, personal representatives (or its successors)

and assigns, an overriding royalty equal to One thirty-second
of the market value at the wells as produced of all of the oil and gas and other hydrocarbon substances which may be

produced and obtained from the following described lands situated in the County of Eddy

Beginning at the North East Corner of Lot 3, Block 2, La Huerta
Plat, as per Plat of Said La Huerta, as recorded in the
office of the County Clerk of Eddy County, New Mexico; Thence North
along the East Boundary Line of Lot 1, Block 2, of Said La Huerta
a distance of 120.5 feet to the point of Beginning of the tract herein
described; Thence West Parallel to the South Boundary of Lot 1, Block 2,
of Said La Huerta a distance of 150 feet; Thence North Parallel to the
East Boundary of Lot 1, Block 2, of Said La Huerta a distance of 150 feet;
Thence East parallel to the South Boundary of Lot 1, Block 2, of Said
La Huerta a distance of 150 feet more or less to the East boundary of the
Said Lot 1, Block 2, of the Said La Huerta; Thence South along the East
Boundary Line of Said Lot 1, Block 2, of Said La Huerta a distance of 150
feet more or less to the point of Beginning of the tract herein described;
Consisting of .35 acres More or less.

of all taxes and assessments levied upon or against or measured by the production of oil and gas from said land.

TO HAVE AND TO HOLD said royalty interest unto assignee, heirs, personal representatives (or its successors)
and assigns forever. For the same consideration assignor covenants with and warrants to said assignee that said royalty
interest is in good standing, that it is free and clear of all liens and encumbrances and that assignor will warrant and for-
ever defend the title thereto unto said assignee, heirs, personal representatives (or its successors) and assigns, against all
persons whomsoever lawfully having or claiming an interest therein.

IN WITNESS WHEREOF this assignment is executed on the day and year first hereinabove written.

M.P. Grace P.O. Box 1418 Carlsbad, N.M.

STATE OF New Mexico

Corinne Grace

County of Eddy

On this _____ day of _____, 19____, before me personally

appeared M. P. Grace & Corinne Grace, His wife

to me known to be the person S described in and who executed the foregoing instrument, and acknowledged that

he executed the same as Their free act and deed.

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

My commission expires Sept. 10, 1925

Notary Public

STATE OF _____

of said County.

County of _____

EXHIBIT "E"

County Clerk

I hereby certify that this instrument was filed for

record on the _____ day of _____ A. D., 19____

By _____, Deputy

at _____ o'clock; _____ m., and duly recorded in

Rec. No. _____ Fees, \$ _____

Book _____ Page _____ of the _____

Return to _____

Starting at the northeast corner of Lot 3, Block 2, La Huerta as per plat, as per plat of said La Huerta, as recorded in the office of the County Clerk of Eddy County, New Mexico; thence north along the east boundary line of Lot 1, Block 2, of said La Huerta a distance of 120.5 feet to the point of beginning of the tract herein described; thence west aprallel to the south boundary of Lot 1, Block 2, of said La Huerta a distance of 150 feet; thence north aprallel to the east boundary of Lot 1, Block 2, of said La Huerta a distance of 85 feet; thence east parallel to the south boundary of Lot 1, Block 2, of said La Huerta a distance of 150 feet more or less to the east boundary of the said Lot 1, Block 2, of the said La Huerta; thence south along the east boundary line of said Lot 1, Block 2, of said La Huerta a distance of 85 feet more or less to the point of beginning of the tract herein described; consisting of .35 acres more or less.

A tract of land commencing south at the intersection of the west boundary line of Main Street with the north boundary line of Church Street, in the City of Carlsbad, Eddy County, New Mexico; thence west along the north boundary line of Church Street a distance of 155 feet to the point of beginning of the tract herein described; thence north parallel to the west boundary line of Main Street a distance of 242 feet; thence west parallel to the north boundary line of Church Street a distance of 135 feet; thence south parallel to the west boundary line of Main Street a distance of 242 feet to the north boundary line of Church Street; thence east along the north boundary line of Church Street a distance of 135 feet more or less to the point of beginning of the tract herein described; being a part of SW1/2SE1/2 of Section 31, Township 21 South, Range 27 East, and the NW1/4NE1/4 (lot 22) of Section 6, Township 22 South, Range 27 East, N.M.P.M., Carlsbad, Eddy County, New Mexico; together with lessors interest in adjoining and abutting streets and alleys; consisting of .84 acres.

Commencing at a point on the east boundary line of the SE1/4 of the NE1/4 of Section 2, Township 22 South, Range 26 East, N.M.P.M., which point is 690 feet north of the SE corner of the SE1/4 of the NE1/4 of said section; thence running west on a line parallel to the north boundary line of said 40 acres tract a distance of 820 feet to the point of beginning of the tract herein described; thence south on a line parallel to the east boundary line of said forty-acre tract a distance of 82 1/2 feet; thence west on a line parallel to the north boundary line of said forty-acre tract a distance of 100 feet; thence north on a line parallel to the east boundary on a line of said forty-acre tract a distance 82 1/2 feet; thence east on a line parallel to the north boundary line of said forty-acre tract a distance of 100 feet to the point of beginning of the tract herein described.

One half interest in the following property: Lot (3), Block "203", Powers 3rd Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico; consisting of 1 lot, more or less.
Lot (19) Block "202", Powers 3rd Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office

of the County Clerk of Eddy County, New Mexico; consisting of 1 lot more or less.

Lot (1) Block "203", Powers 3rd Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico, including abutting and adjoining streets on two sides of property; consisting of 1.11 acres, more or less.

Lot (2) Block "202", Powers 3rd Addition to the City of Carlsbad, New Mexico, as shown on the official plat filed in the office of the County Clerk of Eddy County, New Mexico, including abutting and adjoining streets on two sides of property; consisting of 1.11 acres, more or less. Total properties listed consist of 2 lots and 2.22 acres.

Lot (21), Block "8", of Valley View Heights, same being a subdivision of part of the SE1/4 of Section 2, Township 22 South, Range 26 East, N.M.P.M., Carlsbad, Eddy County, New Mexico; and The south 55 feet of Lot (10) and the west 30 feet of the south 55 feet of Lot (8), of Block "23" of the Spencer Addition to the City of Carlsbad, Eddy County, New Mexico; and

A tract of land described as follows: starting at a point on the east line of Section 2, Township 22 South, Range 26 East, N.M.P.M., which point is 30 feet north of the line dividing the NE1/4 of said section, and the SE1/4 of said section, thence west on a line parallel with the north line of said section a distance of 214 feet which is the point of beginning of the tract herein described; thence north a distance of 165 feet on a line parallel with the east line of said section; thence west on a line parallel with the north line of said section a distance of 50 feet; thence south on a line parallel with the east line of said section a distance of 165 feet; thence east on a line parallel with the north line of said Section 2, a distance of 50 feet to the point of beginning of the tract herein described; consisting of 3 lots.

Commencing at a point which was the northeast corner of Lot 2, Block 10 of Gibson's Addition to the City of Carlsbad, New Mexico, as such lot was disclosed upon the map of said Gibson's Addition, prior to the vacation of said map by instrument of record in Book 12, page 273, of the Miscellaneous Records of Eddy County, New Mexico, thence east on a continuation of the north line of said Lot 2, as such north line was disclosed on said map of Gibson's Addition a distance of 80 feet; thence south on the east line of Maple Street, as such street was disclosed on said map of Gibson's Addition, a distance of 50 feet; thence west, parallel to the north line of said Lot 2, as said lot was disclosed upon said map of Gibson's Addition, 100 feet; thence north on a line parallel to the east line of Maple Street, as the same was disclosed upon said map of Gibson's Addition, a distance of 50 feet; thence east 20 feet to the point of beginning.

Subject to easements, restrictions and reservations of record.

The south 50 feet of Lots (7) and (9) Block "12" Gibsons Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (4) Block "A" of Scoggins Subdivision, a Subdivision of Block "19", Valley View Heights Subdivision in the City of Carlsbad, Eddy County, New Mexico.

Lots (7), (13) and (17) in Block "203", of Powers Addition to the City of Carlsbad as per the 3rd amended plat thereof, Eddy County, New Mexico.

Lots (11), (13), (15) and (17) in Block "201", Powers Addition

to the City of Carlsbad as per the 3rd amended plat thereof, Eddy County, New Mexico.

Lot (12) in Block (3), Welshire Subdivision, in the City of Carlsbad, Eddy County, New Mexico.

Lots (1) and (3), Block (3), Hall's 2nd amended Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (7), less east 10 feet, Block "8", Gibson Addition to the City of Carlsbad, Eddy County, New Mexico.

Lot (3), Block "A", of Scoggins Subdivision, a Subdivision of Block "19", Valley View Heights Subdivision, in the City of Carlsbad, Eddy County, New Mexico.

Lot (12), Block "8", Southridge Addition to the City of Carlsbad, Eddy County, New Mexico.

Tract 1, being a portion of the SW1/4 of Section 1, Township 22 South, Range 26 East, N.M.P.M., more particularly described as follows, to-wit: Beginning at the point of intersection of the south right of way line of Mermod Street and the east line of the SW1/4 of Section 1, Township 22 South, Range 26 East, N.M.P.M., which point is on the east line of said SW1/4, South 0 degrees 40 minutes West a distance of 407 feet from the center of said Section 1, said center point being on the centerline of Texas Street extended east; a distance of 41.89 feet along the arc of south curve whose radius is 240 feet; and whose long chord bears North 84 degrees 33 minutes West a distance of 41.84; thence a distance of 380.39 feet along an arc of a curve whose radius is 490 feet and whose long chord bears North 62 degrees and 18 minutes West a distance of 370.92 feet to a point on the south-east rightway line of the U.S. R.S. Southern Canal; thence southwesterly along said rightway line to the point of intersection of said rightway line with the south rightway line of Mermod Street extended west from the point of beginning of this tract on a bearing North 89 degrees 33 minutes West; thence from said point south 89 degrees and 33 minutes a distance of 892 feet more or less to the point of beginning and containing in all 2.23 acres more or less. Consisting of 15 lots and 2.23 acres.

D
STATE OF NEW MEXICO
COUNTY OF EDDY
9:10 AM
JUL 11 1975
CLERK OF DISTRICT COURT

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

MARTIN F. BAUMAN, JR.,)
Plaintiff,)
vs.)
MICHAEL P. GRACE, II,)
Defendant.)

No. 30638

COMPLAINT

Comes now MARTIN F. BAUMAN, Jr. and for his cause of action against Defendant states:

1. Plaintiff through the normal course of business is the successor in interest to the accounts of White and Shuford of New Mexico, Inc.
 2. In 1973 services were rendered by White and Shuford of New Mexico, Inc. and there remains due the balance of \$4,000.00 on open account for those services.
 3. Defendant is a resident of New Mexico and the agreement with Claimant's predecessor White and Shuford of New Mexico, Inc. was entered into in New Mexico.
- WHEREFORE, Plaintiff prays:
1. Judgment against Defendant for \$4,000.00 due on open account.
 2. A reasonable attorney fee to be set by the Court for this matter.
 3. Such other and further relief as the Court deems proper under the circumstances.

MCCORMICK, PAINE and FORBES

BY Tom Cherryhomes
Tom Cherryhomes
P. O. Box 1718
Carlsbad, New Mexico 88220
Attorneys for Plaintiff

9:43AM
CLERK OF THE DISTRICT COURT

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

WELL SERVICE, INC, A NEW MEXICO
CORPORATION,)

Plaintiff,)

vs.)

No. 30730

MICHAEL P. GRACE II, AND
CORINNE GRACE, his wife,)

Defendant.)

COMPLAINT

COMES NOW the Plaintiff and for its cause of action
would respectfully show the following:

1. That Plaintiff is a corporation organized under
the laws of the State of New Mexico with its principal place of
business situate in Lea County, New Mexico. That the Defendants,
and each of them, are residents of Eddy County, New Mexico and
that the acts and events complained of herein occurred in Eddy
County, New Mexico. That the real property involved in this ac-
tion is situate in Eddy County, New Mexico.

2. That from September 6, 1974 through September 29,
1974, the Plaintiff performed certain work and provided certain
services at the direction and insistence of the Defendants, and
each of them, in connection with the drilling of an oil and/or
gas well upon the following described real property situate in
Eddy County, New Mexico, to wit:

Section 25, Township 21 South, Range 24 East, N.M.P.M.
Eddy County, New Mexico.

That the oil well in question was known as Indian Hills #2-Y.

3. That for the work performed and service rendered
by the Plaintiff, the Defendants became indebted to the Plaintiff
upon open account in the amount of TWENTY-EIGHT THOUSAND THREE
HUNDRED NINETEEN and 61/100 DOLLARS (\$28,319.61), including gross

receipts tax due and owing to the State of New Mexico. That on or about October 31, 1974, the Defendants paid to the Plaintiff the sum of TWENTY-FIVE THOUSAND EIGHT HUNDRED SEVENTY-THREE and 62/100 DOLLARS (\$25,873.62), and that after allowing just credits and offsets there is due to the Plaintiff by the Defendants the sum of TWO THOUSAND FOUR HUNDRED FORTY-FIVE and 99/100 DOLLARS (\$2,445.99) together with interest thereon at the rate of 6% per annum from and after November 28, 1974 until paid. That a true, correct, itemized and verified statement of open account reflecting all charges for work performed and services rendered and reflecting all credits and offsets, is attached hereto and made a part hereof as Exhibit A.

4. That the Plaintiff is entitled to have and recover judgment against the Defendants, jointly and severally, in the amount of TWO THOUSAND FOUR HUNDRED FORTY-FIVE and 99/100 DOLLARS (\$2,445.99), together with interest thereon at the rate of 6% per annum from and after November 28, 1974 until such amounts are paid. That in addition thereto the Plaintiff is entitled to have and recover judgment against the Defendants, jointly and severally, for reasonable attorney's fees incurred herein.

5. To the best of Plaintiff's knowledge and belief, the Defendants, and each of them, owned or reputedly owned an interest in and to the oil, gas and other minerals underlying the above described real property, and that on December 26, 1974, the Plaintiff did file a mechanics' and materialmen's lien, pursuant to the statutes of the State of New Mexico, with the County Clerk of Eddy County, New Mexico, said lien having been recorded in Book 123, Page 254 of Miscellaneous Records, Eddy County, New Mexico, said lien having been filed in the amount of TWO THOUSAND FOUR HUNDRED FORTY-FIVE and 99/100 DOLLARS (\$2,445.99), together with interest thereon and together with reasonable attorney's fees.

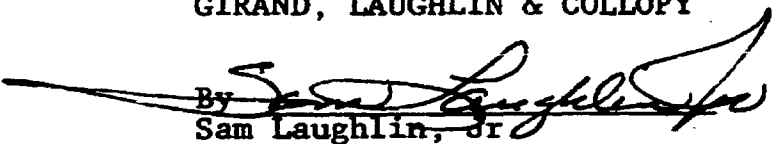
6. That the Plaintiff's lien should be foreclosed as against the interests owned in and to the real property above described and in and to the oil, gas and other minerals underlying said

real property as is provided by law, and that the Plaintiff should have a deficiency judgment for any amounts remaining due and owing to it subsequent to such foreclosure.

WHEREFORE Plaintiff prays that it have and recover judgment against the Defendants, jointly and severally, in the amount of TWO THOUSAND FOUR HUNDRED FORTY-FIVE and 99/100 DOLLARS, (\$2,445.99), together with interest thereon at the rate of 6% per annum from and after November 28, 1974 and together with reasonable attorney's fees incurred by the Plaintiff in filing its claim of lien; that it have and recover judgment against the Defendants, jointly and severally, for reasonable attorney's fees incurred in the prosecution of this action.

Plaintiff further prays that its claim of lien duly filed and recorded with the County Clerk of Eddy County be foreclosed as is provided by law and that it have and recover a deficiency judgment for any amounts remaining due and owing after such foreclosure; that it recover all costs expended herein; and for such other and further relief as may be proper in the premises.

GIRAND, LAUGHLIN & COLLOPY

By 
Sam Laughlin, Jr.
P.O. Box 1290
Hobbs, New Mexico
ATTORNEYS FOR PLAINTIFF

STATE OF NEW MEXICO)

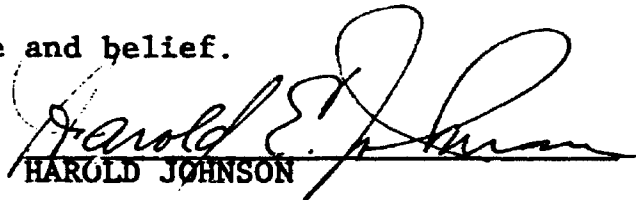
COUNTY OF LEA)

ss.

A F F I D A V I T

HAROLD JOHNSON, being first duly sworn upon his oath,
deposes and says:

That he is an employee and agent of WELL SERVICE, INC.
the Plaintiff in the foregoing cause of action, and that he is
authorized by said corporation to make this Affidavit. That the
itemized statement attached hereto and designated as Exhibit A is
a true and correct copy of the charges made for services rendered
and work performed by WELL SERVICE, INC. for and at the direction
of MICHAEL P. GRACE II and CORINNE GRACE and carried as an open
account by WELL SERVICE, INC., and that such instruments truly
and correctly reflect, to the best of Affiant's knowledge and be-
lief, all such charges and all payments received. That Affiant is
familiar with the books and records of WELL SERVICE, INC., and that
the matters contained in the attachments hereto are true and cor-
rect to the best of his knowledge and belief.


HAROLD JOHNSON

SUBSCRIBED AND SWORN TO before me this 2nd day
of August, 1975.


NOTARY PUBLIC

My Commission Expires;

2-10-79

In Account With
WELL SERVICE, INC.
 P. O. Box 430
 Phone 397-1422 - 397-3516
 HOBBS, NEW MEXICO 88240

MICHAEL F GRACE II
CORINNE GRACE

Insurance—New Mexico and Texas

P O BOX 1418, CARLSBAD, NEW MEXICO 88220

TERMS: 30 Days Net. 6% Interest After 60 Days

		INDIAN HILLS #2-Y -- SECTION 25, T21S, R24E, EDDY COUNTY, STATE OF NEW MEXICO		
1	6	WORK TICKET #1117 MOVE IN - RIG UP W M (BILLY) WALKER INC TRUCKING TICKET #9097	\$	\$ 190.00 1306.86
9	7	WORK TICKET # 1118 FURNISH AIR EQUIPMENT TO AIR DRILL WELL		935.00
9	8	WORK TICKET #1119 FURNISH AIR EQUIPMENT TO AIR DRILL WELL		935.00
9	9	WORK TICKET #1120 FURNISH AIR EQUIPMENT TO AIR DRILL WELL		935.00
9	10	WORK TICKET #1121 FURNISH AIR EQUIPMENT TO AIR DRILL WELL		935.00
9	11	WORK TICKET #1122 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 36 GALLONS AIR DRILLING CHEMICALS @ \$5.68 PER GALLON		935.00 204.48
9	12	WORK TICKET #1123 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 12 GALLONS AIR DRILLING CHEMICALS @ \$5.68 PER GALLON 2070 GALLONS DIESEL FUEL - TICKET #506867		935.00 68.16 794.38
9	13	WORK TICKET #1124 FURNISH AIR EQUIPMENT TO AIR DRILL WELL		935.00
9	14	WORK TICKET #1125 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 26 GALLONS AIR DRILLING CHEMICALS @ \$5.68 PER GALLON		935.00 147.68
9	15	WORK TICKET #1126 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 11 GALLONS AIR DRILLING CHEMICALS @ \$5.68 PER GALLON		935.00 62.48
PAGE ONE OF THREE				

EXHIBIT A

In Account With

WELL SERVICE, INC.

P. O. Box 430

Phone 397-1422 — 397-2518

HOBBS, NEW MEXICO 88240

MICHAEL P GRACE II
CORINNE GRACE

Insurance—New Mexico and Texas

P O BOX 1418, CARLSBAD, NEW MEXICO 88220

TERMS: 30 Days Net. 6% Interest After 60 Days

16	WORK TICKET #1127 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 30 GALLONS AIR DRILLING CHEMICALS @ \$5.68 PER GALLON 1215 GALLONS DIESEL FUEL - TICKET #506877	935.00 170.40 466.27
17	WORK TICKET #1128 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 30 GALLONS AIR DRILLING CHEMICALS @ \$5.68 PER GALLON	935.00 170.40
18	WORK TICKET #1129 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 36 GALLONS AIR DRILLING CHEMICALS @ \$5.68 1240 GALLONS DIESEL FUEL - TICKET #507078	935.00 204.48 475.86
19	WORK TICKET #1130 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 36 GALLONS AIR DRILLING CHEMICALS @ \$5.68	935.00 204.48
20	WORK TICKET #1131 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 18 GALLONS AIR DRILLING CHEMICALS @ \$5.68	935.00 102.24
21	WORK TICKET #1132 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 36 GALLONS AIR DRILLING CHEMICALS @ \$5.68 2050 GALLONS DIESEL FUEL - TICKET #507150	935.00 204.48 786.72
22	WORK TICKET #1133 FURNISH AIR EQUIPMENT TO AIR DRILL WELL 27 GALLONS AIR DRILLING CHEMICALS @ \$5.68	935.00 124.96
23	WORK TICKET #1134 STANDBY	190.00
24	WORK TICKET #1135 STANDBY	190.00
25	WORK TICKET #1136 STANDBY	190.00

PAGE TWO OF THREE

In Account With

WELL SERVICE, INC.

P. O. Box 430

Phone 397-1422 -- 397-2316

HOBBS, NEW MEXICO 88240

MICHAEL P GRACE

CORINNE GRACE

Insurance - New Mexico and Texas

P O BOX 1419, CARLSBAD, NEW MEXICO 88220

TERMS: 30 Days Net. 6% Interest After 60 Days

1	26	WORK TICKET #1137 FURNISH AIR EQUIPMENT TO UNLOAD HOLE & CIRCULATE HOLE CLEAN 5 GALLONS AIR DRILLING CHEMICALS @ \$5.68 PER GALLON	\$ 935.00 28.40
9	27	WORK TICKET #1138 FURNISH AIR EQUIPMENT TO MIST DRILL 5 GALLONS AIR DRILLING CHEMICALS @ \$5.68 PER GALLON	935.00 28.40
9	28	WORK TICKET #1140 FURNISH AIR EQUIPMENT TO MIST DRILL 30 GALLONS AIR DRILLING CHEMICALS @ \$5.68	935.00 170.40
9	29	WORK TICKET #1141 FURNISH AIR EQUIPMENT TO MIST DRILL - PUMP INTO WELL @ 1200 PSI - RUN OUT WATER - SHUT DOWN - PUMP INTO WELL @ 1200 PSI - PUMP LOAD DOWN WITH MIST PUMP - WELL UNLOADED - START MIST DRILLING 14 GALLONS AIR DRILLING CHEMICALS @ \$5.68 PER GALLON 1731 GALLONS DIESEL FUEL - TICKET #1030 E W M (BILLY) WALKER INC TRUCKING TICKET # 9184	935.00 79.52 662.48 1306.86
		4% NEW MEXICO TAX	27250.39 1089.22
		TOTAL	\$ 28319.61

PAGE THREE OF THREE

In Account With

WELL SERVICE, INC.

P. O. Box 430

Phone 397-1422 — 397-2516

HOBBS, NEW MEXICO 88240

MICHAEL P GRACE II
CORINNE GRACE

Insurance—New Mexico and Texas

P O BOX 1418, CARLSBAD, NEW MEXICO 88280

TERMS: 30 Days Net. 6% Interest After 60 Days

INDIAN HILLS #2-Y -- SECTION 25, T21S, R24E
EDDY COUNTY, STATE OF NEW MEXICOOUR INVOICE NO. 7748-74 DATED 10/1/74
RECEIVED FROM BANK OF ARIZONA 10/31/74\$ 28319.61
25973.62

BALANCE

\$ 2445.99

STATE OF NEW MEXICO, County of Eddy, ss. I hereby
certify that this instrument was filed for record on this
26th day of Dec, 1974 at 11:05 o'clock A.M.,
and duly recorded in Book 123 Page 254 of the
Records of MiscellaneousGERALDINE MAHAFFEY, County Clerk
By Paul C. Boyd Deputy

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FILED OCT 21 1975 IN MY
11:25 AM OFFICE
FRANCES M. WILCOX
Clerk of the District Court

JAKE L. HAMON,)
)
Plaintiff,)
)
vs.)
)
CORINNE GRACE,)
)
Defendant.)

No. 30949

COMPLAINT

For his claim for relief, the Plaintiff states:

1. Plaintiff is a resident of the State of Texas, residing in Dallas, Dallas County, Texas. The lands involved in this action are situated wholly in Eddy County, New Mexico.
2. Defendant is a non-resident of the State of New Mexico, having her residence in the State of Arizona, and as such is subject to jurisdiction of this Court as provided by Section 22-18-2, et seq., N.M.S.A., providing for service by publication in actions for specific performance.
3. On September 4, 1974, Plaintiff, at the instance and behest of Jack W. Manaugh, agreed to farmout all of his right, title and interest in a certain State of New Mexico oil and gas lease bearing serial number K-4399 covering the E $\frac{1}{2}$ of Section 6, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, the exact terms and conditions of the farmout being evidenced by a Letter Agreement of even date therewith, attached hereto as Exhibit "A", and subsequently confirmed by the Defendant by letter, attached hereto as Exhibit "B", each of said exhibits being incorporated herein by reference for all purposes.
4. In accord with the provisions of the Farmout Agreement and simultaneously in connection with the consummation of the transaction, Plaintiff executed and delivered to the Defendant an Assignment of said oil and gas lease, a copy of which is attached hereto as Exhibit "C" and incorporated herein by reference for all purposes.

5. Following the conveyance aforesaid, the Defendant filed with the Commissioner of Public Lands of the State of New Mexico a Unit Agreement for the Development and Operation of the Cueva Unit Area containing a total of 947.59 acres, more or less, and comprising the $W\frac{1}{2}$ of Section 31, Township 22 South, Range 26 East, N.M.P.M., and All of Section 6, Township 23 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, a copy of said Unit Agreement being attached hereto as Exhibit "D" and incorporated herein by reference for all purposes.

6. Following the formation of the Unit by Defendant, a unit well was commenced at a point 1980 feet from the South line and West line of Section 6, Township 23 South, Range 26 East, designated as the Cueva Unit No. 1 Well and was, upon information and belief, completed in the Strawn formation for an absolute open-flow potential of 15,080 MCF of gas per day, all as more particularly reflected on the Well Completion Form filed by the Defendant with the New Mexico Oil Conservation Commission on August 25, 1975, and approved on September 16, 1975, a copy of which is attached hereto as Exhibit "E" and incorporated herein by reference for all purposes.

7. Plaintiff has made repeated demands of Defendant and Defendant's agents for a conveyance of the overriding royalty interest specified in the farmout but Defendant has failed, neglected and refused, and still fails, neglects and refuses to convey Plaintiff said overriding royalty interest.

8. That following completion of the Cueva Unit Well No. 1, Plaintiff made demand upon Defendant in accordance with the terms of the farmout to reassign to Plaintiff all rights below 100 feet beyond the total depth drilled in the Cueva Unit Well No. 1, but Defendant has failed, neglected and refused and still fails, neglects and refuses to execute the assignment as required by the express provisions of the farmout.

9. That in addition to the failure and refusal of Defendant to execute the assignment of overriding royalty and the reassignment of the oil and gas lease rights below a depth of 100 feet beyond the total depth drilled in the Cueva Unit Well No. 1, Defendant has also failed and refused to furnish Plaintiff an operating agreement setting forth the entire transaction as also required by the terms and provisions of the Farmout Letter, although Plaintiff has made repeated demands upon Defendant and her agents to prepare and submit such instrument.

10. That Plaintiff has fully performed all of his duties and obligations under the provisions of the Farmout Agreement and at all times material hereto has been and still is ready and willing to accept the necessary documents and assignments required to fully consummate this transaction as provided by the Farmout Agreement.

WHEREFORE, Plaintiff prays for a decree of specific performance in the following particulars:

1. Ordering that the Defendant convey and assign a $1/16$ of $8/8$ overriding royalty interest, proportionately reduced, in the entire unit acreage, being a net overriding royalty interest of $1/16$ of 320.32/947.59 of $8/8$ in and under and that may be produced from the $W\frac{1}{2}$ of Section 31, Township 22 South, Range 26 East, N.M.P.M., and All of Section 6, Township 23 South, Range 26 East, N.M.P.M., containing 947.59 acres, more or less, and located in Eddy County, New Mexico.

2. Ordering that the Defendant convey to Plaintiff an assignment of all right, title and interest in and to State of New Mexico Oil and Gas Lease, Serial No. K-4399, below 100 feet beyond the total depth drilled in the Cueva Unit Well No. 1.

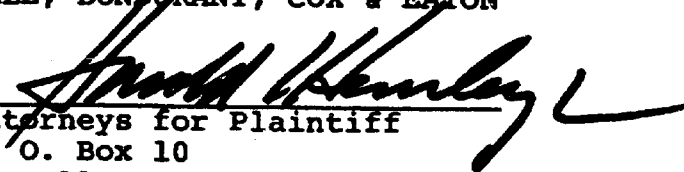
3. Ordering that the Defendant forthwith prepare an operating agreement for the Cueva Unit incorporating the conditions contained in the Farmout Letter of September 4, 1974, and submit such operating agreement to Plaintiff for approval.

4. Ordering that the Defendant prepare, or cause to be prepared, a division order reflecting the interest of Plaintiff in the Cueva Unit aforesaid.

5. For costs of this action and such other and further relief as to the Court may seem proper and just.

HINKLE, BONDURANT, COX & EATON

By


Attorneys for Plaintiff
P. O. Box 10
Roswell, New Mexico 88201

JAKE L. HAMON
OIL AND GAS PRODUCER
REPUBLIC NATIONAL BANK TOWER
POST OFFICE BOX 992
DALLAS, TEXAS 75221

W. T. LAGRONE
LAND AND LAW

September 4, 1974

In Re: Farmout
#5210 State of New Mexico Lease #K-4399
E/2 of Section 6, T23S-R26E
Eddy County, New Mexico

Mr. Jack W. Manaugh
105 Wilco Building
Midland, Texas 79701

Dear Mr. Manaugh:

Attached hereto is an Assignment by Mr. Jake L. Hamon of all of his right, title, and interest in and to New Mexico State Lease #K-4399 covering the E/2 of Section 6, T23S-R26E, Eddy County, New Mexico.

You advise that Ms. Corinne Grace, 1141 E. Bethany Home Road, Phoenix, Arizona 85014 is going to create a 960 acre, more or less, unit consisting of all of Section 6, T23S-R26E and the W/2 of Section 31, T22S-R26E, Eddy County, New Mexico. This unit will be created for the purpose of drilling an 11,600' Morrow test at a legal location upon the 960 acre unit. The first well to be drilled, however, will be a Delaware Formation test which you represent will hold the 960 acre unit. Thereafter, within 60 days, she will commence the actual drilling of the Morrow Formation test. Ms. Corinne Grace agrees to commence and perpetuate such drilling in a manner that will perpetuate all leases created for the purpose of drilling the Morrow test, including the lease assigned by Mr. Jake L. Hamon covering the E/2 of Section 6, T23S-R26E, Eddy County, New Mexico.

Ms. Grace will re-assign to Jake L. Hamon a 1/16 x 8/8 overriding royalty interest, proportionately reduced, to cover the entire 960 acre unit. Upon recovery by Ms. Grace of her cost for any particular well, then, as to that particular well Jake L. Hamon will have the option of converting his 1/16 x 8/8 overriding royalty interest to a 1/4 working interest therein, including a like interest in the equipment located therein and thereon and pertaining to said well.

EXHIBIT "A"

Page #2
September 4, 1974
Mr. Jack W. Manaugh

The 1/4 working interest will likewise be proportionately reduced to cover the 960 acre unit. This procedure will apply separately to any well drilled by Ms. Grace. In the drilling of any well or wells, Ms. Grace agrees to hold Mr. Hamon completely harmless and to drill said well or wells at her sole cost, risk and expense.

Ms. Grace agrees to furnish Jake L. Hamon forthwith an Operating Agreement containing conditions and requirements satisfactory to Mr. Hamon and setting out the entire deal as herein previously detailed.

In the event production is obtained and the leases perpetuated, Ms. Grace will forthwith re-assign to Jake L. Hamon all rights below the total depth drilled, plus 100'. By way of clarification, Ms. Grace will be thereafter vested with rights above total depth drilled, plus 100'.

If this is your understanding of our agreement and is in all respects satisfactory with you, please sign in the space provided below, have Ms. Grace sign a copy, and return a signed copy to this office.

Very truly yours,

W. T. LaGrone
W. T. LaGrone

WTL:cje
enc
cc Mr. Robert L. Spears

AGREED TO AND ACCEPTED:

This _____ day of _____, 1974.

By: *Jack W. Manaugh*
J. W. MANAUGH

This _____ day of _____, 1974.

CORINNE GRACE

Michael P. Grace II
Corinne Grace
P. O. BOX 1418
CARLSBAD, NEW MEXICO 88220

Mr. Jake L. Hamon
Republic National Bank Tower
Dallas, Texas 75221

RE: Farnout
#5210 State of New Mexico
Lease #K-4399
E/2 of Section 6, T23S, R26E
Eddy County, New Mexico

Dear Mr. Hamon:

Upon receipt of proper assignment from Jake L. Hamon of all of his right, title, and interest in and to New Mexico State Lease #K-4399 covering the E/2 of Section 6, T23S, R26E, Eddy County, New Mexico (in acceptable form to be filed, reflecting the following.)

Mrs. Corinne Grace, 1141 E. Bethany Home Road, Phoenix, Arizona 85014, created a 960 acre, more or less, unit consisting of all of Section 6, T23S-R26E and the W/2 of Section 31, T22S-R26E, Eddy County, New Mexico. This unit was created for the purpose of drilling an 11,600' Morrow test at a legal location upon the 960 acre unit. The first well to be drilled, however, will be a Delaware Formation test which you represent will hold the 960 acre unit. Thereafter, within one and one-half years, she will attempt to commence the actual drilling of the Morrow Formation test. Mrs. Corinne Grace agreed to attempt to commence and perpetuate such drilling in a manner that will perpetuate all leases created for the purpose of drilling the Morrow test, including the lease assigned by Mr. Jake L. Hamon covering the E/2 of Section 6, T23S, R26E, Eddy County, New Mexico.

Mrs. Grace will re-assign to Jake L. Hamon a $1/16 \times 8/8$ overriding royalty interest, proportionately reduced, to cover the entire 960 acre unit, e.g. ($1/48$ o.r.r.). Upon recovery by Mrs. Grace of her cost for any particular well, then, as to that particular well Jake L. Hamon will have the option of converting his $1/16 \times 8/8$ overriding royalty interest to a $1/4$ working interest therein, proportionately reduced e.g. $1/12$ W.I., excluding a like interest in the equipment located therein and thereon and pertaining to said well.

EXHIBIT "B"

Page #2
Mr. Jake L. Hamon

The 1/4 working interest will likewise be proportionately reduced to cover the 906 acre unit. This procedure will apply separately to any well drilled by Mrs. Grace. In the drilling of any well or wells, Mrs. Grace agrees to hold Mr. Hamon completely harmless and to drill said well or wells at her sole cost, risk and expense.

Mrs. Grace agrees to furnish Jake L. Hamon forthwith an Operating Agreement containing conditions and requirements satisfactory to Mr. Hamon and setting out the entire deal as herein previously detailed.

In the event production is obtained and the leases perpetuated, Mrs. Grace will forthwith re-assign to Jake L. Hamon all rights below the total depth drilled, plus 100'. By way of clarification, Mrs. Grace will be thereafter vested with rights above total depth drilled, plus 100'.

If this is your understanding of our agreement and is in all respects satisfactory with you, please sign in the space provided below and return to this office and we will have Mrs. Grace sign and will return a copy to you.

Sincerely yours,

Corinne Grace

jlj

AGREED TO AND ACCEPTED:

This _____ day of _____

Jake L. Hamon

This _____ day of _____

Corinne Grace

Form 63--Individual

Lease Number

K-4399

KNOW ALL MEN BY THESE PRESENTS:

That JAKE L. HAMON and NANCY B. HAMON
 (state whether married or single) (wife, if any).
 of Dallas, Texas,

hereinafter called "Assignor" (whether one or more), for and in consideration of Ten and more Dollars, paid by
 == CORINNE GRACE, ==

whose post office address is 1141 E. Bethany Home Road, Phoenix, Arizona 85014
 hereinafter called "Assignee" (whether one or more), does hereby sell, assign and convey to the Assignee the entire
 interest and title in and to that certain Oil and Gas Lease No. K-4399 made by the State of New Mexico to

Jake L. Hamon

under date of September 15, 1964, only insofar as said lease covers the following described land, to-wit

Lot 1 (40.18), Lot 2 (40.13), S/2 NE/4, and SE/4, Section 6, Township
 23 South, Range 26 East, containing 320.31 acres of land, in Eddy
 County, New Mexico,

together with the rights incident thereto, and the personal property thereon, if any, appurtenant thereto, or used or
 obtained in connection therewith.

Assignee assumes and agrees to perform all obligations to the State of New Mexico insofar as said described
 land is affected, and to pay such rentals and royalties, and to do such other acts as are by said lease required as to
 said land, to the same extent and in the same manner as if the provisions of said lease were fully set out herein. I
 is agreed that Assignee shall succeed to all the rights, benefits and privileges granted the Lessee by the terms of
 said lease, as to said land.

With warranty covenants as to the leasehold estate herein assigned, except as to any valid overriding royalty,
 production payment, operating agreement or sub-lease, if any, now of legal record, and Assignor covenants that said
 leasehold estate so assigned is valid and subsisting and that all rentals and royalties due thereunder have been paid

EXECUTED this 4th day of September, 1974.

Jake L. Hamon
 Jake L. Hamon

Nancy B. Hamon
 Nancy B. Hamon

STATE OF TEXAS)
) ss.
 COUNTY OF DALLAS)

The foregoing instrument was acknowledged before me this 4th day of September, 1974

by Jake L. Hamon and Nancy B. Hamon

My Commission Expires: 6/1/75

Evelyn Matthews
 (EVELYN MATTHEWS) Notary Public
 Dallas County, Texas

Office of Commissioner of Public Lands,
 Santa Fe, New Mexico

I hereby certify that the within assignment was filed in my office on the _____ day of _____, 19____
 and approved by me on _____, 19____.

EXHIBIT "C"

UNIT AGREEMENT
FOR THE DEVELOPMENT AND OPERATION
OF THE
CUEVA UNIT AREA
EDDY COUNTY, NEW MEXICO

RECEIVED
SEP 11 1974
COUNTY CLERK
EDDY COUNTY, NEW MEXICO

NO. _____

THIS AGREEMENT, entered into as of the 5th day of September, 1974, by and between the parties subscribing, ratifying or consenting hereto, and herein referred to as the "parties hereto";

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty or other oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 3, Chap. 88, Laws 1943) as amended by Sec. 1 of Chapter 162, Laws of 1951 (Chap. 7, Art. 11, Sec. 39, N. M. Statutes 1953 Annot.), to consent to and approve the development or operation of State lands under agreements made by lessees of State land jointly or severally with other lessees where such agreements provide for the unit operation or development of part of or all of any oil or gas pool, field, or area; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is authorized by an Act of the Legislature (Sec. 1, Chap. 162) Laws of 1951, Chap. 7, Art. 11, Sec. 41 N. M. Statutes 1953 Annotated) to amend with the approval of lessee, evidenced by the lessee's execution of such agreement or otherwise, any oil and gas lease embracing State lands so that the length of the term of said lease may coincide with the term of such agreements for the unit operation and development of part or all of any oil or gas pool, field or area; and

EXHIBIT "D"

WHEREAS, the Oil Conservation Commission of the State of New Mexico (hereinafter referred to as the "Commission") is authorized by an Act of the Legislature (Chap. 72, Laws 1935; Chap. 65, Art. 3, Sec. 14 N. M. Statutes 1953 Annotated) to approve this agreement and the conservation provisions hereof; and

WHEREAS, the parties hereto hold sufficient interests in the Cueva Unit Area covering the land hereinafter described to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions and limitation herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the below defined unit area, and agree severally among themselves as follows:

1. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

Township 22 South, Range 26 East NMPM
Section 31: W $\frac{1}{2}$

Township 23 South, Range 26 East NMPM
Section 6: All

containing 947.59 acres, more or less,
Eddy County, New Mexico

Exhibit A attached hereto is a map showing the unit area and the boundaries and identity of tracts and leases in said area to the extent known to the unit operator. Exhibit B attached hereto is a schedule showing to the extent known to the unit operator the acreage, percentage and kind of ownership of oil and gas interests in all lands in the unit area. However, nothing herein or in said schedule or map shall be construed as a representation by any party

hereto as to the ownership of any interest other than such interest or interest as are shown on said map or schedule as owned by such party. Exhibits A and B shall be revised by the unit operator whenever changes in ownership in the unit area render such revisions necessary or when requested by the Commissioner of Public Lands, hereinafter referred to as "Commissioner".

All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement."

2. UNITIZED SUBSTANCES. All oil, gas, natural gasoline and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

3. UNIT OPERATOR. Corinne Grace, whose address is P. O. Box 1418, Carlsbad, New Mexico, is hereby designated as unit operator and by signature hereto commits to this agreement all interest in unitized substances vested in it as set forth in Exhibit B, and agrees and consents to accept the duties and obligations of unit operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the unit operator, such reference means the unit operator acting in that capacity and not as an owner of interests in unitized substances, and the term "working interest owner" when used herein shall include or refer to unit operator as the owner of a working interest when such an interest is owned by it.

4. RESIGNATION OR REMOVAL OF UNIT OPERATOR. Unit operator shall have the right to resign at any time but such resignation shall not become effective until a successor unit operator has been selected and approved in the manner provided for in Section 5 of this agreement. The resignation of the unit operator shall not release the unit operator from any liability or any default by it hereunder occurring prior to the effective date of its resignation.

Unit operator may, upon default or failure in the performance of its duties or obligations hereunder, be subject to removal by the same percentage vote of the owners of working interests determined in like manner as herein provided for the selection of a new unit operator. Such removal shall be

effective upon notice thereof to the Commissioner.

The resignation or removal of the unit operator under this agreement shall not terminate his right, title or interest as the owner of a working interest or other interest in unitized substances, but upon the resignation or removal of unit operator becoming effective, such unit operator shall deliver possession of all equipment, material and appurtenances used in conducting the unit operations and owned by the working interest owners thereof if no such new unit operator is elected, to be used for the purpose of conducting unit operations hereunder. Nothing herein shall be construed as authorizing removal of any material, equipment and appurtenances needed for the preservation of any wells.

5 SUCCESSOR UNIT OPERATOR. Whenever the unit operator shall resign as unit operator or shall be removed as hereinabove provided, the owners of the working interests according to their respective acreage interest in all unitized land shall by a majority vote select a successor unit operator; provided that, if a majority but less than seventy-five per cent (75%) of the working interests qualified to vote is owned by one party to this agreement, a concurring vote of sufficient additional parties, so as to constitute in the aggregate not less than seventy-five per cent (75%) of the total working interests, shall be required to select a new operator. Such selection shall not become effective until (a) a unit operator so selected shall accept in writing the duties and responsibilities of unit operator, and (b) the selection shall have been approved by the Commissioner. If no successor unit operator is selected and qualified as herein provided, the Commissioner at his election may declare this unit agreement terminated.

6. ACCOUNTING PROVISIONS. The unit operator shall pay in the first instance all costs and expenses incurred in conducting unit operations hereunder, and such costs and expenses and the working interest benefits accruing hereunder shall be apportioned, among the owners of the unitized working interests in accordance with an operating agreement entered into by

and between the unit operator and the owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the unit operator as provided in this section, whether one or more, are herein referred to as the "Operating Agreement." No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the unit operator of any right or obligation established under this unit agreement and in case of any inconsistencies or conflict between this unit agreement and the operating agreement, this unit agreement shall prevail.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR. Except as otherwise specifically provided herein, the exclusive right, privilege and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating and distributing the unitized substances are hereby delegated to and shall be exercised by the unit operator as herein provided. Acceptable evidence of title to said rights shall be deposited with said unit operator and, together with this agreement, shall constitute and define the rights, privileges and obligations of unit operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the unit operator, in its capacity as unit operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

8. DRILLING TO DISCOVERY. The unit operator shall commence operations upon an adequate test well for oil and gas upon some part of the lands embraced within the unit area and shall proceed to drill such test with due diligence to a depth sufficient to test all formation of Pennsylvanian age to such a depth as unitized substances shall be discovered in paying quantities at a lesser depth or until it shall, in the opinion of unit operator, be determined that the further drilling or reworking of said well shall be unwarranted or

impractical; provided, however, that unit operator shall not, in any event, be required to drill said well to a depth in excess of 12,500 feet. Until a discovery of a deposit of unitized substances capable of being produced in paying quantities (to wit: quantities sufficient to repay the costs of drilling and producing operations with a reasonable profit) unit operator shall continue drilling diligently, one well at a time, allowing not more than six months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of the Commissioner, or until it is reasonably proven to the satisfaction of the unit operator that the unitized land is incapable of producing unitized substances in paying quantities in the formation drilled hereunder.

Any well commenced before September 15, 1974 but after the effective date of this agreement upon the unit area and drilled to the depth provided herein for the drilling of an initial test well shall be considered as complying with the drilling requirements hereof with respect to the initial well. The Commissioner may modify the drilling requirements of this section by granting reasonable extensions of time when in his opinion such action is warranted. Upon failure to comply with the drilling provisions of this article, the Commissioner may, after reasonable notice to the unit operator and each working interest owner, lessee and lessor at their last known addresses, declare this unit agreement terminated, and all rights, privileges and obligations granted and assumed by this unit agreement shall cease and terminate as of such date.

9. OBLIGATIONS OF UNIT OPERATOR AFTER DISCOVERY OF UNITIZED

SUBSTANCES: Should unitized substances in paying quantities be discovered upon the unit area, the unit operator shall on or before six months from the time of the completion of the initial discovery well and within thirty days after the expiration of each twelve months period thereafter file a report with the Commissioner and Commission of the status of the development of the unit area and the development contemplated for the following twelve months period, which plan of development must be approved by the Commissioner of Public Lands.

It is understood that one of the main considerations for the approval of this agreement by the Commissioner of Public Lands is to secure the orderly development of the unitized lands in accordance with good conservation practices so as to obtain the greatest ultimate recovery of unitized substances.

After discovery of unitized substances in paying quantities, unit operator shall proceed with diligence to reasonably develop the unitized area as a reasonably prudent operator would develop such area under the same or similar circumstances.

If the unit operator should fail to comply with the above covenant for reasonable development this agreement may be terminated by the Commissioner as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units but in such event the basis of participation by the working interest owners shall remain the same as if this agreement had not been terminated as to such lands; provided, however, the Commissioner shall give notice to the unit operator and the lessees of record in the manner prescribed by Sec. 7-11-14, N. M. Statutes 1953 Annotated of intention to cancel on account of any alleged breach of said covenant for reasonable development and any decision entered thereunder shall be subject to appeal in the manner prescribed by Sec. 7-11-17, N. M. Statutes 1953 Annotated and, provided further, in any event the unit operator shall be given a reasonable opportunity after a final determination within which to remedy any default, failing in which this agreement shall be terminated as to all lands of the State of New Mexico embracing undeveloped regular well spacing or proration units.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well capable of producing unitized substances in paying quantities, the owners of working interests shall participate in the production therefrom and in all other producing wells which may be drilled pursuant hereto in the proportions that their respective leasehold interests covered hereby on an acreage basis bears to the total number of acres committed to this unit agreement, and such unitized substances shall be deemed to have been produced from the respective leasehold interests

participating therein. For the purpose of determining any benefits accruing under this agreement and the distribution of the royalties payable to the State of New Mexico and other lessors, each separate lease shall have allocated to it such percentage of said production as the number of acres in each lease respectively committed to this agreement bears to the total number of acres committed hereto.

Notwithstanding any provisions contained herein to the contrary, each working interest owner shall have the right to take such owner's proportionate share of the unitized substances in kind or to personally sell or dispose of the same, and nothing herein contained shall be construed as giving or granting to the unit operator the right to sell or otherwise dispose of the proportionate share of any working interest owner without specific authorization from time to time so to do.

11. ALLOCATION OF PRODUCTION. All unitized substances produced from each tract in the unitized area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on any acreage basis from the several tracts of the unitized land, and for the purpose of determining any benefits that accrue on an acreage basis, each such tract shall have allocated to it such percentage of said production as its area bears to the entire unitized area. It is hereby agreed that production of unitize substances from the unitized area shall be allocated as provided herein, regardless of whether any wells are drilled on any particular tract of said unitized area.

12. PAYMENT OF RENTALS, ROYALTIES AND OVERRIDING ROYALTIES:

All rentals due the State of New Mexico shall be paid by the respective lease owners in accordance with the terms of their leases.

All royalties due the State of New Mexico under the terms of the leases committed to this agreement shall be computed and paid on the basis of all unitized substances allocated to the respective leases committed hereto; provided, however, the State shall be entitled to take in kind its share of

the unitized substances allocated to the respective leases, and in such case the unit operator shall make deliveries of such royalty oil in accordance with the terms of the respective leases.

All rentals, if any, due under any leases embracing lands other than the State of New Mexico, shall be paid by the respective lease owners in accordance with the terms of their leases and all royalties due under the terms of any such leases shall be paid on the basis of all unitized substances allocated to the respective leases committed hereto.

If the unit operator introduces gas obtained from the sources other than the unitized substances into any producing formation for the purpose of repressuring, stimulating or increasing the ultimate recover of unitized substances therefrom, a like amount of gas, if available, with due allowance for loss or depletion from any cause may be withdrawn from the formation into which the gas was introduced royalty free as to dry gas but not as to the products extracted therefrom; provided, that such withdrawal shall be at such time as may be provided in a plan of operation consented to by the Commissioner and approved by the Commission as conforming to good petroleum engineering practices; and provided further, that such right of withdrawal shall terminate on the termination of this unit agreement.

If any lease committed hereto is burdened with an overriding royalty, payment out of production or other charge in addition to the usual royalty, the owner of each such lease shall bear and assume the same out of the unitized substances allocated to the lands embraced in each such lease as provided herein.

13. LEASES AND CONTRACTS CONFORMED AND EXTENDED INSOFAR AS THEY APPLY TO LANDS WITHIN THE UNITIZED AREA. The terms, conditions and provisions of all leases, subleases, operating agreements and other contracts relating to the exploration, drilling development or operation for oil or gas of the lands committed to this agreement, shall as of the effective date hereof, be and the same are hereby expressly modified and amended insofar as they apply to lands within the unitized area to the extent necessary to make the same conform to the provisions hereof and so that the respective terms of said leases and

agreements will be extended insofar as necessary to coincide with the term of this agreement and the approval of this agreement by the Commissioner and the respective lessors and lessees shall be effective to conform the provisions and extend the terms of each such lease as to lands within the unitized area to the provisions and terms of this agreement; but otherwise to remain in full force and effect. Each lease committed to this agreement, insofar as it applies to lands within the unitized area, shall continue in force beyond the term provided therein as long as this agreement remains in effect, provided, drilling operations upon the initial test well provided for herein shall have been commenced or said well is in the process of being drilled by the unit operator prior to the expiration of the shortest term lease committed to this agreement. Termination of this agreement shall not affect any lease which pursuant to the terms thereof or any applicable laws would continue in full force and effect thereafter. The commencement, completion, continued operation or production of a well or wells for unitized substances on the unit area shall be construed and considered as the commencement, completion, continued operation or production on each of the leasehold interests committed to this agreement and operations or production pursuant to this agreement shall be deemed to be operations upon and production from each leasehold interest committed hereto and there shall be no obligation on the part of the unit operator or any of the owners of the respective leasehold interests committed hereto to drill offsets to wells as between the leasehold interests committed to this agreement, except as provided in Section 9 hereof.

Any lease embracing lands of the State of New Mexico have only a portion of its lands committed hereto shall be segregated as to the portion committed and as to the portion not committed and the terms of such leases shall apply separately as to such segregated portions commencing as of the effective date hereof. Notwithstanding any of the provisions of this agreement to the contrary, any lease embracing lands of the State of New Mexico having only a portion of its lands committed hereto shall continue in full force and effect beyond the term provided therein as to all lands embraced in such lease, if oil and gas, or either of them, are discovered and are being produced in paying quantities from some part of the lands embraced in such lease committed to this agreement at the expiration of the secondary term of such lease; or, if, at the expiration of the secondary term, the

lessee or the unit operator is then engaged in bona fide drilling or reworking operations on some part of the lands embraced therein shall remain in full force and effect so long as such operations are being diligently prosecuted, and the result in the production of oil or gas, said lease shall continue in full force and effect as to all of the lands embraced therein, so long thereafter as oil and gas, or either of them, are being produced in paying quantities from any portion of said lands.

Notwithstanding any of the provisions of this agreement to the contrary, all legal subdivisions of lands (i. e., 40 acres by Government survey or its nearest lot or tract equivalent), not having a well thereon capable of producing in paying quantities on or before the fifth anniversary of the effective date of this unit agreement, shall be eliminated automatically from this agreement, effective as of said fifth anniversary, and such lands shall no longer be a part of the unit area and shall no longer be subject to this agreement, unless diligent drilling operations are in progress on any undeveloped 40 acre tract, in which event that 40 acre tract shall remain subject hereto for so long as such drilling operations are continued diligently. Provided, however, any completed non-producing well which all parties and the Commissioner deem necessary to the operation of the unit shall be considered as a well producing in paying quantities.

14. CONSERVATION. Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances without waste, as defined by or pursuant to State laws or regulations.

15. DRAINAGE. In the event a well or wells producing oil or gas in paying quantities should be brought in on land adjacent to the unit area draining unitized substances from the lands embraced therein, unit operator shall drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances.

16. COVENANTS RUN WITH LAND. The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder the grantee, transferee or other successor in interest. No assignment

... interest subject hereto shall be binding upon unit operator until the first day of the calendar month after the unit operator is furnished with the original, photostatic or certified copy of the instrument of transfer.

17. EFFECTIVE DATE AND TERM. This agreement shall become effective upon approval by the Commissioner and shall terminate in two years after such date unless (a) such date of expiration is extended by the Commissioner, or (b) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof in which case this agreement shall remain in effect so long as unitized substances are being produced from the unitized land and, should production cease, so long thereafter as diligent operations are in progress for the restoration of production or discovery of new production and so long thereafter as the unitized substances so discovered can be produced aforesaid. This agreement may be terminated at any time by not less than seventy-five per cent (75%) on an acreage basis of the owners of the working interest signatory hereto with the approval of the Commissioner. Likewise, the failure to comply with the drilling requirements of Section 8 hereof may subject this agreement to termination as provided in said section.

18. RATE OF PRODUCTION. All production and the disposal thereof shall be in conformity with allocations, allotments and quotas made or fixed by the Commission and in conformity with all applicable laws and lawful regulations.

19. APPEARANCES. Unit operator shall, after notice to other parties affected, have the right to appear for and on behalf of any kind and all interests affected hereby before the Commissioner of Public Lands and the New Mexico Oil Conservation Commission, and to appeal from orders issued under the regulations of the Commissioner or Commission or to apply for relief from any of said regulations or in any proceedings on its own behalf relative to operations pending before the Commissioner or Commission; provided, however, that any other interest party shall also have the right at his own expense to appear and to participate in any such proceeding.

20. NOTICES. All notices, demands or statements required hereunder to be given or rendered to the parties hereto shall be deemed fully given, if given in writing and sent by postpaid registered mail, addressed to such party or parties at their respective addresses set forth in connection with the signatures hereto or to the ratification or consent hereof or to such other

address as any such party have furnished in writing to the party sending the notice, demand or statement.

21. UNAVOIDABLE DELAY. All obligations under this agreement requiring the unit operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the unit operator despite the exercise of due care and diligence, is prevented from complying with such obligations, in whole or in part, by strikes, war, acts of God, Federal, State or Municipal law or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the unit operator whether similar to matters herein enumerated or not.

22. LOSS OF TITLE. In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join the unit agreement so that such tract is not committed to this agreement or the operation thereof hereunder become impracticable as a result thereof, such tract may be eliminated from the unitized area, and the interest of the parties readjusted as a result of such tract being eliminated from the unitized area. In the event of a dispute as to the title to any royalty, working or other interest subject hereto, the unit operator may withhold payment or delivery of the allocated portion of the unitized substances involved on account thereof without liability for interest until the dispute is finally settled provided that no payments of funds due the State of New Mexico shall be withheld. Unit operator as such is relieved from any responsibility for any defect or failure of any title hereunder.

23. SUBSEQUENT JOINDER. Any oil or gas interest in lands within the unit area not committed hereto prior to the submission of this agreement for final approval by the Commissioner may be committed hereto by the owner or owners of such rights subscribing or consenting to this agreement or executing a ratification thereof, and if such owner is also a working interest owner, by subscribing to the operating agreement providing for the allocation of costs of exploration, development and operation. A subsequent joinder shall be effective as of the first day of the month following the approval by the Commissioner and the filing with the Commission of duly executed counterparts of the instrument or instruments

committing the interest of such owner to this agreement, but such joining party or parties before participation in any benefits hereunder shall be required to assume and pay to unit operator their proportionate share of the unit expense incurred prior to such party's or parties' joinder in the unit agreement, and the unit operator shall make appropriate adjustments caused by such joinder, without any retroactive adjustment or revenue.

24. COUNTERPARTS. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties or may be ratified or consented to be separate instrument in writing specifically referring hereto, and shall be binding upon all those parties who have executed such a counterpart, ratification or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

IN WITNESS WHEREOF, the undersigned parties hereto have caused the agreement to be executed as of the respective dates set forth opposite their signatures.

UNIT OPERATOR

Corinne Grace
Corinne Grace

Ratified by:

Michael P. Grace
Michael P. Grace

Date:

September 4, 1974

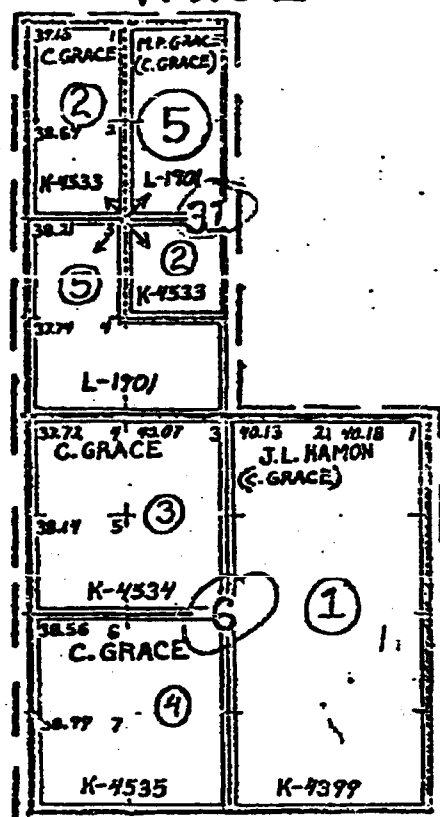
STATE OF NEW MEXICO }
COUNTY OF SANTA FE } ss.

The foregoing instrument was acknowledged before me this 4th day of September, 1974, by Michael P. Grace and Corinne Grace.

Dorothy C. Harney
Notary Public

My Commission Expires:
December 8, 1976

R 26 E



T
22
S

T
23
S

ALL STATE LEASES

- 1 K-4399
- 2 K-4533
- 3 K-4534
- 4 K-4535
- 5 L-1901

LEGEND:

- Unit Boundary
- Tract Boundary
- ① Tract Number

EXHIBIT "A"

CUEVA UNIT

Eddy Co., New Mexico

COUNTY, NEW MEXICO

Tract No.	Description of Land	Number of Acres	Serial No. and Expiration Dates	Basic Lessee of Record	Overriding Royalty or Production Payment Percentages	Working Interest and Percentage
1.	T23S, R26E Sec 6 Lot 1,2, S½ NE¼, SE¼	320.31	K-4399-1 9-15-74	9-4-74 J. L. Hamon*	None	Corlune Grace* 100%
2.	T22S, R26E Sec 31 Lot 1,2, NE¼ SW¼	117.85	K-4533 11-17-74	9-4-74 C. Grace	None	Corlune Grace 100%
3.	T23S, R26E Sec 6 Lot 3,4,5 SE¼ NW¼	155.93	K-4534 11-17-74	9-4-74 C. Grace	None	Corlune Grace 100%
4.	T23S, R26E Sec 6 Lot 6,7, E½ SW¼	157.55	K-4535 11-17-74	9-4-74 C. Grace	None	Corlune Grace 100%
5.	T22S, R26E Sec 31 Lot 3,4,5 S½ SW¼, E½ NW¼	195.95	L-1901-1 12-17-78	9-4-74 J. L. Hamon*	None	Corlune Grace** 100%
TOTAL: 5 Tracts (all State Lands) 947.59 Acres in entire Unit Area						

* J. L. Hamon Lease assigned to C. Grace 9-4-74
See Assignment copy attached.

** M. P. Grace Lease assigned to C. Grace 9-4-74

NO. OF COPIES RECEIVED	
DISTRIBUTION	
SANTA FE	
FILE	
U.S.G.S.	
LAND OFFICE	
OPERATOR	

**NEW MEXICO OIL CONSERVATION COMMISSION
WELL COMPLETION OR RECOMPLETION REPORT AND LOG**

Form C-105
Revised 1-1-55

5a. Indicate Type of Lease
State ☒ Fee ☐
5. State Oil & Gas Lease No.
K 4535

1c. TYPE OF WELL

b. TYPE OF COMPLETION
OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER ☐
NEW WELL ☒ WORK OVER ☐ DEEPEN ☐ PLUG BACK ☐ DIFF. RESVR. ☐ OTHER ☐

7. Unit Agreement Name

Cueva Unit

8. Farm or Lease Name

Cueva Unit.

2. Name of Operator

Corinne Grace

3. Address of Operator

P.O. Box 1418, Carlsbad, New Mexico 88220

9. Well No.

1

10. Field and Pool, or Wildcat

Undesig.

4. Location of Well

UNIT LETTER **K** LOCATED **1980** FEET FROM THE **South** LINE AND **1980** FEET FROM

T. 12 **West** LINE OF SEC. **6** TWP. **23S** RGE. **26E** NMPM

12. County

Eddy

15. Date Spudded **9/14/74** 15. Date T.D. Reached **7/17/75** 17. Date Compl. (Ready to Prod.) **9/4/75** 18. Elevations (DF, RKB, RT, GR, etc.) **3418.7** 19. Elev. Casinghead

20. Total Depth **11577** 21. Plug Back T.D. **11512** 22. If Multiple Compl., How Many **23. Intervals Drilled By** Rotary Tools **260-T.D.** Cable Tools **0-260**

24. Producing interval(s), of this completion - Top, Bottom, Name

**Strawn 10164-174
10254-266**

25. Was Directional Survey Made

No

26. Type Electric and Other Logs Run
Dual Induction Focused Log, Densilog, Neutron, Laterolog, Micro-Laterolog
BEC Acoustilog, Gamma Ray

27. Was Well Cored

No

23. CASING RECORD (Report all strings set in well)

CASING SIZE	WEIGHT LB./FT.	DEPTH SET	HOLE SIZE	CEMENTING RECORD	AMOUNT PULLED
16"	54#	255	20"	490 Sks CL"C" W/2% Cal. C.	Circl. to S.
11 3/4"	42#	1257	14 3/4"	950 Sks CL"C"	Circl. to Surf
8 5/8"	32# & 24#	4915	11"	540 Hal Lt. 150 CL. C.	
5 1/2"	17#	11618	7 7/8"	1350 CL. H.	

29. LINER RECORD

SIZE	TOP	BOTTOM	SACKS CEMENT	SCREEN

30. TUBING RECORD

SIZE	DEPTH SET	PACKER SET
2 3/8	10127	10092

31. Perforation Record (Interval, size and number)

10164-74 2 spf 10254-10255 } 21 holes
10254-266 2 spf 10260-64 }
10164-10174 }

32. ACID, SHOT, FRACTURE, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND KIND MATERIAL USED
Natural	

33. PRODUCTION

Date First Production **9/4/75** Production Method (Flowing, gas lift, pumping - Size and type pump) **Flowing** Well Status (Prod. or Shut-in) **Producing**
Date of Test **8/5/75** Hours Tested **4** Choke Size **Prod'n. For Test Period** Oil - Bbl. **Gas - MCF** Water - Bbl. **Gas - Oil Ratio**
Flow Tubing Press. **3770** Casing Pressure **Calculated 24-Hour Rate** Oil - Bbl. **Gas - MCF** Water - Bbl. **Oil Gravity - API (Corr.)**
15080

34. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold

Test Witnessed By

35. List of Attachments

Logs, lpt test.

35. I hereby certify that the information shown on both sides of this form is true and complete to the best of my knowledge and belief.

SIGNED

Alison Kammrath

TITLE

Agent

DATE

8/23/75

EXHIBIT "E"

INSTRUCTIONS

This form is to be filed with the appropriate District Office of the Commission not later than 20 days after the completion of any newly-drilled or deepened well. It shall be accompanied by one copy of all electrical and radio-activity logs run on the well and a summary of all special tests conducted, including drill stem tests. All depths reported shall be measured depths. In the case of directionally drilled wells, true vertical depths shall also be reported. For multiple completions, items 30 through 34 shall be reported for each zone. The form is to be filed in quintuplicate except on state land, where six copies are required. See Rule 1105.

INDICATE FORMATION TOPS IN CONFORMANCE WITH GEOGRAPHICAL SECTION OF STATE

Southeastern New Mexico

Northwestern New Mexico

T. Anhy	T. Canyon	T. Ojo Alamo	T. Penn. "B"
T. Salt	T. Strawn 9964	T. Kirtland-Fruitland	T. Penn. "C"
B. Salt	T. Morrow 10473	T. Pictured Cliffs	T. Penn. "D"
T. Yates	T. Barnett 11004	T. Cliff House	T. Leadville
T. 7 Rivers	T. Devonian 11505	T. Menefee	T. Madison
T. Queen	T. Silurian	T. Point Lookout	T. Elbert
T. Grayburg	T. Montoya	T. Mancos	T. McCracken
T. San Andres	T. Simpson	T. Gallup	T. Ignacio Qtzite
T. Glorieta	T. McKee	Base Greenhorn	T. Granite
T. Paddock	T. Ellenburger	T. Dakota	T.
T. Blinberry	T. Gr. Wash	T. Morrison	T.
T. Tubb	T. Granite	T. Todilto	T.
T. Drinkard	T. Delaware Sand 1527	T. Entrada	T.
T. Abo	T. Bone Springs 4830	T. Wingate	T.
T. Wolfcamp 8170	T. 3rd sand 8065	T. Chinle	T.
T. Penn.	T.	T. Permian	T.
T. Cisco (Bough C)	T.	T. Penn. "A"	T.

FORMATION RECORD (Attach additional sheets if necessary)

From	To	Thickness In Feet	Formation	From	To	Thickness In Feet	Formation
0	750	750	Dolomite, Evaporites, & Shale				
750	1527	777	Dolomite w/am evaporites				
1527	4280	2753	Sand and Shale				
4280	4830	550	Sand, Dolomite & shale				
4830	5730	900	Lime and Shale				
5730	6405	675	Lime, sand & shale				
6405	8065	1660	Lime and shale				
8065	8600	535	Lime sand and shale				
8600	9964	1364	Shale and lime				
9964	11000	1036	Lime and shale				
11000	11130	130	Lime, shale & sand				
11130	11440	310	Sand and shale				
11440	11510	70	Sand, shale & lime				
11510	11570	60	Shale and sand				

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED 11:45 AM
FRANCES M. WILCOX
Clerk of the District Court

BIG WEST DRILLING COMPANY,
a Texas corporation,

Plaintiff,

vs.

MICHAEL P. GRACE, II and
CORINNE GRACE, and
COORS, SINGER & BROULLIRE,
a partnership,

Defendants.

No. 31221

COMPLAINT

COMES NOW the Plaintiff, Big West Drilling Company, and for
its cause of action alleges:

I.

Plaintiff is a New Mexico corporation with its principal office
in Hobbs, New Mexico, and is now and at all times material hereto
has been authorized to transact business in the State of New Mexico.

II.

The Defendants, Michael P. Grace, II and Corinne Grace are
non-residents of the State of New Mexico and are of the class of
persons contemplated by § 21-3-16, New Mexico Statutes, 1953
Annotated, by virtue of the transaction of business within the State
of New Mexico and are subject to jurisdiction of this Court by
personal service of process outside the State of New Mexico. The
Defendant, Coors, Singer & Broullire, is a New Mexico partnership
composed of Henry G. Coors IV, Robert N. Singer and Peter J.
Broullire III, with principal offices in Albuquerque, New Mexico.

III.

At the special instance and request of the Defendants, Michael
P. Grace, II and Corinne Grace, Plaintiff has performed work, labor
and services for, and furnished material, machinery and supplies to
be used in developing the Defendant Graces' oil and gas leasehold

estates owned, held or claimed by them in connection with that certain well designated as the White Baby Well No. 1 and the leases committed thereto for the production of oil or gas from the leasehold estates arising under and by virtue of the following described oil and gas leases insofar as they cover the properties below referenced, to-wit:

- (1) That certain oil and gas lease bearing No. K-4540 from the State of New Mexico as lessor to Corinne Grace as lessee, dated November 17, 1964, and covering the following described lands in Eddy County, New Mexico:

Township 24 South, Range 26 East, N.M.P.M.
Section 16: NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$,
NW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$

- (2) That certain oil and gas lease bearing No. L-3652 from the State of New Mexico as lessor to Pennzoil Company, dated October 21, 1969, and covering the following described lands in Eddy County, New Mexico:

Township 24 South, Range 26 East, N.M.P.M.
Section 16: NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

- (3) That certain oil and gas lease bearing No. L-1110 from the State of New Mexico as Lessor to Pennzoil Company, dated August 20, 1968, and covering the following described lands in Eddy County, New Mexico:

Township 24 South, Range 26 East, N.M.P.M.
Section 16: NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$

The charge for such work, labor, services, material, machinery and supplies has not been paid by the Defendants Grace, as a consequence of which a lien was filed by Plaintiff in Book 130 at page 1026 of the Miscellaneous Records of Eddy County, New Mexico, against said oil and gas leasehold estates to the extent of the Defendants Graces' ownership or claim to ownership therein and the well thereon known as White Baby No. 1. That although repeated demands for payment have been made, the amount due remains unpaid, and Plaintiff is entitled to judgment against the Defendants Grace for the sum of \$250,246.16 plus costs, attorney's fees and interest. That a true copy of the recorded lien is attached hereto as Exhibit "A" and incorporated herein by reference.

IV.

That the Defendant, Coors, Singer and Broullire, a partnership,

have or claim to have, some interest in, or lien upon, the above described oil and gas leases and well by virtue of a Transcript of Judgment filed for record on September 2, 1975, in Book 127 at page 1054 of the Miscellaneous Records of Eddy County, New Mexico.

V.

That the lien claim of Plaintiff constitutes a valid lien of first priority upon said oil and gas leasehold estates and the well located thereon, and in the event the amount due Plaintiff is not paid in full, Plaintiff is entitled to have its lien foreclosed against the right, title and interest of the Defendants Grace therein.

WHEREFORE, Plaintiff prays as follows:

A. For judgment against the Defendants, Michael P. Grace, II and Corinne Grace in the principal sum of \$250,246.16, plus interest at the rate of 12% on the amount from the date of each respective invoice until paid in full, plus costs of preparation and filing the claim of lien, Court costs incurred in connection with this action, and for reasonable attorney's fees.

B. That the lien of Plaintiff be declared and established as a valid lien of first priority, being for work, labor, services, material, equipment and supplies, and be declared to secure the sums due and owing to Plaintiff by the Defendants, Michael P. Grace, II and Corinne Grace.

C. That said lien be foreclosed, and a special master be appointed by the Court to sell the property under the practice of this Court and the laws of the State of New Mexico.

D. That the Plaintiff have and recover such other and further relief as may be proper and just.

HINKLE, BONDURANT, COX & EATON

By

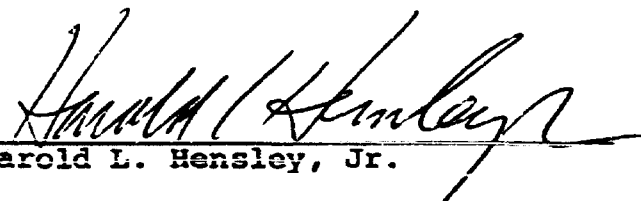
Charles Hinkley
Attorneys for Plaintiff

P. O. Box 10

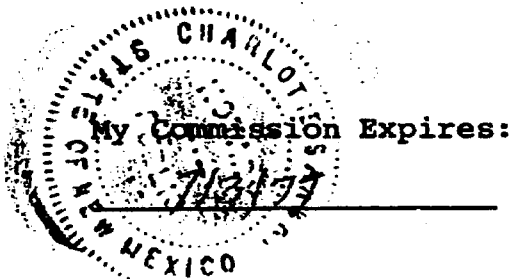
Roswell, New Mexico 88201

STATE OF NEW MEXICO)
) ss.
COUNTY OF CHAVES)

HAROLD L. HENSLEY, JR., being duly sworn upon oath, states:
that he is one of the attorneys for the Plaintiff, Big West Drilling
Company, in the foregoing Complaint; that he has read the Complaint
and that the contents thereof are true and correct, according to his
knowledge, information and belief.


Harold L. Hensley, Jr.

SUBSCRIBED AND SWORN TO before me this 26 day of January, 1976.




Notary Public

CLAIM OF LIEN

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

KNOW ALL MEN BY THESE PRESENTS: That the undersigned BIG WEST DRILLING COMPANY, a Texas Corporation, whose address is 1714 Commerce Building, Fort Worth, Texas, 76102 (and said BIG WEST DRILLING COMPANY also maintains an office at 123 Vaughn Building, Midland, Texas, 79701), being duly authorized and qualified to transact business in the State of New Mexico, states that it is entitled to and does hereby claim a lien under the applicable laws of the State of New Mexico for labor performed and for the furnishing and hauling of certain material, equipment and supplies to Michael P. Grace and Corinne Grace's White Baby Well #1 and the lease(s) committed thereto for the production of oil and gas from the leasehold estates arising under and by virtue of the following described oil and gas lease(s) covering the following described property, to-wit:

- (1) That certain Oil and Gas Lease bearing number K-4540 from the State of New Mexico as Lessor to Corinne Grace as Lessee, dated November 17, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 24 South, Range 26 East, NMPM

Section 16: NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$,
S $\frac{1}{2}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$

- (2) That certain Oil and Gas Lease bearing number L-3652 from the State of New Mexico as Lessor to Pennzoil Company, dated October 21, 1969, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 24 South, Range 26 East, NMPM

Section 16: NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

- (3) That certain Oil and Gas Lease bearing number L-1110 from the State of New Mexico as Lessor to Pennzoil Company, dated August 20, 1968, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 24 South, Range 26 East, NMPM

NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$

That the record title owner of the above Oil and Gas Lease K-4540 as the same is reflected in the records of the Land Commissioner for the State of New Mexico in Santa Fe, New Mexico is Corinne Grace, P. O. Box 1418, Carlsbad, New Mexico 88220.

That the record title owner of the above Oil and Gas Leases L-3652 and L-1110 as the same are reflected in the records of the Land Commissioner for the State of New Mexico in Santa Fe, New Mexico, is Pennzoil Company, Wall Towers West, Midland, Texas, 79701.

That although there may be other working or leasehold interest owners whose identity is not known to the undersigned at this time, the name of the owner and operator of the above-described leasehold estate and improvements thereon and thereunder is believed to be Michael P. Grace and Corinne Grace, P. O. Box 1418, Carlsbad, New Mexico, 88220; and said labor materials, equipment and supplies were furnished, performed and hauled at the instance and request of Michael P. Grace and Corinne Grace.

That the amount claimed is \$250,246.16 and the items constituting said amount are set forth in itemized invoices and copy of drilling contract, all of which are attached hereto, marked for identification as Exhibit "A", Items 1 to 5, inclusive, and incorporated herein by reference.

That said sum is just, due and unpaid, and that the undersigned hereby claims a lien for said amount and for costs of preparing and filing this claim upon said leasehold estate, all oil and gas wells thereon, all oil or gas pipelines thereon, all fixtures, machinery, tools, equipment and appliances used or employed in maintaining, equipping or operating for oil and gas purposes and all appurtenances thereto as provided by statute.

BIG WEST DRILLING COMPANY

By: Joe LeBlanc

SUBSCRIBED AND SWORN TO before me this 13th day of October, 1975, by Joe LeBlanc, Vice President of BIG WEST DRILLING COMPANY, a Texas corporation, on behalf of said corporation.

Conrad E. Coffield
Notary Public in and for
Midland County, Texas

My Commission Expires:
June 1, 1977

CONRAD E. COFFIELD
Notary Public in and for
Midland County, Texas
My Commission Expires June 1, 1977

STATE OF TEXAS)
) ss.
COUNTY OF MIDLAND)

On this 13th day of October, 1975, before me appeared JOE LeBLANC, to me personally known, who being by me duly sworn, did say that he is the Vice President of Big West Drilling Company, a Texas corporation, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and the said Joe LeBlanc acknowledged said instrument to be the free act and deed of said corporation.

Conrad E. Coffield
Notary Public in and for
Midland County, Texas

My Commission Expires:
June 1, 1977

CONRAD E. COFFIELD
Notary Public in and for
Midland County, Texas
My Commission Expires June 1, 1977

6506-49 +
149825-52 +
93914-15 +
250246-16 *

INVOICE
BIG WEST DRILLING COMPANY

1714 Commerce Building

FORT WORTH, TEXAS 76102

Telephone: 336-5148

To Michael P. Grace
Corinne Grace
P. O. Box 1418
Carlsbad, New Mexico 88220

Date September 30, 1975

Invoice No. 3198

Your Order No. Drilling Contract
Dated: 7-23-75

Voucher No.
(Rig #17)

Description	Amount
Well Name and Location: WHITE BABY WELL NO. 1, 1980' FSL & FWL, Sec. 16, T-24-S, R-26-E, <u>Eddy County, New Mexico</u>	
DAY WORK: (PER ATTACHED RECAP)	
8.95833 Days @\$2800.00 per day Without Drill Pipe	\$ 25,083.32
21.73958 Days @\$3000.00 per day With Drill Pipe	<u>65,218.75</u>
	\$ 90,302.07
4% New Mexico Gross Receipts Tax	<u>3,612.08</u>
	<u>\$ 93,914.15</u>

Exhibit "A" Item 1

BIG WEST DRILLING COMPANY
 1714 COMMERCE BUILDING
 FORT WORTH, TEXAS 76102
 TEL: (817) 336-5148

TO: Michael P. Grace
 Corinne Grace

DATE: September 30, 1975

WELL NAME AND LOCATION: White Baby Well No. 1,
 Sec. 16, T-24-S, R-26-E,
 Eddy County, New Mexico

RIG NO. 17

Attachment: Invoice 3198

RECAP OF DAY WORK

DATE 1975	EXPLANATION	H O U R S	
		WITHOUT D. P.	WITH D. P.
7-31	Reaming; Trip out; W.O.O.	5 1/4	10 3/4
8-1	W.O.O.; Cementing; W.O.C.; Setting plug	24	
8-2	W.O.C.; Drilling cement	18	4
8-3	Drilling cement to 376'; Reaming		16
8-18	Circulating; Trip out; Logging; Circulating	8 1/4	15 1/4
8-19	Circulating; Trip out; Logging	4	20
8-20	Logging	8	
9-3	Drilling 8:45 P.M.: 10,000-10,023'		3 1/4
9-4	Drilling 10,023-10,283'		24
9-5	Drilling 10,283-10,033'; Circulating; W.O.C.		24
9-6	W.O.G; Circulating; D.S.T. #1=10,045-10,333'		24
9-7	Circulating; Testing; Drilling 10,333-10,336'		24
9-8	Drilling 10,336-10,566'		24
9-9	Drilling 10,566-10,758'		24
9-10	Drilling 10,758-10,908'		24
9-11	Drilling 10,908-10,991'		24
9-12	Drilling 10,991-11,072'		24
9-13	Drilling 11,072-11,140'		24
9-14	Drilling 11,140-11,142'; Fishing; Circulating		24
9-15	Fishing; Reaming; Drilling 11,142-11,197'		24
9-16	Drilling 11,197-11,297'		24
9-17	Drilling 11,297-11,367'		24
9-18	Drilling 11,367-11,430'		24
9-19	Drilling 11,430-11,483'		24
9-20	Drilling 11,483-11,549'		24
9-21	Drilling 11,549-11,600' T.D.; Circulating		24
9-22	Circulating; Logging	17 1/2	6 1/2
9-23	Logging; Circulating; Running 5 1/2" Casing	10	14
9-24	Running casing; Logging; W.O.C.	24	
9-25	Picking up tubing; Drilling cement; Circulating	24	
9-26	Logging	24	
9-27	Logging	24	
9-28	Running tubing; Logging (Rig released @12:00 A.M.)	24	
TOTAL HOURS		215	521 3/4

Exhibit "A" Item 2

INVOICE

SIG WEST DRILLING COMPANY

1714 Commerce Building

FORT WORTH, TEXAS 76102

Telephone: 336-5148

To Michael P. Grace
Corinne Grace
Post Office Box 1418
Carlsbad, New Mexico 88220

Date September 26, 1975

Invoice No. 3197

Your Order No. Drilling Contract
Dated: 7-23-75

Voucher No.
(Rig #17)

Description	Amount
Well Name and Location: WHITE BABY WELL NO. 1, 1980' FSL & FWL, Sec. 16, T-24-S, R-26-E, Eddy County, New Mexico	
<u>FOOTAGE CONTRACT:</u>	
9-3-75 8:45 P.M. Contract Footage Depth	10,000.00 ft.
Less: Kelly Bushing to Ground Level	19.80 ft.
Less: Footage Drilled on Day Work	376.00 ft.
NET FOOTAGE	9,604.20 ft. @\$15.00 per ft.
	\$ 144,063.00
4% New Mexico Gross Receipts Tax	5,762.52
	\$ <u>149,825.52</u>

Exhibit "A" Item 3

INVOICE

DIG WEST DRILLING COMPANY

1714 Commerce Building

FORT WORTH, TEXAS 76102

Telephone: 336-5148

Date August 22, 1975

Invoice No. 3191

To

MICHAEL P. GRACE
CORINNE GRACE
POST OFFICE BOX 1418
CARLSBAD, NEW MEXICO 88220

Your Order No. Drilling Contract
Dated: 7-23-75

Voucher No. .
(Rig #11)

Description

Amount

Well Name and Location: White Baby Well No. 1,
1980' FSL & FWL,
Sec. 16, T-24-S, R-26-E,
Eddy County, New Mexico

THIRD PARTY CHARGES - MONTH AUGUST, 1975

8-1-75	Inv. 788088	Halliburton Services For: Plugging Back	\$ 4,254.84
8-3-75	Inv. 773854	Halliburton Services For: Cementing 13-3/8" Surface Casing	 2,251.65 \$ 6,506.49

Partial - August-Third Party Charges

Exhibit "A" Item 4



INTERNATIONAL ASSOCIATION OF DRILLING CONTRACTORS
ROTARY DRILLING BID PROPOSAL AND CONTRACT

Revised July 1974
7M 3-75

Contract Numbers	Owner's
	Contractor's

TO: _____

Please submit bid on this drilling contract form for performing the work outlined below, upon the terms and for the consideration set forth, with the understanding that if the bid is accepted by

this instrument will constitute a contract between us. Your bid should be mailed or delivered not later than _____ P.M. on _____, 19____ to the following address:

DRILLING CONTRACT entered into between the parties designated as follows:

OWNER: MICHAEL P. GRACE AND CORINNE GRACE

POST OFFICE BOX 1418

Address: CARLSBAD, NEW MEXICO 88220

CONTRACTOR: BIG WEST DRILLING COMPANY

1714 COMMERCE BUILDING

Address: FORT WORTH, TEXAS 76102

IN CONSIDERATION OF the mutual promises and agreements herein contained and the specifications and special provisions set forth in EXHIBIT "A" attached hereto and made a part hereof, Owner engages Contractor as an independent contractor to drill the hereinafter designated well in search of oil or gas, in conformity therewith.

1. LOCATION OF WELL:

Well Name and Number: White Baby No. 1 Parish: _____ County: Eddy State: New Mexico

Field Name: _____ Well location and land description: 1980' FSL&FWL, Sec. 16, T-24-S, R-26-E

NOTE: The above is for well and contract identification only and Contractor assumes no liability whatsoever for a proper survey or location stake on Operator's lease.

2. TIME ELEMENT:

Contractor agrees to use his best efforts to commence operations for the drilling of well by the 1st day of August, 19 75 or within _____ days from the date of completion of roadway and other ingress or egress facilities, and the clearing and grading of location, whichever is the later date, and to thereafter prosecute operations hereunder with due diligence and without undue delays or interruptions. It is agreed by both parties that time is of the essence of this contract.

3. DEPTH:

Subject to the right of Owner to direct the stoppage of work at any time (as provided in Par. 6), the well shall be drilled to the depth as specified below:

3.1 Contract Footage Depth: The well shall be drilled to 10,000 feet or _____

_____ formation, or to the depth at which the _____ inch casing (oil string) is set, whichever depth is first reached, on a footage basis and Contractor is to be paid for such drilling at the footage rate specified below, which depth is hereinafter referred to as the contract footage depth.

3.2 Day Work Basis Drilling: All drilling below the above specified contract footage depth shall be on a day work basis and Contractor shall be paid for such drilling at the applicable day work rate specified below.

3.3 Complete Day Work Basis Drilling: If all operations hereunder are performed at applicable day work rates, provisions of this contract applicable to drilling on a "footage basis" shall not apply.

3.4 Maximum Depth: Contractor shall not be required to drill said well under the terms of this contract below a maximum depth of 12,500 feet.

4. FOOTAGE RATE, DAY WORK RATES, BASIS OF DETERMINING AMOUNTS PAYABLE TO CONTRACTOR:

Owner agrees to pay Contractor for the work performed, services rendered, and material, equipment, and supplies furnished by Contractor a sum computed on the following rates:

4.1 For work performed on a footage basis the rate will be \$ 15.00 per linear foot of hole drilled determined by steel line measurement from the surface of the ground if Contractor digs cellar, or from the bottom of the cellar if Owner digs cellar, less footage made in regular size hole while working on day work basis.

4.2 For work performed on a day work basis the day work rate per twenty-four hour day with 5 man crew shall be:

	Without Drill Pipe		With Drill Pipe	
	Per Day	Per Hour	Per Day	Per Hour
From Surface To Depth Of <u>12,500'</u> ft.	\$ <u>2800.00</u>	\$ <u>116.67</u>	\$ <u>3000.00</u>	\$ <u>125.00</u>
From _____ ft. To _____ ft.	\$ _____	\$ _____	\$ _____	\$ _____
From _____ ft. To _____ ft.	\$ _____	\$ _____	\$ _____	\$ _____

Using Owner's Drill Pipe \$ _____ per day.

(Contract Page 1)

Stand By Time Rate: \$ 2,100.00 Per Day \$ 87.50 Per Hour

If under the above column "With Drill Pipe" no day work rate is specified, then the day work rate per 24-hour day when drill pipe is in use shall be the applicable day work rate specified above under the column "Without Drill Pipe" plus compensation for additional expense in an amount equal to (a) _____ cents per foot per day on _____ inch drill pipe, and (b) _____ cents per foot per day on _____ inch drill pipe, computed on the basis of the maximum drill pipe in use at any time during each 24-hour day.

Drill pipe shall be considered in use not only when in actual use but also while it is being picked up or laid down. When drill pipe is standing in the derrick it shall not be considered in use, provided, however, that if Contractor furnishes special strings of drill pipe, drill collars, and handling tools as provided for in Par. 7.13 and 7.14 of Exhibit "A", attached hereto and made a part hereof, the same shall be considered in use at all times when on location or until released by Owner. If Contractor is drilling with Owner's tubing, or drill pipe, the charge on the day work rate basis shall be construed as without drill pipe unless otherwise specified in Par. 27. In no event shall fractions of an hour be considered in computing the amount of time drill pipe is in use but such time shall be computed to the nearest hour, with thirty minutes or more being considered a full hour and less than thirty minutes not to be counted.

4.3 Work Stoppage Rate: \$ 2,100.00 Per Day \$ 87.50 Per Hour

The above rate shall apply under the following circumstances:

(a) During any continuous period that normal operations are suspended or cannot be carried on due to weather, water conditions, or due to Federal, State or Local governmental action. It is understood, however, that Owner shall have the right to release the rig in accordance with Owner's right to direct stoppage of the work (See Par. 6), effective when conditions will permit the rig to be moved from the location.

(b) During any period when Contractor has notified Owner that the rig is available for movement to the drilling site and movement cannot be accomplished because of Owner's failure or inability to furnish and/or maintain adequate roadway and/or canal to location and/or location and/or weather prevents positioning the rig on a water location drill site.

(c) During any period after operations under this Contract have been completed and Owner has released the rig and the same cannot be dismantled and/or transported from the location due to inadequate roadway or canal or weather or water conditions which will not allow such activity to be conducted with reasonable safety.

(d) Owner agrees at all times to maintain the road and location in such a condition that will allow free access and movement to and from the drilling site in an ordinarily equipped highway type vehicle. If Contractor is required to use dozers, tractors, four-wheel drive vehicles, or any other specialized transportation equipment for the movement of necessary personnel, machinery, or equipment over access roads or on the drilling location, Owner shall furnish the same at his expense and without cost to the Contractor. The actual cost of repairs to any transportation equipment furnished by the Contractor or his personnel damaged as a result of improperly maintained access roads or location will be charged to the Owner.

4.4 In the event it is necessary to shut down Contractor's rig for repairs or maintenance while Contractor is performing day work hereunder, Contractor shall be allowed compensation at the applicable day work rate for such shut down time to a maximum of 2 hours for any one repair or maintenance job.

4.5 Standby time shall be defined as the time when the rig is shut down although in readiness to begin or resume operations but Contractor is waiting on orders of Owner or on materials, services or other items to be furnished by Owner.

4.6 Owner shall reimburse Contractor for the costs of material, equipment, work, or services which are to be furnished by Owner as provided for herein but which for convenience are actually furnished by Contractor at Owner's request.

4.7 The term day work shall apply to the work performed by the Contractor at a stipulated sum per day as distinguished from work for which the Contractor is compensated at a stipulated price per foot of hole drilled. Unless otherwise provided herein, the term day work shall include the following work performed by the Contractor: (a) All drilling below the contract footage depth as provided in Par. 3.1, including the setting of any string of casing below such depth; (b) All work performed by the Contractor, whether or not prior to reaching the contract footage depth, in an effort to restore the hole to such condition that further drilling or other operations may be conducted, in the event of loss of or damage to the hole as a result of the failure of Owner's casing or equipment either during or after the running and setting of such casing or as a result of the subsequent failure of the cementing job resulting in parted casing; (c) All other work performed by Contractor at the request of Owner, regardless of depth, which is not within the scope of the work to be performed on a footage basis, including all coring, drill stem testing, bailing, gun or jet perforating, electric logging, acid treatment, shooting, cleaning out, hydraulic fracturing, plugging, running tubing, setting liners, squeeze cementing, abandoning well and installation of well head equipment.

4.8 In determining the amount of day work time for which the Contractor is to be compensated at the applicable day work rate, it is agreed that such day work time shall begin when Contractor at the request of Owner suspends normal drilling operations being conducted on a footage basis for the purpose of conducting operations to be performed hereunder on a day work basis. There shall be included in day work time any time required to condition the hole preparatory to performing such day work, and also the time required to restore the hole to the same drilling conditions which existed when operations were suspended for the purpose of beginning day work, in order to again resume normal drilling operations.

4.9 Revision in Rates: The rates and/or payments herein set forth due to Contractor from Owner shall be revised to reflect the change in costs if the costs of any of the items hereinafter listed shall vary by more than _____ percent from the costs thereof on the date of this Contract or by the same percent after the date of any revision pursuant to this paragraph:

(a) Labor costs, including all benefits, of Contractor's personnel;

~~(b) Contractor's cost of insurance premiums;~~

~~(c) Contractor's cost of fuel, the cost per gallon/MCF on the date of this Contract being _____;~~

~~(d) Contractor's cost of spare parts and supplies;~~

~~(e) Contractor's cost of catering, when applicable;~~

5. TIME OF PAYMENT:

Subject to Owner's right to require that Contractor furnish him with satisfactory evidence that Contractor has paid all labor and material claims chargeable to Contractor, payment becomes due by Owner to Contractor as follows:

5.1 If the well is drilled to total depth on a footage basis, payment becomes due for all services (footage and day work) when Contractor completes the performance of the services which he agrees to perform under this contract and the acceptance thereof by the Owner; provided, however, if Contractor prior to the completion of the contract performs a substantial amount of day work, payment for such day work shall be due and payable upon presentation of invoice therefor at the end of the month in which such day work was performed.

5.2 If the entire hole or the bottom section of the hole is drilled on a day work basis, payment shall become due as follows: Upon Contractor's completion of the footage basis drilling to the depth specified above and upon acceptance by the Owner of the hole as drilled to such depth in accordance with this agreement, payment becomes due for all footage drilled and for all work performed on a day work basis to the date of completion of the footage drilled. Payment for drilling and other work performed at day work rates below the depth specified at which day work basis drilling commences shall become due upon acceptance by Owner of the work performed in accordance with this contract upon presentation of invoice therefor upon completion of the well or at the end of the month in which such day work was performed, whichever shall first occur.

5.3 Any sum or sums not paid within 30 days after the date hereinabove specified shall bear interest at the rate of 12 percent per month from such date until paid.

5.4 Attorney's Fees: If this Contract is placed in the hands of an attorney for collection of any sums due hereunder, or suit is brought on same, or sums due hereunder are collected through bankruptcy or probate proceedings, then the Owner agrees that there shall be added to the amount due reasonable attorney's fees and costs.

6. STOPPAGE OF WORK BY OWNER OR CONTRACTOR:

6.1 OWNER'S RIGHT: Notwithstanding the provisions of Paragraph 3 with respect to the depth to be drilled, the Owner shall have the right to direct the stoppage of the work to be performed by the Contractor hereunder at any time prior to reaching the specified depth, and even though Contractor has made no default hereunder, and in such event Owner shall be under no obligation to Contractor except as set forth in subparagraph 6.3 hereof.

6.2 CONTRACTOR'S RIGHT: Notwithstanding the provision of Paragraph 3 with respect to the depth to be drilled, in the event the Owner shall become insolvent, or be adjudicated a bankrupt, or file, by way of petition or answer, a debtor's

petition or other pleading seeking adjustment of Owner's debts, under any bankruptcy or debtor's relief laws now or hereafter prevailing, or if any such be filed against the Owner, or in case a receiver be appointed of the Owner or Owner's property, or any part thereof, or the Owner's affairs be placed in the hands of a Creditor's Committee, Contractor may, at his option, elect to terminate further performance of any work under this contract and Contractor's right to compensation shall be as set forth in subparagraph 6.3 hereof. In addition to Contractor's right to terminate performance hereunder, Owner hereby expressly agrees to protect, indemnify and save Contractor harmless from any claims, demands and causes of action, including all costs of defense, in favor of Owner, Owner's joint venturers, or other parties arising out of any drilling commitments or obligations contained in any lease, farmout agreement or other agreement, which may be affected by such termination of performance hereunder.

6.5 (a) If such work stoppage occurs prior to the spudding of the well, Owner shall pay to Contractor the sum of the following: (1) all expenses reasonably and necessarily incurred and to be incurred by Contractor by reason of the contract and by reason of the premature stoppage of the work, excluding, however, expenses of normal drilling crew and supervision; (2) ten percent (10%) of the amount of such reimbursable expenses; and (3) a sum calculated at the standby rate for all time from the date upon which Contractor commences any operations hereunder down to such date subsequent to the date of work stoppage as will afford Contractor reasonable time to dismantle his rig and equipment.

(b) If such work stoppage occurs after the spudding of the well, Owner shall pay the Contractor (1) the amount owing Contractor at the time of such work stoppage under the footage rate, applicable day work rate, and standby rate; but in such event Owner shall pay Contractor for a minimum footage of _____ feet regardless of whether or not the well has been drilled to such depth at the time of work stoppage; or (2) at the election of Contractor and in lieu of the foregoing Owner shall pay Contractor for all expenses reasonably and necessarily incurred and to be incurred by Contractor by reason of this contract and by reason of the premature stoppage of work plus the sum of \$ Cost plus 20%.

7. OPTIONAL RIGHT OF OWNER IN THE EVENT OF DEFAULT BY CONTRACTOR:

In the event Owner is dissatisfied with the performance of Contractor hereunder on account of unreasonably slow progress or incompetency in the performance of the contract as a result of causes reasonably within the control of Contractor, Owner shall give Contractor written notice in which Owner shall specify in detail the cause of his dissatisfaction. Should Contractor fail or refuse to remedy the matters complained of within five days after the written notice is received by Contractor, Owner shall have the right at his option to take over the operation of Contractor's equipment for the purpose of completing the drilling of the well. Should such drilling operation be taken over by the Owner, the cost of the operations conducted by Owner, without any allowance to Contractor for the use of drilling tools, machinery, and appliances of Contractor, shall be deducted from the contract price calculated in accordance with the terms of this contract as though Contractor had completely performed said contract; and the balance, if any, shall be paid to Contractor. Owner shall return such drilling tools, machinery, and appliances to Contractor when drilling of said well has been completed in as good condition as when taken over by Owner, normal wear and tear excepted. In event drilling operations are taken over by Owner as herein provided, all operations thereafter conducted shall be at risk of Owner and indemnity provisions of this contract shall not apply to such operations by Owner.

8. CASING PROGRAM:

8.1 The casing program to be followed in the drilling of said well is set forth in Exhibit "A", and the Contractor shall drill a well sufficient in size to set at the approximate depth therein indicated the size of casing so specified. The exact setting depths for each string of casing shall be specified by the Owner. The Owner may modify said casing program provided any modification thereof which materially increases the Contractor's hazards or costs of performing his obligations hereunder can only be made by mutual consent of Contractor and Owner.

8.2 The setting of any string of casing within the footage contract depth shall be performed by Contractor and the compensation payable to Contractor at the footage rate shall cover such work, which work shall include rig time for cementing casing, testing cement jobs on each string of casing, and the time required by governmental regulatory authorities having jurisdiction thereof or as directed by Owner for allowing cement to set. If, however, time so required is in excess of "allowed cement time" as specified in Par. 1 of Exhibit "A", all work performed and time consumed in cementing or recementing and for allowing cement to set shall be paid for at applicable day work rate. Allowed cement time will start at the time the plug hits bottom.

8.3 The setting of any string of casing below the footage contract depth shall be performed by Contractor under the direction of Owner but Owner shall pay Contractor for all time so consumed at the applicable day work rate.

8.4 Before each string of casing is run, Contractor agrees to condition the walls of the hole if necessary, so that the hole is free from obstructions which might impede the lowering of the casing. Contractor agrees to keep thread protectors on the casing until it is run and to grease the threads as it is made up with a suitable pipe lubricant furnished by Owner.

8.5 Owner reserves the right to require Contractor to set strings of casing or liners in addition to those listed (subject to the limitations upon Owner's right to modify the casing program as provided for in Par. 8.1) and in such event Contractor agrees to provide rig time for cementing and testing cement on such liners and strings of casing and to provide rig time for performing cement squeezing jobs as required by Owner. Owner shall pay Contractor for time consumed by such work at the applicable day work rate.

9. LABOR, EQUIPMENT, MATERIALS, SUPPLIES, AND SERVICES:

The furnishing of labor, equipment, appliances, materials, supplies, and services of whatever character necessary or proper in the drilling and completion of said well and not otherwise specifically provided for herein shall be furnished by Contractor or Owner as specified in Exhibit "A" attached hereto and made a part hereof.

10. DRILLING METHODS AND PRACTICES:

10.1 Contractor agrees to perform all work to be conducted by him under the terms of this contract with due diligence and care and in a good and workmanlike manner and shall provide a competent superintendent to supervise the work.

10.2 Contractor shall maintain well control equipment in good condition at all times and shall use all reasonable means to control and prevent fires and blow-outs and to protect the hole.

10.3 Subject to the terms hereof, at all times during the drilling of the well, Owner shall have the right to control the mud program, and the drilling fluid must be of a type and have characteristics acceptable to Owner and be maintained by Contractor in accordance with the specifications shown in Par. 2 of Exhibit "A". No change or modification of said specifications which materially increases the Contractor's hazards or costs of performing his obligations hereunder shall be made by Owner without consultation with and consent of the Contractor. Owner shall have the right to make any tests of the drilling fluid which may be necessary. Should no mud control program be specified by Owner in Exhibit "A", Contractor shall have the right to determine the mud program and the type and character of drilling fluid during the time that Contractor is performing work upon a footage basis under the terms of this contract.

10.4 Contractor shall measure the total length of drill pipe in service with a steel tape at the point where the contract footage depth has been reached; and when requested by Owner, before setting casing or liner and after reaching final depth.

10.5 Contractor agrees to furnish equipment, workmen and instruments acceptable to Owner and to make slope tests as provided in the Exhibit "A". Unless operations are on a day-work basis, all such slope tests shall be made at contractor's sole risk, cost and expense. If, in the opinion of the owner, it becomes advisable to obtain the use of an additional slope test instrument and necessary equipment for the purpose either of checking previous readings or of determining the direction of the drift, the rental charges therefor shall be paid by owner, and the running of same shall be on a day-work basis. Should the hole at any depth during the time contractor is performing work on a footage basis, have either a deviation from vertical or a change in over-all angle in excess of the limits prescribed in Exhibit "A", Contractor agrees to restore the hole to a condition suitable to the owner either by conventional methods and procedures while drilling ahead or by cementing off and redrilling. While operations are being performed on a "Day Work Basis", or during "Complete Day Work Basis Drilling", contractor agrees to exercise due diligence and care to maintain the straight hole specifications, if any, set forth in paragraph "3" of Exhibit "A" but all risk and expense of maintaining such specifications or restoring the hole to a condition suitable to the Owner shall be assumed by Owner.

11. COMPLETION TESTS AND INSTALLATION OF WELL CONNECTIONS OR ABANDONMENT:

Contractor will either complete the well and install well head equipment and connections or plug and abandon same, in accordance with Owner's instructions, at the applicable rates set forth in Par. 4 above, using equipment, materials and services to be furnished and paid for by either Owner or Contractor as specified in Exhibit "A".

12. CORING AND CUTTINGS:

12.1 As directed by Owner and utilizing the type of coring equipment specified and furnished as shown in Exhibit "A" Contractor agrees at any time to take either rat hole or full hole conventional or wire line cores in the manner requested by Owner. Regardless of depth, all coring shall be paid for at the applicable day work rate. All coring footage shall be deducted from the total footage charge if the well is being drilled on footage basis at that depth. Reaming of the rat-hole shall be paid for at the applicable day work rate.

12.2 When requested by Owner, Contractor shall save and identify the cuttings and cores, free from contamination, and place them in separate containers which shall be furnished by the Owner; such cuttings and cores shall be made available to a representative of Owner at the location.

13. FORMATIONS DIFFICULT OR HAZARDOUS TO DRILL:

13.1 In the event chert, pyrite, quartzite, granite, igneous rock or other impenetrable substance, is encountered while drilling on the footage basis and the footage drilled during each twenty-four (24) hour period multiplied by the footage rate does not equal the applicable day work rate plus cost of bits, all drilling operations shall be conducted on a day work basis at the applicable day work rate, with Owner furnishing the bits, until normal drilling operations and procedures can be resumed. The footage drilled on day work rate shall be deducted from the footage charge.

13.2 In the event water flow, domal formation, abnormal pressure, underground mine or cavern, heaving shale, or other similar formation, salt or other similar condition is encountered which makes drilling abnormally difficult or hazardous, causes sticking of drill pipe or casing, or other similar difficulty which precludes drilling ahead under reasonably normal procedures, Contractor shall, in all such cases, without undue delay, exert every reasonable effort to overcome such difficulty. When such condition is encountered, further operations shall be conducted on a day work basis at the applicable day work rate until such conditions have been overcome and normal drilling operations can be resumed. Owner shall assume the risk of loss of or damage to the hole and to Contractor's equipment in the hole from the time such condition is encountered. The footage drilled while on day work basis shall be deducted from the footage charge.

13.3. In the event loss of circulation or partial loss of circulation is encountered, Contractor shall, without undue delay, exert every reasonable effort to overcome such difficulty. When such condition is encountered, Owner shall assume risk of loss of or damage to the hole and to Contractor's equipment in the hole. Should such condition persist in spite of Contractor's efforts to overcome it, then after a period of 12 hours time consumed in such efforts, further operations shall be conducted on a day work basis at the applicable day work rate until such condition has been overcome and normal drilling operations can be resumed. The total rig time furnished by Contractor under the terms of this paragraph shall be limited to a cumulative 12 hours. The footage drilled while on day work basis shall be deducted from the footage charge.

14. REPORTS TO BE FURNISHED BY CONTRACTOR:

14.1 Contractor shall keep and furnish to Owner an accurate record of the work performed and formations drilled on the IADC-API Daily Drilling Report Form or other form acceptable to Owner. A legible copy of said form signed by Contractor's representative shall be furnished by Contractor to Owner.

14.2 Delivery tickets covering any material or supplies furnished by Owner shall be turned in each day with the daily drilling report. The quantity, description, and condition of materials and supplies so furnished shall be checked by Contractor and such tickets shall be properly certified by Contractor.

15. INGRESS AND EGRESS TO LOCATION:

Owner hereby assigns to Contractor Owner's rights of ingress and egress with respect to the tract of land where the well is to be located for the performance by Contractor of all work contemplated by this contract. Should the Contractor be denied free access to the location for any reason not reasonably within the Contractor's control, any time lost by the Contractor as a result of such denial shall be paid for at a reasonable rate in keeping with the stage of operations at that time. In the event there are any restrictions, conditions, or limitations in Owner's lease which would affect the free right of ingress and egress to be exercised by Contractor hereunder, its employees, or subcontractors, Owner agrees to timely advise Contractor in writing with respect to such restrictions, conditions, or limitations, and Contractor agrees to observe same.

16. RESPONSIBILITY FOR A SOUND LOCATION:

Owner shall prepare a sound location capable of properly supporting the drilling rig, and shall be responsible for a conductor pipe program adequate to prevent soil and sub-soil wash out. It is recognized that Owner has superior knowledge of the location and access routes to the location, and must advise Contractor of any sub-surface conditions, or obstructions (including, but not limited to, mines, caverns, sink holes, streams, pipelines, power lines and telephone lines) which Contractor might encounter while en route to the location or during operations hereunder. In the event sub-surface conditions cause a cratering or shifting of the location surface, or if seabed conditions prove unsatisfactory to properly support the rig during marine operations hereunder, and loss or damage to the rig, its associated equipment or personnel results therefrom, Owner shall, without regard to other provisions of this contract, reimburse Contractor to the extent not covered by Contractor's insurance, for all such loss or damage including payment of force majeure rate during repair and/or demobilization if applicable.

17. INSURANCE

During the life of this contract, Contractor shall at Contractor's expense maintain, with an insurance company or companies authorized to do business in the state where the work is to be performed and satisfactory to Owner, insurance coverages of the kind and in the amounts set forth in Exhibit "A". Contractor shall, if requested to do so by Owner, procure from the company or companies writing said insurance a certificate or certificates satisfactory to Owner that said insurance is in full force and effect and that the same shall not be cancelled or materially changed without Ten (10) days prior written notice to Owner.

18. PAYMENT OF CLAIMS:

Contractor agrees to pay all claims for labor, material, services, and supplies to be furnished by Contractor hereunder, and agrees to allow no lien or charge to be fixed upon the lease, the well, or other property of the Owner or the land upon which said well is located.

19. RESPONSIBILITY FOR LOSS OR DAMAGE:

19.1 Contractor's Surface Equipment: Contractor shall assume liability at all times, regardless of whether the work is being performed on a footage basis or day work basis, for damage to or destruction of Contractor's surface equipment, including but not limited to all drilling tools, machinery, and appliances, for use about the surface, regardless of when or how such damage or destruction occurs, except for such loss or damage as provided in Paragraph 19.4 herein, and Owner shall be under no liability to reimburse Contractor for any such loss except loss or damage thereto caused by gross negligence or willful acts or omissions of Owner or Owner's agents, servants, or employees or any loss or damage thereto occurring during the time that the operation of Contractor's equipment has been taken over by Owner as provided for in Par. 7 hereof.

19.2 Contractor's In-Hole Equipment—Footage Basis: Contractor shall assume liability at all times while work is being performed on a footage basis for damage to or destruction of Contractor's in-hole equipment, including but not limited to, drill pipe, drill collars, and tool joints, and Owner shall be under no liability to reimburse Contractor for any such loss except loss or damage thereto caused by gross negligence or willful acts or omissions of Owner or Owner's agents, servants, or employees or any loss or damage thereto occurring during the time that the operation of Contractor's equipment has been taken over by Owner as provided for in Par. 7, and except as provided for in Paragraphs 13.2, 13.3 and 19.4.

19.3 Contractor's In-Hole Equipment—Day Work Basis: Owner shall assume liability at all times while work is on a day work basis for damage to or destruction of Contractor's in-hole equipment, including but not limited to, drill pipe, drill collars, and tool joints, and Owner shall reimburse Contractor for the value of any such loss or damage provided such loss or damage is not due to the negligence of Contractor, his agents, servants or employees; the value to be determined by agreement between Contractor and Owner as percent of current new replacement cost of such equipment delivered to the well site.

19.4 Contractor's Equipment-Environmental Loss or Damage: Owner shall assume liability at all times for damage to or destruction of Contractor's equipment caused by exposure to unusually corrosive or otherwise destructive elements not normal;

Contractor shall be liable for the cost of replacement of such equipment in the event of loss or damage to such equipment not normally contemplated at the time this contract was entered into by the parties. In calculating the cost of replacement of such equipment, the value of the equipment prior to such damage or destruction shall be determined by the difference between the value of the equipment prior to such damage or destruction and the value immediately thereafter. The value of the equipment immediately after the damage or destruction shall be determined by a competent independent appraisal or by good faith, reasonable estimate of the salvaged equipment. The value of the equipment prior to such damage or destruction shall be that amount in actual cash required to replace such equipment with that of like, kind, grade quality and quantity or to restore such equipment to its prior condition. Owner may, at his option, elect to pay such loss by the actual purchase of the replacement equipment and take the salvage, or in the event of repair or restoration, to pay the actual cost thereof.

19.4. **Owner's Equipment:** Owner shall assume liability at all times for damage to or destruction of Owner's equipment, including but not limited to casing, tubing, well head equipment, and tools, and Contractor shall be under no liability to reimburse Owner for any such loss or damage except that due to negligence of Contractor, his agents, servants and employees.

19.5. **The Hole—Footage Basis:** Subject to the provisions of Par. 13 hereof (relating to formation difficult or hazardous to drill and to loss of circulation) should a fire or blow-out occur or should the hole for any cause attributable to Contractor's operations be lost or damaged while Contractor is engaged in the performance of work hereunder on a footage basis, all such loss of or damage to the hole shall be borne by the Contractor; and if the hole is not in condition to be carried to the contract depth as herein provided, Contractor shall, if requested by Owner, commence a new hole without delay at Contractor's cost; and the drilling of the new hole shall be conducted under the terms and conditions of this contract in the same manner as though it were the first hole. In such case Contractor shall not be entitled to any payment or compensation for expenditures made or incurred by Contractor on or in connection with the abandoned hole, except for day work earned in coring, testing, and logging said well for which Contractor would have been compensated had such hole not been junked and abandoned.

Notwithstanding the foregoing provisions, if the hole is lost or damaged without negligence on the part of the Contractor but as a result of the failure of Owner's casing or equipment either during or after the running and setting of such casing, or as a result of subsequent failure of the cementing job resulting in parted casing, such loss shall be borne by the Owner and Contractor shall nevertheless be paid: (a) For all footage drilled and other work performed by Contractor prior thereto; (b) For work performed in an effort to restore the hole to such condition as that further drilling or other operations may be conducted at the applicable day work rate; and (c) The cost of dismantling the rig and moving to and rigging up Contractor's equipment prior to starting the drilling of a new hole at a location designated by Owner if such be required. The work of drilling the new hole shall be performed by the Contractor under the terms and conditions of this contract.

19.7. **The Hole—Day Work Basis:** In the event the hole should be lost or damaged while Contractor is working on a day work basis or as a result of work performed on a day work basis unless such loss or damage is caused by negligence of Contractor, his agents, servants, or employees, Owner shall be responsible for any such loss of or damage to the hole.

19.8. **Underground Damage:** Owner agrees to indemnify Contractor for any and all sums which Contractor shall become liable by final judgment to pay for damages resulting from operations under this contract on account of injury to, destruction of, or loss or impairment of any property right in or to oil, gas, or other mineral substance or water, if at the time of the act or omission causing such injury, destruction, loss, or impairment, said substance had not been reduced to physical possession above the surface of the earth, and for any loss or damage to any formation, strata, or reservoir beneath the surface of the earth.

19.9. **Inspection and Assembly of Materials To Be Furnished By Owner:**

(a) Contractor agrees to visually inspect, using normal rig personnel, all materials to be furnished by Owner before using same and to notify Owner of any apparent defects therein. Contractor shall not be liable for any loss or damage resulting from the use of materials to be furnished by Owner containing latent defects. The term latent defect shall include, but not be limited to, improper or defective assembly by a manufacturer; the fitness of the material for the use intended; and its adaptability or ability to fit, mate, join or otherwise be incorporated with other materials.

(b) Contractor will preassemble, disassemble, or assemble materials to be furnished by Owner only when as directed by Owner and when such work can be accomplished by normal rig personnel. Contractor shall assume no liability for such service. All of such services shall be performed on a day work basis.

19.10. **Indemnity by Contractor:** Contractor agrees to protect, indemnify, and save harmless the Owner from and against all claims, demands, and causes of action in favor of Contractor's employees or third parties on account of personal injuries or death or on account of property damages (other than property damages as in this Par. 19 specifically provided for) arising out of the work to be performed by Contractor hereunder and resulting from the negligent acts or omissions of Contractor, Contractor's agents, employees, and subcontractors.

19.11. **Indemnity by Owner:** Owner agrees to protect, indemnify, and save harmless, the Contractor from and against all claims, demands and causes of action in favor of Owner's employees or third parties on account of personal injuries or death or on account of property damages (other than property damages as in this Paragraph 19 specifically provided for) arising out of work performed by Owner, Owner's agents, employees, and contractors or subcontractors (other than the contractor under this Contract) or equipment furnished in connection therewith and resulting from the negligent acts or omissions of such Owner, Owner's agents, employees, contractors or subcontractors.

19.12. **Pollution and Contamination:** Notwithstanding anything to the contrary contained herein, it is understood and agreed by and between the Contractor and Owner that the responsibility for pollution or contamination, except as stated in paragraph 15, shall be as follows:

(a) The Contractor shall assume all responsibility for, including control and removal of, and protect, defend and save harmless the Owner from and against all claims, demands and causes of action of every kind and character arising from pollution or contamination, which originates above the surface of the land or water from spills of fuels, lubricants, motor oils, normal water base drilling fluid and attendant cuttings, pipe dope, paints, solvents, ballast, bilge and garbage wholly in Contractor's possession and control and directly associated with Contractor's equipment and facilities.

(b) The Owner shall assume all responsibility for, including control and removal of, protect, defend and save the Contractor harmless from and against all claims, demands, and causes of action of every kind and character arising from all other pollution or contamination which may occur during the conduct of operations hereunder, including but not limited to, that which may result from fire, blowout, cratering, seepage or any other uncontrolled flow of oil, gas, water or other substance, as well as, the use or disposition of oil emulsion, oil base or chemically treated drilling fluids, contaminated cuttings or cavings, lost circulation and fish recovery materials and fluids.

(c) In the event a third party commits an act or omission which results in pollution or contamination for which either the Contractor or Owner, for whom such party is performing work, is held to be legally liable, the responsibility therefor shall be considered, as between the Contractor and the Owner, to the same as if the party for whom the work was performed had performed the same and all of the obligations respecting defense, indemnity, holding harmless and limitation of responsibility and liability, as set forth in (a) and (b) above, shall be specifically applied.

19.13. **Termination of Location Liability:** When Contractor has complied with all obligations of the contract regarding restoration of Owner's location, Owner shall thereafter be liable for damage to property, personal injury or death of any person which occurs as result of condition of the location and Contractor shall be relieved of such liability; provided, however, if Contractor shall subsequently reenter upon the location for any reason, including removal of the rig, all terms of the contract relating such reentry activity shall become applicable during such period.

20. INDEPENDENT CONTRACTOR RELATIONSHIP.

20.1. In the performance of the work herein contemplated on a "footage basis", Contractor is an independent contractor, with the authority to control and direct the performance of the details of the work, Owner being only interested in the results obtained. The work on such "footage basis" shall meet the approval of Owner and be subject to the right of inspection and supervision herein provided. Owner shall not unreasonably withhold approval of all such work, when performed by Contractor in accordance with the generally accepted practices and methods customary in the industry. Contractor agrees to comply with all laws, rules, and regulations, federal, state, and local, which are now, or may in the future become applicable to Contractor, Contractor's business, equipment, and personnel engaged in operations covered by this contract or accruing out of the performance of such operations; provided, however, as between the Owner and Contractor specific provisions herein contained respecting the risk and responsibility for such compliance shall be controlling.

20.2. When operations hereunder are being conducted on a "day work" basis or all the work contemplated is on a "complete day work" basis, the work shall be conducted in accordance with the orders and directions of the Owner. In the event Owner fails to direct the performance of the work and allows Contractor to perform the same in accordance with the generally accepted methods and practices customary in the industry, it shall be conclusively presumed that Contractor acted and performed the work in the same manner as would have been the case had Owner exercised his right to direct and control it. The specific provisions contained herein with respect to risk of loss and responsibility while on a "day work" basis shall be controlling.

20. Owner shall be privileged to designate a representative or representatives who shall at all times have access to the premises for the purpose of observing tests or inspecting the work of the Contractor. Such representative or representatives shall be empowered to act for Owner in all matters relating to the work herein undertaken and Contractor shall be entitled to rely on the orders and directions issued by such representative or representatives as being those of the Owner.

21. NO WAIVER EXCEPT IN WRITING:

It is fully understood and agreed that none of the requirements of this contract shall be considered as waived by either party unless the same is done in writing, and then only by the persons executing this contract, or other duly authorized agent or representative of the party.

22. FORCE MAJEURE:

Neither Owner nor Contractor shall be liable to the other for any delays or damage or any failure to act due, occasional or caused by reason of federal or state laws or the rules, regulations, or orders of any public body or official purporting to exercise authority or control respecting the operations covered hereby, including the procurement or use of tools and equipment, or due, occasioned or caused by strikes, action of the elements, or causes beyond the control of the party affected thereby; and any delay due to the above causes or any of them shall not be deemed to be a breach of or failure to perform this contract or any part thereof. Provided, however, nothing herein contained shall abrogate the obligation of Owner to pay Contractor the "Work Stoppage" rates as set forth in Paragraph 4.3 above.

23. INFORMATION CONFIDENTIAL:

Upon written request by Owner all information obtained by the Contractor in the conduct of drilling operations on this well, including, but not limited to, depth, formations penetrated, the results of coring, testing, and surveying, shall be considered confidential and shall not be divulged by Contractor, or his employees, to any person, firm, or corporation other than Owner's designated representatives.

24. ASSIGNMENT OF CONTRACT:

Contractor agrees not to sublet or assign this contract except for work normally performed by subcontractors without the written consent of the Owner.

25. NOTICES AND PLACE OF PAYMENT:

All notices to be given with respect to this contract unless otherwise provided for shall be given to the Contractor and to the Owner respectively at the addresses hereinabove shown. All sums payable hereunder to Contractor shall be payable at his address hereinabove shown unless otherwise specified herein.

26. ARBITRATION:

Every controversy or claim arising out of or relating to this Contract, or the alleged breach thereof, will be settled by arbitration according to the law pursuant to the rules then obtaining of the American Arbitration Association, and judgment upon the award so rendered may be entered in any court having jurisdiction thereof.

27. SPECIAL PROVISIONS:

1. Operator will furnish Contractor a letter of guarantee of payment by bank of Operator's choice.
2. Any work necessary in hole prior to commencement of drilling will be on a day work basis.
3. Contractor hereby agrees to abide by all State, Federal and Local regulations and ordinances and is hereby responsible for such.

28. ACCEPTANCE OF CONTRACT:

This instrument shall not become a binding contract until Owner has noted its acceptance and Owner shall be under no obligation to Contractor until such acceptance has been noted and a fully executed copy of this agreement sent to Contractor. Contractor will sign all copies of this instrument and return all but one signed copy to Owner.

Owner Corinne Grace
By Michael P. Grace
Michael P. Grace

The foregoing contract is accepted by the undersigned as Contractor this 13 day of July, 19 75, subject to rig availability, and subject to all of its terms and provisions, with the understanding that it will not be binding upon Owner until Owner has noted its acceptance, and with further understanding that unless said contract is thus executed by Owner within 10 days of the above date Contractor shall be in no manner bound by its signature thereto.

Contractor RIG WEST DRILLING COMPANY
By J. O. LeBlanc, Jr.
Title Vice President

Accepted this 13 day of July, 19 75, which is effective date of this agreement.

Owner Corinne Grace
By Michael P. Grace

Title _____

To Whom It May Concern: Contract dated _____, 19____

Owner: Michael P. Grane and Corinne Grane Contractor: Big West Drilling Company

Well Name and Number: White Baby No. 1, Eddy County, New Mexico

SPECIFICATIONS AND SPECIAL PROVISIONS

1. CASING PROGRAM (See Par. 8)

	Size	Weight	Approx. Setting Depth	To Be Set By	Allowed Cement Time
Conductor	in.	lbs./ft.	ft.		hours
Surface	<u>13 3/8</u> in.	lbs./ft.	<u>500</u> ft.	<u>Contractor</u>	<u>12</u> hours
Protection	<u>9 5/8</u> in.	lbs./ft.	<u>5,600</u> ft.	<u>Contractor</u>	<u>18</u> hours
Oil String	<u>As required</u> in.	lbs./ft.	ft.	<u>Owner</u>	hours
Liner	in.	lbs./ft.	ft.		
Tubing	in.	lbs./ft.	ft.		

2. MUD CONTROL PROGRAM (See Par. 10.3)

Depth Interval (ft)	Type Mud	Weight (lbs./gal.)	Viscosity (Secs)	Water Loss (cc)
From 0 To 1,000	Spud mud and water			
1,000 To 10,000	Water or Brine Water			
10,000 To D.	Mud as hole condition requires			

It is understood that in the event it becomes necessary to discontinue drilling operations and to suddenly raise the mud weight 1/2 lb. per gallon above the weight currently being used OR to raise the mud weight at any time to 10 1/2 salt water mu per gallon, it will conclusively constitute "Abnormal Pressure" as that term is employed in Paragraph 13.2 of the Contract. Fre Operations will thereafter go forward under the terms of such provision (13.2) until such condition has been overcome; the wat well is under control and the mud system stabilized at a weight less than below lbs. per gallon, so as to permit normal drilling mud operations to be resumed. 10 1/2 salt water system or 9.5 fresh water system

Other mud specifications:

- Any gas encountered while drilling this well will be controlled with brine water and calcium chloroxide or similar weighting agent.
- A 9 p.h. factor or above will be used for all drilling fluids

3. STRAIGHT HOLE SPECIFICATIONS (See Par. 10.5)

Well Depth	Maximum Distance Between Surveys, Feet	Maximum Deviation from Vertical, Degrees	Maximum Change of Angle (or Over-All Angle Between) Any Two Surveys, Degrees
From To			

Location of well bore at 12,500 feet shall be 800 feet of well bore at surface

- (1) a. Reduce proportionately for survey intervals less than 100 feet, but do not use intervals shorter than 30 feet.
 b. If these limits are exceeded and the distance between surveys is more than 100 feet, Contractor shall take intermediate surveys no more than 100 feet apart. If such intermediate surveys show that above limits for any interval have been exceeded, Contractor shall correct hole deviation to within limits of above specifications.
 c. When directional surveys are required, the change of angle shall be the change of over-all angle.

4. INSURANCE (See Par. 17)

Certificate of Insurance on file with Operator.

- Adequate Workmen's Compensation Insurance complying with State Laws applicable or Employers' Liability Insurance covering all of Contractor's employees working under this agreement.
- Comprehensive Public Liability Insurance or Public Liability Insurance with limits of \$_____ for the death or injury of any one person and \$_____, for each accident.
- Comprehensive Public Liability Property Damage Insurance or Public Liability Property Damage Insurance with limits of \$_____ for each accident and \$_____ aggregate per policy.
- Automobile Public Liability Insurance with limits of \$_____ for the death or injury of each person and \$_____ for each accident; and Automobile Public Liability Property Damage Insurance with limits of \$_____ for each accident.

4.5

4.6

EXHIBIT "A" (Continued)

5. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY CONTRACTOR

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the location at the expense of Contractor unless otherwise noted hereon and otherwise provided for in Par. 7 hereof.

5.1 Drilling Rig.

Complete drilling rig, designated by Contractor as his rig No. 17, the major items of equipment being:
 Drawworks: EMSCO 1100
 Engines: Make, Model, and H. P. Climax V-125 (Make and Model) No. on Rig 3
 Pump No. 1: Make, Size, and Power Emsco DE-700; National C-350
 Pump No. 2: Make, Size, and Power _____
 Boilers: Number, Make, H. P. and W. P. _____
 Derrick or Mast: Make, Size, and Capacity Lee C. Moore 136'; 830,000# capacity
 Substructure: Size and Capacity 16' - 900,000# capacity
 Drill Pipe: Size 4 1/2 in. 12,000 ft.; Size 5 in. 6,000 ft.; Size _____ in. _____ ft.
 Drill Collars: Number and Size 6 1/2" and 8" as needed
 Blowout Preventers: _____

Size	Series or Test Pr.	Make & Model	Number
12"	900	Cameron	
10"	1500	Cameron	
10"	1500	Hydril	

- 5.2 Trucking service and other transportation, hauling, or winching services as required to move Contractor's property to location, rig up Contractor's rig, tear down Contractor's rig, and remove all of Contractor's property from location.
- 5.3 Drilling bits, reamers, stabilizers, reamer cutters, and other drilling tools or devices (except while on daywork).
- 5.4 Contract fishing tool services and fishing tool rentals (except while on daywork).
- 5.5 Derrick timbers.
- 5.6 Normal strings of drill pipe and drill collars specified above.
- 5.7 Conventional drift indicator.
- 5.8 Circulating mud pits.
- 5.9 Necessary pipe racks and rigging up material.
- 5.10 Normal storage for mud and chemicals.

6. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY OWNER

The machinery, equipment, tools, materials, supplies, instruments, services and labor hereinafter listed, including any transportation required for such items, shall be provided at the location at the expense of Owner unless otherwise noted hereon and otherwise provided for in Par. 7 hereof.

- 6.1 Furnish and maintain adequate roadway and/or canal to location, right-of-way, including rights-of-way for fuel and water lines, river crossings, highway crossings, gates and cattle guards.
- 6.2 Stake location, clear and grade location, and provide turnaround, including surfacing when necessary.
- 6.3 Test tanks with pipe and fittings.
- 6.4 Mud storage tanks with pipe and fittings.
- 6.5 Separator with pipe and fittings.
- 6.6 Labor to connect and disconnect mud tank, test tank, and separator.
- 6.7 Labor to disconnect and clean test tanks and separator.
- 6.8 Drilling mud, chemicals, lost circulation materials and other additives.
- 6.9 Pipe and connections for oil circulating lines.
- 6.10 Labor to lay, bury and recover oil circulating lines.
- 6.11 Drilling bits, reamers, reamer cutters, stabilizers and special tools while operating on daywork basis.
- 6.12 Contract fishing tool services and tool rental while operating on a day work basis.
- 6.13 Wire line core bits or heads and wire line core catchers if required.
- 6.14 Conventional core bits and core catchers.
- 6.15 Diamond core barrel with head.
- 6.16 Cement and cementing service.
- 6.17 Electrical and Gamma-Neutron logging services.
- 6.18 Directional, caliper, or other special services.
- 6.19 Gun or jet perforating services.
- 6.20 Explosives and shooting devices.
- 6.21 Formation testing, hydraulic fracturing, acidizing and other related services.
- 6.22 Equipment for drill stem testing.
- 6.23 Mud logging services.
- 6.24 Sidewall coring service.
- 6.25 Welding service for welding bottom joints of casing, guide shoe, float shoe, float collar and in connection with installing of well head equipment if required.
- 6.26 Casing, tubing, liners, screen, float collars, guide and float shoes and associated equipment.
- 6.27 Casing scratchers and centralizers.
- 6.28 Well head connections and all equipment to be installed in or on well or on the premises for use in connection with testing, completion and operation of well.
- 6.29 Special or added storage for mud and chemicals.
- 6.30 Casinghead, API series, to conform to that shown for the blowout preventers specified in Paragraph 5.1 above.

EXHIBIT "A" (Continued)

7. EQUIPMENT, MATERIALS AND SERVICES TO BE FURNISHED BY DESIGNATED PARTY

The machinery, equipment, tools, materials, supplies, instruments, services, and labor listed as the following numbered items including any transportation required for such items unless otherwise specified, shall be provided at the location and at the expense of the party hereto as designated by an X mark in the appropriate column.

ITEM	TO BE PROVIDED BY AND AT EXPENSE OF	
	Owner	Contractor
7.1 Cellar and runways.....		X
7.2 Fuel (located at	X	
7.3 Fuel Lines (length : <i>1 mile casing</i>).....		X
7.4 Water at source.....	Contractor will furnish first \$1,000.	
7.5 Water well.....		
7.6 Water lines.....	Contractor will furnish 1 mile of line	
7.7 Water storage tanks.....	capacity. 1,000	X
7.8 Labor to operate water well or water pump.....		
7.9 Maintenance of water well, if required.....		
7.10 Mats for engines and boilers, or motors and mud pumps.....		X
7.11 Transportation of Contractor's property:		
Move in.....		X
Move out.....		X
7.12 Materials for "boxing in" rig and derrick.....		X
7.13 Special strings of drill pipe and drill collars as follows:		
.....	X	
.....		
.....	X	
7.14 Kelly joints, subs, elevators and slips for use with special drill pipe.....		
7.15 Drill pipe protectors for Kelly joint and each joint of drill pipe running inside of casing for use with normal strings of drill pipe.....		X
7.16 Drill pipe protectors for Kelly joint and each joint of drill pipe running inside of casing for use with special strings of drill pipe.....	X	
7.17 Coring reel with wire line of sufficient length for coring at maximum depth specified in contract.....		
7.18 Wire line core barrel.....		
7.19 Conventional core barrel.....		
7.20 Rate of penetration recording device.....		X
7.21 Extra labor for running and cementing casing.....	Production String	Operator X
7.22 Casing tools.....	Production String	Operator X
7.23 Running of casing-conductor.....		
7.24 Running of casing-surface.....		X
7.25 Running of casing protection.....		X
7.26 Running of casing production.....	X	
7.27 Running of casing liner.....	X	
7.28 Power casing tongs.....	Production String	Operator
7.29 Tubing tools.....	X	
7.30 Power tubing tong.....	X	
7.31 Swabbing equipment.....	X	
7.32 Drilling mouse and rat holes.....		X
7.33 Drilling hole for conductor pipe.....		X
7.34 Reserve pits.....		X
7.35 Erect and dismantle derrick.....		X
7.36 Special Foundation.....	X	
7.37 New Mexico Gross Receipts Tax.....	X	
7.38 Any equipment required by Federal or State Agency that Contractor does not have.....	X	
7.39		
7.40		

OTHER PROVISIONS:

Initialed by the parties as correct:

For Owner

C. D.

For Contractor

BY

(Exhibit Page 3)

Printed in U.S.A.

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 14 day of October, A. D. 1935 at 4:30 o'clock P. M., and duly recorded Book 130, Page 1042 of the Records of Muscatine of said County.

MRS. MILDRED BRANCH, County Clerk

By *James Deane* Deputy

195
D 11011-5
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED - 5:00 PM IN MY
OFFICE
11:18 AM
FRANCES M. WILCOX
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY,

STATE OF NEW MEXICO.

E. D. BENNETT D/B/A BENNETT WIRE
LINE SERVICE,

PLAINTIFF,

VS.

CORINNE GRACE AND MICHAEL P.
GRACE,

DEFENDANTS.

NO. 31246

COMPLAINT

Plaintiff, for his claim against Defendant, states:

1.

Defendants owe to Plaintiff the sum of \$4,431.76
after allowing all just credits and offsets. A statement of the
account is attached hereto as Exhibit "A" and made a part hereof.

2.

Defendants should be ordered to pay to Plaintiff
reasonable attorney's fees and costs of this action.

WHEREFORE, Plaintiff demands Judgment against Defendants
for the sum of \$4,431.76; reasonable attorney's fees and costs
of this action.


LOWELL STOUT
Attorney for Plaintiff

P. O. Box 716
Hobbs, New Mexico

STATE OF NEW MEXICO

)

)

SS.

COUNTY OF EDDY

)

E. D. BENNETT, after being first duly sworn, states:

That he is the owner of Bennett Wire Line Service,
the Plaintiff in the above and foregoing Complaint; he has read
the Complaint, knows and understands the contents thereof and
that the matters and things therein stated are true and correct.


E. D. BENNETT

SUBSCRIBED AND SWORN To before me this 30 day of

January, 1976.


NOTARY PUBLIC

My Commission Expires:

January 31, 1979

ANNETT WIRE LINE SERVICE

808 McARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO - 88210

Sold To . Corinne & Michael P. Grace

WORK ORDER NO. _____

A DATE _____

REQUISITION NO. _____

CONTRACT NO. _____

REFER TO INVOICE NO. _____

INVOICE DATE _____

VENDOR'S NO. _____

Statement 11-25-75

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
3-13-75 -	Invoice NO.53			\$664.56
3-21-75 -	Invoice No.64			142.48
6-11-75 -	Invoice No.3			164.72
6-11-75 -	Invoice No.10			243.30
6-17-18-75,	Invoice No.15			786.86
7-5-75 -	Invoice No,37			222.76
7-14-75 -	Invoice No.45			300.30
8-11-13-75,	Invoice No.65			775.84
8-21-75-	Invoice No.75			227.90
9-4-75 -	Invoice No.91			299.80
9-7-75 -	Invoice No.92			302.80
9-11-75 -	Invoice No.98			320.32
				<u>\$4431.76</u>

ENNETT WIRE LINE SERVICE

308 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO 88210

Sold To Corinne Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 375-53

INVOICE DATE 3-26-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
3-13-75	-	Indian Hills No.1		
		Run tool to ck.TD & ID of Tbm.	\$115.00	\$115.00
		Run impression tool 1 1/2" OD.	\$125.00	\$125.00
		80 miles,round trip,per.mi.	.20	12.00
			125.00	125.00
3-14-75	-	Run pulling tool	125.00	125.00
		Run impression tool 1 3/4" OD.	125.00	125.00
		Run impression tool 1 1/2" OD.	125.00	125.00
		60 miles,round trip,per.mi.	.20	12.00
				\$639.00
		Tax		25.56
				\$664.56

Thank you

ENNETT WIRE LINE SERVICE

308 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO 88210

Sold To Corinne Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 375-54

INVOICE DATE 3-26-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
3-21-75	-	Indian Hills No.1		
		Run Impression tool	\$125.00	\$125.00
		60 mi.round trip,per.mi.	.20	12.00
				\$137.00
		Tax		5.48
				\$142.48

Thank you

CONNETT WIRE LINE SERVICE

308 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO - 88210

Sold To . Michael P. Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 675-10

INVOICE DATE 6-30-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
6-11-75		Cueva Unit No.1		
		Temp. sur. min. chg. to 1000ft. depth.	\$135.00	\$135.00
		Depth reached 4795ft.		
		3795ft. below the 1000ft. chg. per. ft.	.014	47.44
		90 miles, round trip. per. mi.	.25	22.50
		2 hrs. waiting time for blowout Preventer testing.	14.50	29.00
				<u>\$233.94</u>
		Tax		9.36
				<u>\$243.30</u>

Thank you

CONNETT WIRE LINE SERVICE

308 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO - 88210

Sold To Michael P. Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 675-3

INVOICE DATE 6-30-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
6-1-75		Cueva Unit No.1		
		Temp. sur. min. chg. to 1000ft. depth.	\$135.00	\$135.00
		Depth reached 1190ft.		
		190ft. below the 1000ft. chg. per. ft.	.014	2.38
		84 mi. round trip. per. mi.	.25	21.00
				<u>\$158.38</u>
		Tax		6.34
				<u>\$164.72</u>

Thank you

NETT WIRE LINE SERVICE

208 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO 88210

Sold To . Corinne Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 675-15

INVOICE DATE 6-30-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
6-17-75		Livingston Ridge No.1		
12.30pm.		Attempt to run temp.sur.Obstruction @ 7400ft.		
		Min.chg.to 1000ft.depth.	\$135.00	\$135.00
		Depth reached,7400ft.		
		6400ft.below the 1000ft.chg.per.ft.	.014	80.00
		150 miles,round trip.per.mi.	.25	37.50
6-17-75				
11.00pm.		Attempt to run Temp.sur.		
		Obstruction @ 7728ft.Min.chg.to 1000ft.	135.00	135.00
		6728ft.below the 1000ft.chg.per.ft.	.014	84.10
		150 miles,round trip.per.mi.	.25	37.50
6-18-75				
2.00am.		Attempt.to run Temp.Sur.		
		Obstruction @ 10,000ft.Min.chg.to 1000ft.depth.	135.00	135.00
		9000ft.below the 1000ft.chg.per.ft.	.014	112.50
				\$756.60
		Tax		30.26
				\$786.86

NETT WIRE LINE SERVICE

208 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO 88210

Sold To . Michael P.Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 775-37

INVOICE DATE 7-31-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
7-4-75		KUAKULA Baby No.1		
		Temp.sur.min.to 1000ft.depth.	\$135.00	\$135.00
		Depth reached 4518ft.		
		3518ft.below the 1000ft.chg.per.ft.	.014	43.98
		80 miles,round trip.per.mi.	.25	16.00
				\$194.98
		Tax		7.80
				\$202.78

Thank you

NETT WIRE LINE SERVICE

305 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO - 88210

Sold To . Corinne Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 875-85

INVOICE DATE 8-30-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
8-11-75		Livingston Ridge No.1		
		Run pressure gradient to locate fluid top.		
		Measured down to top of fish, Total chgs. except mlg.	\$342.00	\$342.00
		150 mi. round trip. per. mi.	.25	37.50
				<u>\$379.50</u>
8-13-75		Livingston Ridge No.1		
		Running impression tool to locate fish depth.		
		& to get impression of top of fish.		
		Total chgs. except mlg.	\$329.00	\$329.00
		150 mi. round trip. per. mi.	.25	37.50
				<u>\$366.50</u>
				<u>\$379.50</u>
				<u>\$746.00</u>
		Tax		<u>29.84</u>
				<u>\$775.84</u>

NETT WIRE LINE SERVICE

305 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO - 88210

Sold To . Corinne Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 775-45

INVOICE DATE 7-31-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
7-14-75		Cueva No.1		
		Temp. sur. min. chg. to 1000ft. depth.	\$135.00	\$135.00
		Depth reached 11,500ft.		
		10,500ft. below the 1000ft. chg. per. ft.	.01 1/2	131.25
		90 miles, round trip. per. mi.	.25	22.50
				<u>\$288.75</u>
		Tax		<u>11.55</u>
				<u>\$300.30</u>

Thank you

NETT WIRE LINE SERVICE

308 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO - 88210

Sold To . Corinne Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 875-75

INVOICE DATE 8-30-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
8-21-75	-	White Baby No.1		
		Temp.sur.mim.chg.to 1000ft.depth.	\$135.00	\$135.00
		Depth reached 5330ft.		
		4330ft.below the 1000ft.chg.per.ft.	.014	54.13
		120 miles,round trip.per.mi.	.25	30.00
				\$ 219.13
		Tax		8.77
				\$227.90

thank you

NETT WIRE LINE SERVICE

308 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO - 88210

Sold To . Corinne Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 975-91

INVOICE DATE 10-1-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
9-9-75	-	Cotton Baby No.1		
		11.00am - Run impression block	\$125.00	\$125.00
		1.00pm - " " " "	125.00	125.00
		100 miles,round trip.per.mi.	.25	40.00
				\$290.00
		Tax		9.80
				\$299.80

Thank you

SENNETT WIRE LINE SERVICE

308 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO - 88210

Sold To . Corinne Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 975-92

INVOICE DATE 10-1-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
9-7-75		Livingston Ridge No.1		
		Measurement to locate fluid top,		
		Min. to 1000ft. depth.	\$135.00	\$135.00
		Depth reached 10,500ft. to fluid top.		
		9500ft. below the 1000ft. chg. per. ft.	.01 1/2	118.75
		150 mi. round trip. per. mi.	.25	37.50
				\$291.25
		Tax		11.65
				\$302.90

Thank you

SENNETT WIRE LINE SERVICE

308 MCARTHUR — PHONE 746-3281

ARTESIA, NEW MEXICO - 88210

Sold To . Corinne Grace

WORK ORDER NO.

& DATE

REQUISITION NO.

CONTRACT NO.

REFER TO INVOICE NO. 975-98

INVOICE DATE 10-1-75

VENDOR'S NO.

DATE	QUANTITY	DESCRIPTION	UNIT PRICE	AMOUNT
9-11-75		Livingston Ridge No.1		
		Measuring depth to fluid top, min. to 1000ft. depth.	\$135.00	\$135.00
		Depth reached to fluid top, 11,840ft.		
		10,840ft. below the 1000ft. chg. per. ft.	.01 1/2	135.50
		150 miles, round trip. per. mi.	.25	37.50
				\$308.00
		Tax		12.32
				\$320.32

Thank you

FILED

11:35 AM

CLERK
OFFICE

CLERK OF DISTRICT COURT

IN THE DISTRICT COURT OF EDDY COUNTY, STATE OF NEW MEXICO

MONACO ENGINEERING, INC.,
a Colorado corporation,

Plaintiff

vs.

M. P. GRACE, a/k/a Michael
P. Grace III, CORINNE GRACE,
JUANITA JONES, Jointly and
Severally, GRACE OIL COMPANY
and GRACE ENERGY COMPANY,
Unincorporated Associations
doing business in the State of
New Mexico,

Defendants

No. 31289

C O M P L A I N T

FIRST CAUSE OF ACTION

COMES NOW Monaco Engineering, Inc., a Colorado corporation, plaintiff, by and through its President and its attorneys, Heidel, Samberson, Gallini & Williams, Lovington, New Mexico, and for its cause of action, states:

1.

That plaintiff is now and has been at all times material hereto a corporation organized and existing under the laws of the State of Colorado and duly qualified to conduct business within the State of New Mexico.

2.

That plaintiff believes and therefore alleges that M. P. Grace, a/k/a Michael P. Grace III is a resident of Phoenix, Arizona;

Corinne Grace is a resident of Phoenix, Arizona; Juanita Jones is a resident of Carlsbad, New Mexico; Grace Oil Company is an unincorporated association with its principal place of business and office in Carlsbad, Eddy County, New Mexico; and the Grace Energy Company is an unincorporated association with its principal place of business and office in Carlsbad, Eddy County, New Mexico, and the defendants, M. P. Grace, a/k/a Michael P. Grace III and Corinne Grace are now, and have at all times in this Complaint mentioned, been doing business in Carlsbad, Eddy County, New Mexico, under said names through their employee and agent Juanita Jones, of Carlsbad, New Mexico.

3.

M. P. Grace, a/k/a Michael P. Grace III and Corinne Grace have each subjected themselves to the jurisdiction of this Court by virtue of their activities in the State of New Mexico under the purview of §21-3-16, N.M.S.A., 1953 Compilation as amended and further owned in the State of New Mexico affected by this suit.

4.

That beginning on or about the 23rd day of June, 1975, and continuing until on or about the 1st day of July, 1975, plaintiff, at the special instance and request of M. P. Grace, a/k/a Michael P. Grace III and Corinne Grace for Grace Oil Company and Grace Energy Company by and through their agent, Juanita Jones, or in the alternative by Juanita Jones, individually, (that is at the request of defendants, their agents and employees) did work and perform services for defendant on defendant's well or wells, as the case may be, on defendant's Livingston Ridge #1-Y located in Eddy County, New Mexico; that attached hereto and made a part hereof as Exhibit "A" is a true copy of an itemized statement showing the date on

which the work was invoiced, the invoice number, and the amount of such invoices remaining unpaid; and that the total amount presently owed plaintiff by defendants is \$2,886.31 plus interest as provided by statute.

5.

That demand for payment of the amounts due has been made at numerous times and payment has been refused; that plaintiff has been required to retain the services of Heidel, Samberson, Gallini & Williams, Lovington, New Mexico, to act as its attorneys in this matter; that the Court should reward a reasonable attorneys fee herein; and that, in order to protect its claim, plaintiff was required to file certain Claims of Lien which were placed of record at a cost of \$70.05, for recovery of which claim is also made.

WHEREFORE, plaintiff prays Judgment against defendants, jointly and severally, in the amount of \$2,886.31 plus interest as provided by statute; for a reasonable attorneys fee; for its costs expended in the prosecution hereof, and for such other and further relief to which it may show itself entitled.

SECOND CAUSE OF ACTION

1.

That the matters contained in Paragraphs 1 through 5 in plaintiff's First Cause of Action are adopted and incorporated herein by reference.

2.

That in order to protect its rights to the collection of the amounts due, plaintiff caused to be filed a certain Claim of Lien pursuant to §65-5-1 through 65-5-15, N.M.S.A., 1953 Compilation, as amended, which asserted claims in the gross amount of \$2,886.31 plus the cost of preparation and recording, and which constitutes

a valid and subsisting lien upon the following described land in
Eddy County, New Mexico, to-wit:

1,980 feet from South line and 990 feet from West line
of Section 36, Township 21 South, Range 30 East, N.M.P.M.,
Eddy County, New Mexico, and commonly referred to as
Livingston Ridge #1-Y lease.

3.

That the lien is duly recorded in Miscellaneous Records
in Book 131, at Page 21, in the office of the County Clerk of
Eddy County, New Mexico; that a true and correct copy of the lien
is attached hereto and made a part hereof as Exhibit "B" and that
plaintiff is entitled and asked that the lien be foreclosed as
provided by law.

WHEREFORE, plaintiff prays that the lien described in this
Cause of Action be foreclosed as provided by law, and for such
other and further relief to which it may show itself entitled.

HEIDEL, SAMBERSON, GALLINI & WILLIAMS
Lovington, New Mexico

By R. W. Gallini
Attorneys for Plaintiff, Monaco
Engineering, Inc.

STATE OF COLORADO)
 : SS
COUNTY OF PROWERS)

Before me, the undersigned authority personally appeared
M. T. TILLEY, President of Monaco Engineering, Inc., and under
oath stated that he had read and understood the contents in the
foregoing Complaint, First Cause of Action and Second Cause of
Action and that the matters and things set forth therein are true
and correct to the best of his knowledge.

M. T. Tilley
M. T. Tilley

SUBSCRIBED AND SWORN TO before me this 11th day of
February, 1976.

My Commission Expires:

8-12-78

[Signature]
Notary Public

KEARNEY C. FINDER

INVOICE

EX - 015

MONACO

engineering, inc.

Bpx 828, Lamar, Colorado 81052
(303) 336-5740

TO:

Grace Energy Co.
Grace Oil Co.
S. H. P. Grace
S. Corinne Grace
Bodway Inn
Carlsbad, New Mexico

No. 321

TERMS:

NET 30 DAYS

INTEREST CHARGED ON
PAST DUE ACCOUNTS

DATE	INVOICE NO.	P. O. NUMBER	REFERENCE	DEPT. / FROM	CODE	CUSTOMER'S NUMBER
7-7-75	321					1980 FSI
WELL NAME						1980 FSI
Livingston Ridge 1-LV						1980 FSI
DESCRIPTION OF SERVICE					PRICE	TOTAL
<u>RE-CAL OF CHARGES</u>						
ENGINEERING CONSULTING SERVICE						
Bob Hamilton - Wellsite						
June 23 - July 1						
3 days @ 200.00/day					1600.00	1600.00
Expenses						
Telephone					18.50	
Car Mileage					26.00	
Meals					50.30	
Travel, Car Rental, Plane Fare					272.31	
Gas, Oil					4.65	
Hotel					13.75	386.31
ENGINEERING CONSULTING SERVICE						
Fenland - Denver						
June 24, 25, 26, 28						
(4) 1/2 days @ 300.00/day					600.00	
June 29						
1 day @ 300.00/day					300.00	900.00
						2286.31
TERMS: Net 30 Days. 1 1/2% per Month Finance Charge (12% Per Annum) will be charged on the past due amount.						

Exhibit "A"

TERMS: Net 30 Days, 1 1/2%
per Month Finance Charge
(12% Per Annum) will be
charged on the past due
amount.

Exhibit "A"

INVOICE

MONACO

engineering, inc.

Box 883, Lamar, Colorado 81052
(303) 336-5740

TO: Grace Energy Co.
or Grace Oil Co.
c/o H. P. Grace
or Corinne Grace
Rodeo Inn
Carlsbad, New Mexico

No. 321

TERMS:
NET 30 DAYS
INTEREST CHARGED ON
OUTSTANDING ACCOUNTS

DATE	INVOICE NO.	P. O. NUMBER	REFERENCE	ISSUED FROM	CODE	CUSTOMER'S NUMBER
7-7-75	321			Lamar, Colo.		Sec. 36, T21S, R30 E
WELL NAME				COUNTY	STATE	
Livingston Ridge #1-V				Edgy	New Mexico	1980 F&I 990 F&I
DESCRIPTION OF SERVICE					PRICE	TOTAL
<u>ENGINEERING CONSULTING SERVICES</u>						
June 23, 1975						
12 phone calls, discussed job, well conditions, prepare for Engineering operation					N/C	
Phone Calls					3.85	3.85
June 24, 1975						
Consulting Services - Hamilton					200.00	
Enroute to Carlsbad, New Mexico						
Consulting Services - Ward					150.00	
Engineering conference Denver with Ward 1 day						
Transit car mileage Bluebell to Vernal round trip					26.80	
134 miles @ .20					7.55	
Meals enroute Utah to Carlsbad					4.75	
Telephone Calls					94.73	
Plane Fare - Vernal - Denver - El Paso, TX.					N/C	
Plane Fare El Paso - Carlsbad (Company Charter)						483.83
June 25, 1975						
Consulting Services Wellsite, Carlsbad, N. Mex.					200.00	
Hamilton					150.00	
Consulting Services Denver - Ward 1 day conference						
Meals, Motel, Car, Mileage, charged to Company					N/C	
Motel. Car furnished					2.00	
Gasoline, Cash					7.10	
Telephone Calls						255.10
NOTE: Net 30 Days. 1 1/2% per Month Finance Charge (1 1/2% Per Annum) will be charged on the past due amount.						

MONACO

engineering, inc.

Box 888, Lamar, Colorado 81052
(303) 336-5746

TO: ☐ Grace Energy Co.

No. 321

TERMS

NET 30 DAYS

INTEREST CHARGED ON
Outstanding Balances

DATE	INVOICE NO.	P. O. NUMBER	REFERENCE	SER. OF FROM	CODE	CUSTOMER'S NUMBER
WELL NAME				CITY	STATE	
DESCRIPTION OF SERVICE					PRICE	TOTAL
June 26, 1975						
Consulting Services Wellsite, Fairhead, N. Tex.					200.00	
Hamilton					150.00	
Consulting Services Denver - 1 day conference					6.55	
Meal - Company Geologist					5.80	
Telephone Calls						
Meals, Motel, Car Mileage, charged to Rodway Inn					N/C	362.35
Car furnished						
June 27, 1975						
Consulting Services Wellsite - Hamilton					200.00	
Gasoline Cash					21.65	
Meals, Motel, Mileage Car, charged to Rodway Inn					N/C	202.65
Car furnished, telephone calls charged						
June 28, 1975						
Consulting Services Wellsite - Hamilton					200.00	
Consulting Services Denver - 1 day conference					150.00	
Services at well site terminated. Enroute to						
El Paso, Texas					7.60	
Meals, en route					13.75	
Motel at El Paso					66.75	457.70
Rental Car/Mileage from Carlsbad to El Paso						
June 29, 1975						
Travel and conference in Denver - Hamilton					200.00	
Engineering consultation Denver - 1 day					200.00	
Plane Fare El Paso - Denver					55.77	
Meals enroute Denver					9.85	
Hotel Mico/land					N/C	565.72
12% Net 30 Days, 1% per Month Finance Charge						
(12% Per Annum) will be charged on the past due amount.						

INVOICE

Page 3

MONACO
engineering, inc.

Box 888, Lamar, Colorado 81052
(303) 336-5740

TO:

Grave Energy Co.

No. 321

TERMS:
NET-30 DAYS
INTEREST CHARGED ON
PAST DUE ACCOUNTS

DATE	INVOICE NO.	P. O. NUMBER, REFERENCE	DATE FROM	CODE	CUSTOMER'S NUMBER
WELL NAME			COUNTY	STATE	
DESCRIPTION OF SERVICE				PRICE	TOTAL
June 30, 1975					
Work in Denver on report - Hamilton				200.00	
Meals - Denver				12.50	
Hotel Nite Hamilton				0.00	212.50
July 1, 1975					
Work in Denver on report - Hamilton 1 day				200.00	
Transit to Utah 1 day				51.36	
Plane Fare Denver to Vernal				4.50	
Transportation to airport				6.25	262.11
Meals in Denver & enroute					
					2286.31
Engineering Report of Operation to follow.					
Notes: Net 30 Days. 1 1/2% per Month Finance Charge (1 1/2% per annum) will be charged on the past due amount.					

CLAIM OF LIEN

STATE OF NEW MEXICO)
COUNTY OF EDEY) ss

KNOW ALL MEN BY THESE PRESENTS: That the undersigned,
M. T. TILLEY, for and on behalf of MONACO ENGINEERING, INC.,
Lamar, Colorado, a Colorado corporation, says that said corporation
is entitled to, and does hereby claim, a lien under the Laws of the
State of New Mexico for labor and engineering consulting services
at Livingston Ridge #1-Y Lease, covering the following described
property, to-wit:

1,980 feet from South Line and 990 feet from West
Line of Section 36, Township 21 South, Range 30 East,
N.M.P.M., Eddy County, New Mexico

That the name of the owner or reputed owner of the leasehold estate upon the above described property is Corinne Grace and M. P. Grace, d/b/a Grace Energy Co. or Grace Oil Co., Rodeway Inn, Carlsbad, New Mexico, and said labor and consulting engineering services were performed at the instance and request of Corinne Grace.

That the employees of Monaco Engineering, Inc. commenced to perform the labor and consulting engineering services on or about June 23, 1975, and thereafter continued to perform such labor and consulting engineering services on or about June 23, 1975, and thereafter continued to perform such labor and consulting engineering services to completion on July 1, 1975.

That the amount claimed is \$2,886.31 and the items constituting said amount is set forth in an itemized invoice attached hereto marked Exhibit "A" and made a part hereof by reference.

That said sum is just, due and unpaid, and that the undersigned, for and on behalf of said corporation, claims a lien for said amount and for costs of preparing and filing this claim upon said leasehold estate, all oil and gas wells thereon, all fixtures, machinery, tools, equipment and appliances used or employed in maintaining, equipping or operating for oil and gas purposes and all appurtenances thereto as provided by statute.

MONACO ENGINEERING, INC.

By M. T. Tilley
M. T. Tilley, President



ATTEST:
Kathy D. Pugh
Secretary

STATE OF COLORADO)
 : SS
COUNTY OF PROWERS)

M. T. TILLEY, being first duly sworn on oath, deposes and says: That he is the President of Monaco Engineering, Inc., Lamar, Colorado, a Colorado corporation; that he has read the foregoing Claim of Lien and knows and understands the contents thereof, and that same is a true and correct statement of the indebtedness due the said Monaco Engineering, Inc. for the labor performed and equipment furnished at the request of Corinne Grace, Rodeway Inn, Carlsbad, New Mexico, as aforesaid.

M. T. Tilley
M. T. Tilley

SUBSCRIBED AND SWORN TO before me this 17 day of October, 1975.

Notary Public

My Commission Expires: _____

STATE OF NEW MEXICO, County of Eddy, ss: I hereby certify that this instrument was filed for record on the 17 day of Oct. 1975 at 11:10 o'clock A M. and duly recorded in Book 131 page 21 of the Records of El Paso.
Mildred Branch, County Clerk

By Edward Davis

INVOICE

BY - GAT

MONACO

engineering, inc.

Bpx 888, Lamar, Colorado 81052
(303) 366-5740

TO:

Grace Energy Co.
Grace Oil Co.
S. M. P. Grace
S. Corinne Grace
Rodeo Inn
Carlsbad, New Mexico

No. 321

TERMS:

NET 30 DAYS

INTEREST CHARGED ON
PAST DUE ACCOUNTS

DATE	INVOICE NO.	P. O. NUMBER	REFERENCE	DESCRIPTION	CODE	CUSTOMER'S NUMBER
7-7-75	321					80-75, 2015, 2305
WELL NAME					STATE	
Livingston Ridge #1-V					New Mexico	1580 FSL 920 F-1
DESCRIPTION OF SERVICE					PRICE	TOTAL
<u>RECALL OF CHARGES</u>						
ENGINEERING CONSULTING SERVICE						
Bob Hamilton - Ellettsville						
June 23 - July 1						
2 days @ 200.00/day					1600.00	1600.00
Expenses						
Telephone					19.50	
Car Mileage					24.50	
Meals					50.30	
Travel, Car Rental, Plane Fare					72.31	
Gas, Oil					4.85	
Hotel					12.75	306.31
ENGINEERING CONSULTING SERVICE						
Ken Ward - Denver						
June 24, 25, 26, 28						
(4) 1/2 days @ 200.00/day					600.00	
June 29						
1 day @ 200.00/day					200.00	600.00
						306.31

TERMS: Net 30 Days. 1 1/2%
per Month Finance Charge
(18% per Annum) will be
charged on the past due
amount.

D-44114 11A11

INVOICE

MONACO
engineering, inc.

Box 883, Lamar, Colorado 81052
(303) 336-8740

TO: Grace Energy Co.
or Grace Oil Co.
H. P. Grace
or Corinne Grace
Hodaway Inn
Carlsbad, New Mexico

No. 321

INTEREST CHARGED ON
PAST DUE ACCOUNTS

DATE	INVOICE NO.	P. O. NUMBER	REFERENCE	ISSUED FROM	CODE	CUSTOMER'S NUMBER
7-7-75	321					Sec. 36, T71S, R30 E
WELL NAME					STATE	
Livinston Ridge #1-7					New Mexico	1990 FEL 900 F.T.
DESCRIPTION OF SERVICE					PRICE	TOTAL
<u>ENGINEERING CONSULTING SERVICES</u>						
June 23, 1975						
12 phone calls. Discussed well conditions, prepare for Engineering Operation Phone Calls					N/C 3.85	3.85
June 24, 1975						
Consulting Services - Hamilton					200.00	
Enroute to Carlsbad, New Mexico						
Consulting Services - Ward					150.00	
Engineering conference dinner with Ward & day						
Transit car mileage Bluebell to Wormal round trip					26.80	
134 miles					7.55	
Meals enroute Utah to Carlsbad					4.75	
Telephone Calls					94.73	
Plane Fare - Wormal - Denver - El Paso, Tex.					N/C	457.63
Plane Fare El Paso - Carlsbad (empty charter)						
June 25, 1975						
Consulting Services Hamilton, Carlsbad, N. Mex.					200.00	
Hamilton					150.00	
Consulting Services dinner - Ward & day conference						
Meals, Motel, Car, Mileage, Wormal to Carlsbad						
Motel. Car furnished						
Gasoline, Utah						
Telephone Calls						255.10
Total: Net 30 Days. 1 1/2%						
per Month Finance Charge						
(1 1/2% per annum) will be						
charged on the past due						
amount						

INVOICE

MONACO
engineering, inc.

Box 288, Lamar, Colorado 81052
(303) 336-5745

TO: ☐ Grace Energy Co.

No. 321

TERMS

NET 30 DAYS

INTEREST CHARGED BY
Bank of America

DATE	INVOICE NO.	P. C. NUMBER	REFERENCE	SER. NO. FROM	CODE	CUSTOMER'S NUMBER
WELL NAME	CITY	STATE				
DESCRIPTION OF SERVICE					PRICE	TOTAL
June 26, 1975						
Consulting Services Well site, Hamilton, N. Mex.					200.00	
Hamilton					150.00	
Consulting Services Denver - 1 day conference					6.55	
Meal - Company geologist					1.80	
Telephone calls						
Meals, Motel, Car Mileage, charges to Gateway Inn						
Car furnished						362.35
June 27, 1975						
Consulting Services Well site - Hamilton					200.00	
Gasoline Cash					2.65	
Meals, Motel, Mileage Car, charges to Gateway Inn						
Car furnished, telephone calls charged						202.65
June 28, 1975						
Consulting Services Well site - Hamilton					200.00	
Consulting Services Denver - 1 day conference					150.00	
Services at well site terminated. Enroute to						
El Paso, Texas						
Meals, enroute					7.20	
Motel at El Paso					13.75	
Rental Car Mileage from Hamilton to El Paso					15.00	
June 29, 1975						
Travel and conference in Denver - Hamilton					200.00	
Engineering consultation in Denver - 1 day					200.00	
Plane fare El Paso - Denver					55.37	
Meals enroute Denver					1.25	
Hotel 110.00						
Office Not 20 Days, 1975						651.72
Per Month Finance Charge						
18% Per Month Finance						
Charge on this invoice						
Amount						

INVOICE

Page 3

MONACO

engineering, inc.

Box 883, Lamar, Colorado 81052
(303) 336-5740

TO:

Grave Energy Co.

No. 321

INTEREST CHARGES ON
OUTSTANDING ACCOUNTS

DATE	INVOICE NO.	DESCRIPTION OF SERVICE	PRICE	TOTAL
JUNE 30, 1975		Work in Denver on report - Hamilton	200.00	
		Meals - Denver	12.50	
		Hotel Nite Hamilton	0.00	212.50
JULY 1, 1975		Work in Denver on report - Hamilton	200.00	
		Transit to Fort Collins	51.36	
		Plane Fare - Denver to Fort Collins	41.50	
		Transportation to airport	61.25	262.11
		Meals in Denver & enroute		262.11
		Engineering Report of Operation to Hamilton		262.11

Interest on days. 1%
per Month Finance Charge
(10% per annum) will be
charged on the past due
amount.

IN THE DISTRICT COURT OF EDDY COUNTY D

STATE OF NEW MEXICO

TEXAS OIL & GAS CORP. and
NIELSON ENTERPRISES, INC.

Plaintiffs,

vs.

MICHAEL P. GRACE II and
CORINNE GRACE,

Defendants.

FEB 25 1976

2:00 PM

No. 31309

COMPLAINT

Plaintiffs, for their cause of action against
defendants, state:

1. Plaintiffs are both Delaware corporations and
both are qualified as foreign corporations to do business in
the State of New Mexico. Defendants are residents of Carlsbad,
Eddy County, New Mexico.

2. Defendants are the operators of the Go Po Go
No. 1 Morrow formation gas and distillate well located upon a
spacing and proration unit comprising the N/2 Section 24,
Township 22 South, Range 26 East, N.M.P.M., Eddy County, New
Mexico.

3. Plaintiffs are the owners in equal shares of
a 1/8th of 3/8ths total overriding royalty on the E/2 NW/4
of said Section 24, and the market value of gas produced,
saved and marketed from said well by defendants and attrib-
utable to said overriding royalty interest of plaintiffs for
the period from August 1, 1975, through January, 1976, amounts

to \$5,762.44, as will appear from the verified statement of account attached hereto and by reference made a part hereof.

4. Plaintiffs have made a demand upon defendants for payment of \$5,762.44, but defendants have failed and refused to pay the same.

5. Defendants are continuing to produce, save and market plaintiffs' said overriding royalty interest from said well and additional sums will be due from defendants to plaintiffs for said sales subsequent to January 31, 1976.

WHEREFORE, plaintiffs pray for judgment against defendants, as follows:

A. For \$5,762.44, together with such additional sums as may be due from defendants to plaintiffs for gas sales attributable to plaintiffs' overriding royalty on the said Go Po Go well, from January 31, 1976, down to the date of trial.

B. For interest on said sums as are allowed by law.

C. For a reasonable attorney fee and their costs herein expended.

D. And for such other relief as may be just in the premises.

LOSEE & CARSON, P.A.

By: 

A. E. Losee

P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Plaintiff

TEXAS OIL & GAS CORP.

Michael P. Grace II and Corinne Grace

2/19/76
Go Po Go - #12354

City of Carlsbad - #2484

(Page 1 of 2)

	BTU	Price	M.C.F.	Gross	Tax	Net	Interest	Amt. Due	Rec'd from M.P. Grace	Balance
August, 1975	1004	65.3684¢	90,477	59,143.37	4,521.89	54,621.48	.0093750	512.08	-0-	512.08
September, 1975	1004	65.3684¢	77,064	50,375.50	3,750.28	46,625.22	.0093750	437.11	-0-	437.11
October, 1975	1004	65.3684¢	75,797	49,547.29	3,688.62	45,858.67	.0093750	429.93	-0-	429.93
November, 1975	1004	65.3684¢	75,268	49,201.49	3,662.88	45,538.61	.0093750	426.92	-0-	426.92
December, 1975	1004	65.3684¢	77,298	50,528.47	3,761.67	46,766.80	.0093750	438.44	-0-	438.44
January, 1976	1004	65.3684¢	76,999	50,333.01	3,747.12	46,585.89	.0093750	436.74	-0-	436.74
Total Go-Po-Go			472,903	309,129.13	23,132.46	285,996.67		2,681.22	-0-	2,681.22

Jt. Interest Billing 64.92
#2484 City of Carlsbad

TOTAL DUE TEXAS OIL & GAS CORP. 2,746.14

Price: 65.000¢
.228¢ T/R
(.120¢) Treating
65.108¢ X BTU

Tax Rate: Aug. '75 .0764565
Effect 9/1/75 .0744465

TEXAS OIL & GAS CORP.

Michael P. Grace II and Corinne Grace

GO PO GO - #12354
City of Carlsbad - #2484
(Page 2 of 2)

THE STATE OF TEXAS X
COUNTY OF DALLAS X

BEFORE ME, Jane Lange, a Notary Public in and for Dallas County, Texas, on this day personally appeared R. G. Schweers, who, being by me duly sworn, upon oath states that he is Vice President and Treasurer of Texas Oil & Gas Corp. and that the foregoing account against Michael P. Grace II and Corinne Grace is within the best knowledge and belief of said affiant, just and true, that same is due, and that all just and lawful offsets, payments and credits have been allowed.

R. G. Schweers
R. G. Schweers
Vice President and Treasurer

SUBSCRIBED AND SWORN to before me, by the said R. G. Schweers, this the 19th day of February, 1976, to certify which witness my hand and seal of office.

Jane Lange
Notary Public in and for
Dallas County, Texas

My Commission Expires:
June 1, 1977

FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED MAR - 8 1976 IN MY
9:05 AM OFFICE
FRANCES M. WILCOX
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

VANN TOOL COMPANY,
a New Mexico Corporation,

Plaintiff,

vs.

MICHAEL P. GRACE II and CORRINE
GRACE, his wife,

Defendants.

No. 31347

COMPLAINT

COMES NOW the Plaintiff and for its cause of action
states:

1. Plaintiff is a New Mexico corporation, with its principal place of business in Artesia, New Mexico; Defendants are residents of Carlsbad, Eddy County, New Mexico.
2. The cause of action upon which this suit is based arose from the transaction of business within the state of New Mexico, and Defendants are amenable to personal service of process outside the state of New Mexico.
3. On or about the various dates shown on the instruments collectively attached hereto as Exhibit "A" and incorporated herein by reference, Defendant, Michael P. Grace, or persons acting under his authority, ordered from the Plaintiff on an open account various quantities of equipment and materials used in perforating and completing oil and gas wells, and requested that Plaintiff perform certain services in connection therewith, of the kinds, in the amounts and at the prices shown on the attached Exhibit "A."

4. As ordered by Defendants or their agents, Plaintiff made delivery of such equipment and materials, and performed such services, of the kinds in the amounts and at the prices shown on Exhibit "A," to Defendants' well locations more particularly described as the Cueva Unit #1 and the White Baby Comm. #1, both located in Eddy County, New Mexico.

5. Defendants owe Plaintiff for such equipment, materials and services as shown by Plaintiff's statement of account annexed hereto as Exhibit "A," the total sum of \$31,633.61, after offsetting all credits and allowances to Defendants as shown therein.

6. Although the prices are just and reasonable and the Defendants agreed to pay the same, they have refused and continue to refuse to pay said sum or any part thereof, although Plaintiff has demanded that they do so. By reason of such refusal, Plaintiff has been forced to employ attorneys to collect the amount due it and is entitled by law to recover a reasonable attorneys' fee.

WHEREFORE, Plaintiff prays as follows:

A. That it recover the sum of \$31,633.61 on its account with Defendants;

B. That it be awarded a reasonable attorneys' fee and its costs herein expended;

C. That it be awarded interest on said sums as is allowed by law; and

D. That it have such other and further relief as to the Court seems proper.

LOSEE & CARSON, P.A.

By: 

Chad Dickerson
P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Plaintiff

STATE OF NEW MEXICO)
 : ss.
COUNTY OF EDDY)

ROY VANN, being first duly sworn, upon his oath states:

That he is President of Vann Tool Company, plaintiff
named in the foregoing complaint; that he has read the foregoing
complaint and attached Exhibit "A," and that the statements
therein contained are true and correct to the best of knowledge,
information, and belief.

VANN TOOL COMPANY

By: Roy R. Vann

Roy Vann
President

SUBSCRIBED AND SWORN TO before me this 5 day of
March, 1976.

Chad Dickson
Notary Public

My commission expires:

11-30-78

ORIGINAL INVOICE


VTC
 VANHOOL CO

 P. O. BOX 38 — PHONE 505 746-2768
 ARTESIA, NEW MEXICO 88210
DATE 6/11/75DATE OF SERVICE 6/11/75INVOICE NO. 1517CUSTOMER ORDER NO. UNION P. 6507COMPANY CORINE GRACEWELL NAME CUEVA UNIT #1FIELD CUEVA UNITCOUNTY EDDY STATE NEW MEXICO
 TO
 CORINE GRACE
 P.O. BOX 1413
 CARLSBAD, NEW MEXICO 88220

TERMS: NET 30 DAYS.

DESCRIPTION	AMOUNT
CODE	
425 Incomplete Operations (Operation Cancelled-No Service Attempted)	
4% New Mexico State Tax	\$ 233.00
TOTAL	\$ 2.20
	\$ 235.20 ✓
THANK YOU!	
EXHIBIT "A"	

ORIGINATORS OF TUBING-CONVEYED PERFORATING

VTC
WANN LOOL CO

DATE 1-1-1961

DATE OF SERVICE 12-1-64

INVOICE NO. 100

CUSTOMER ORDER NO. _____

COMPANY _____

WELL NAME _____

FIELD _____

COUNTY _____ STATE _____

TO DIRECTOR, FBI
FROM SAC, NEW YORK (100-101101)
SUBJECT: [REDACTED]

TERMS: NET 30 DAYS.

[illegible]

224. 100!

ORIGINATORS OF TUBING-CONVEYED PERFORATING



FIELD SERVICE ORDER

P. O. BOX 38 — PHONE 805 746-2768
ARTESIA, NEW MEXICO 88210

Charge To Colinno Glass Date (s) of Service 7-16, 7-17-1975
Invoice Address P.O. Box 1118 Invoice No. 1079
City Carlsbad State N.M. Customer's Order No. Mr. Swindle
Well No. Cueva Unit #1 Field Elddy COUNTY Elddy STATE N.M. Servicemen George, D. Vann, Carr

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

TUBING CONVEYED PERFORATING EQUIPMENT

By [Signature]

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

DESCRIPTION	PRICE	QUANTITY	TOTAL
Service Charge Code 110 Service Specialist 2-Days @ \$200.00 per Day			\$400.00
THE FOLLOWING TOOLS AND EQUIPMENT WERE LEFT IN THE WELL AT THE CUSTOMER'S REQUEST:			
Code		Code	
TH11 2-4" x 11' Steel Carrier Guns @ \$54.00 Ea		C	1092.00
1-4" x 2' Steel Carrier Gun		C	150.00
TH20 2-4" Steel Gun To Taping Adapter @ \$129.70 Ea		C	259.40
TH20 1-4" Steel Tandem Sub		C	180.00
TH40 1-4" Steel Bull Plug			135.20
Tubo 1-1 1/4" x 4' Steel Detonating Bar w/ 1 1/2" Fishing Neck			29.50
V602 1-4" Vantage Mechanical Firing Head, Serial T127		C	1167.50
TOTAL FOR TOOLS & SERVICES			2714.10
LESS 10% N.M. Sales Tax			282.56
			2431.54
			2822.66

* The VANTAGE® Firing Head is a rental item. Price shown is for 6 months minimum rental and no further rental charges will be made. A refund of \$50.00 will be made to customer if tool is pulled from well and returned to Vann Tool Co. within 6 months of date of service.

The services described above performed as directed by Mr. T. Swindle

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

CUSTOMER OR AUTHORIZED REPRESENTATIVE

DATE

Remarks: A refund of \$788.64 (includes \$50.00 refund on VANTAGE® Firing Head) will be made to customer if above Tubing Conveyed Perforating Assembly is pulled from well and returned to Vann Tool Co. in good (usable) Condition within 6 months of date of service.

ORIGINAL INVOICE



VTC
LANHLOOL CO

P. O. BOX 38 — PHONE 505 745-2768
ARTESIA, NEW MEXICO 88210

DATE 8/1/77 1977

DATE OF SERVICE 8/1/77

INVOICE NO. 7000

CUSTOMER ORDER NO. 7000

COMPANY BOHANNON OIL CO.

WELL NAME WELL 10000

FIELD WICHITA

COUNTY DEWEE STATE OK

TO: BOHANNON OIL CO.
P. O. BOX 1118
MCKINNEY, TEXAS 75069 80270

TERMS: NET 30 DAYS.

DESCRIPTION	AMOUNT
SOLE	
7601 (1) 2 1/2" 5/8" VORTEX 50 Ticks Perforated Vent Assembly	
First 30 Days Rental Charge	MINIMUM \$ 602.00
Next 60 Days Advance Rental Charge	300.00
7601 (2) 2 3/4" 1 1/4" I.D. 6-12 N-80 Tubing Sub	93.47
7601 (3) 2 3/4" 1 1/4" I.D. 6-12 N-80 Tubing Sub	89.43
7601 (4) 2 3/4" I.D. 6-12 N-80 Tubing Collars	24.75
Total for Tools & Services	1119.65
4% New Mexico State Tax	44.77
TOTAL	\$ 1164.42

THANK YOU!

ORIGINATORS OF TUBING-CONVEYED PERFORATING



P. O. BOX 38 — PHONE 808 746-2768
ARTESIA, NEW MEXICO 88210

Charge To Cotinne Grace Date (s) of Service 7-16; 7-17-1975
Invoice Address P.O. Box 1414 Invoice No. 1600
City CARLSBAD State N.M. Customer's Order No. Mr. John Swindle
Well No. Grace Cueva Unit #1
Field UNDESIGNATED COUNTY Fuji STATE N. Mex. Servicemen George, D. Mann, Beorn

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

DOWNHOLE COMPLETION TOOLS & EQUIPMENT

Dv

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

DESCRIPTION		PRICE	QUANTITY	TOTAL
Service Charge				
Code				
*V604	1-5½ X 2¾" Vanntage Packer Actuated Vent Assembly (Rental) (Max. Rental)			961.00
V606	1-2¾" X 8' Eu 8-RD N-80 Tubing Sub			93.47
V606	1-2¾" X 1' Eu 8-RD N-80 Tubing Sub			29.88
V606	4-2¾" Eu 8-RD N-80 Tubing Collars			34.79
TOTAL FOR TOOLS + SERVICES			5	1119.14
4% N.M. STATE TAX				44.77
TOTAL			5	1163.91
The services described above performed as directed by Mr. John Swindle				

The services described above performed as directed by Mr. John Swindle

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

CUSTOMER OR AUTHORIZED REPRESENTATIVE

PAT

Remarks: The VANNTAGE® Packer Actuated Vent Assembly (PAVA) is a rental tool. Price shown is for 90 days Maximum rental and no further charge will be made. A refund of \$5.00 per day (subject to 30 day minimum rental charge) will be made to customer if tool is pulled from well and returned to Vann Tool Co. in reusable condition within 90 days of date of service. Rental Charges are as follows;

1st 30 days Rental	MINIMUM	\$300.00 \$661.00
31-90 days Advance Rental @ \$5.00/day		300.00
TOTAL ADVANCE RENTAL		\$300.00 \$961.00



P. O. BOX 38 — PHONE 805 746-2768
ARTESIA, NEW MEXICO 88210

DATE _____, 19____

DATE OF SERVICE _____

INVOICE NO. _____

CUSTOMER ORDER NO. _____

COMPANY _____

WELL NAME _____

FIELD _____

COUNTY _____ STATE _____

TO [redacted]
[redacted]
[redacted] [redacted]
[redacted]

TERMS: NET 30 DAYS.

[illegible]

ORIGINATORS OF TUBING-CONVEYED PERFORATING



VTC

VANN TOOL CO.

FIELD SERVICE ORDER

P. O. BOX 38 — PHONE 808 746-2768
ARTESIA, NEW MEXICO 88210

Charge To CORINE Grace Date (s) of Service 7-16, 7-17-1975
Invoice Address P.O. BOX 1418 Invoice No. 1601
City COLUMBUS State N.M. 88220 Customer's Order No. MR. SWINDLE
Well No. CUEVA Unit #1 Field Undesignated COUNTY Eddy STATE N.Mex. Servicemen George D. Vann, Bern

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

DOWNHOLE COMPLETION TOOLS & EQUIPMENT

By John F. Swindle
SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

DESCRIPTION	PRICE	QUANTITY	TOTAL
Service Charge			
Code			
V606 1-#45-A4 Baker Model "A-2" Lok-set Retrievable Casing			1232 60
Packet w/2 3/4" Eu 8-RD Box & Pin, Serial No.			
V606 1-5 1/2" X 2 3/8" Guiberson Type "L" On-Off Tool w/1.875"			601 55
BFC "F" Profile, Serial No.			
V606 1-2 3/4" Eu 8-RD X 2 3/4" NU 10-RD Box X Box Comb. Coupling.			28 79
V606 2-2 3/4" Eu 8-RD Pin X 2 3/4" Eu 8-RD Pin Subs @ \$60.01 Ea			120 02
V605 1-3 3/8" X 2 3/8" Vantage Mech. Tbg. Release w/Adapters			470 00
T490 8-2 3/4" Modified Spacer Couplings			172 00
V606 3-2 3/4" Eu 8-RD N-80 X 6' Tubing Subs			240 70
V606 2-2 3/4" X 10' Eu 8-RD Tubing Subs, N-80			212 67
V606 1-2' X 2 3/4" Eu 8-RD N-80 Tubing Sub.			56 40
TOTAL FOR TOOLS & SERVICE			\$3134 93

The services described above performed as directed by Mr. John Swindle 4970 N.M. STATE TAX 125 40

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

TOTAL \$3260 33

I certify that the above ordered services, equipment, materials and products have been received.

John F. Swindle 7-17-75
CUSTOMER OR AUTHORIZED REPRESENTATIVE DATE

Remarks: The VANNTAGE® Packer Actuated Vent Assembly (PAVA) is a rental tool. Price shown is for 90 days Maximum rental and no further charge will be made. A refund of \$5.00 per day (subject to 30 day minimum rental charge) will be made to customer if tool is pulled from well and returned to Vann Tool Co. in reusable condition within 90 days of date of service. Rental Charges are as follows;

1st 30 days Rental	MINIMUM	\$661.00
31-90 days Advance Rental	\$5.00/day	300.00
TOTAL ADVANCE RENTAL		\$961.00


VTC
 VANN LOOL CO

 O. BOX 38 — PHONE 805 746-2768
 ARTESIA, NEW MEXICO 88210

DATE _____ 19____

DATE OF SERVICE _____

INVOICE NO. _____

CUSTOMER ORDER NO. _____

COMPANY _____

WELL NAME _____

FIELD _____

COUNTY _____ STATE _____

 TO
 C. J. J. J. J.
 P. O. BOX 100
 ALBUQUERQUE, NEW MEXICO 87100

TERMS: NET 30 DAYS.

DESCRIPTION	AMOUNT
1001 201 Service Charge	230.00
1002 Run Correlation Gun Log Depth Charge 10.00/foot @ 10100' Operations Charge	300.00 N/C
<u>1401</u> Perforate with 4" Steel Carrier Gun - 44 Holes (Tubing Conveyed) First 16 Holes 10001'-11000' Range Next 28 Holes @ 16.50/	365.00 561.00
1003 12.00 extra/foot for sections blanked off of sections having less than 4 shots/foot	102' 204.00
1004 2.00 extra/shot for Deep-Penetrating Charges	44 88.00
2.00/shot for HI-Temp Charges	44 88.00
Total for Tools & Services	2377.00
4% New Mexico State Tax	113.76
TOTAL	\$ 2557.76

THANK YOU!

ORIGINATORS OF TUBING-CONVEYED PERFORATING

**VTC**
VANN TOOL CO.

FIELD SERVICE ORDER

P. O. BOX 38 — PHONE 503 746-2768
ARTESIA, NEW MEXICO 88210

Charge To CORINNE GRACE Date (s) of Service 7-17-75
Invoice Address 1102 Invoice No. 1102
City Albuquerque State N.M. Customer's Order No. 1102
Well No. GRACE CORINNE UNIT NO. 1
Field UNCLASIFIED COUNTY GRADY STATE N.M. Servicemen VANN, J. L., P. O. George, VANN

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

By [Signature]

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

CODES	DESCRIPTION	PRICE	QUANTITY	TOTAL
Service Charge	109			230.00
L 207	Run Correlation GAMMA RAY Log			
	Depth Charge @ .18 per ft @ 10,000			808.00
	operations Charge			N/A
P 303 A	Perforator @ 4" Steel Carrier 44 Holes (Tubing, 10,000 ft)			
	First 10 Holes 10,000 - 11,000 Range			865.00
	Next 34 Holes @ 16.50 each			561.00
E 403	Charge 2.00 per ft of Section Blanking			
	off of Sections having less than 4 IPS @ 100'			704.00
E 401	Charge 2.00 per Shot for Deep-Penetrating			
	charges @ 44 x 2.00			88.00
	Charge 2.00 per Shot for Hi-Temp charges @ 44			88.00
	TOTAL FOR TOOL & SERVICE			\$ 2844.00
	N.M. STATE TAX			113.96
	TOTAL			\$ 2957.96

The services described above performed as directed by Mr. GRACE & Mr. Serrano

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

[Signature]
CUSTOMER OR AUTHORIZED REPRESENTATIVE

DATE

Remarks Perforations 10,164 - 74 (20-.32" Dia. Holes), 10,254 - 266 (24-
132" Dia. Holes)

ORIGINAL INVOICE



P. O. BOX 38 — PHONE 805 746-2768
ARTESIA, NEW MEXICO 88210

DATE 10/22 19 75DATE OF SERVICE 9/26-27-28/75INVOICE NO 1043CUSTOMER ORDER NO MR. GRACE & MR. BECKECOMPANY CORINNE GRACEWELL NAME WHITE RABY CORR. #1FIELD WHITE CITYCOUNTY FRY STATE NEW MEXICO

TO CORINNE GRACE
P O BOX 1418
CARLSBAD, NEW MEXICO 88220

TERMS: NET 30 DAYS.

	DESCRIPTION	AMOUNT
CHGE		
109	Service Charge (9/26/75)	\$ 220.00
L207	Run Correlation Ray Correlation Collar Log (thru Tubing) to Position Tubing Conveyed Perforating Assembly Depth Charge: 11,110' @ \$.09/Ft. Operations Charge: 1st 300' of Section Logged Balance of Section Logged (1110') @ \$.05/Ft.	803.00 N/C 66.60
L209	Run Correlation Neutron Log Collar Log to Position Tubing Conveyed Perforating Assembly (thru Tubing) (9/27/75) Depth Charge: 11,145' @ \$.09/Ft. Operations Charge: @ \$.07/Ft. Minimum	1093.05 105.00
L209	Run Correlation Neutron Collar Log (To Position Tubing Perforating Assembly) thru Tubing (9/28/75) Depth Charge: 11220' @ \$.09/Ft. Operations Charge: Minimum	1099.80 105.00
	DOWNHOLE COMPLETION TOOLS & EQUIPMENT	
V605	(1) 5 1/2" X 2 3/8" EUE 8 Rd. 17-20# Guiberson UNI-VI Packer Ser. # Y-643	1149.45
V605	(1) 3 3/4" O D X 2 3/8" EUE 8 Rd. X 1.81 1/2" I.D. Profile Guiberson "L" C/O Tool - L. H. Release	601.55
V605	(1) 2 7/8" EUE 8 Rd. Box X 2 3/8" EUE 8 Rd. Pin Guiberson Adapter (Change over)	722.63 734.8
V604	(1) VANTAGE Packer Actuated Vent Assembly	961.00
V605	(1) VANTAGE Mechanical Tubing Release Sub w/Adapter (2 3/8" EUE 8 Rd. Box X 2 7/8" EUE 8 Rd. Pin)	470.00
V606	2JTS-2 3/8" O D EUE 8 Rd. N-80 Tubing (31.69', 31.70', 63.39' @ \$2.95/Ft)	187.00
V606	(2) 2 3/8" O D EUE 8 Rd. N-80 X 4' Tubing Subs @ \$75.59 ea.	151.16
V606	(2) 2 3/8" O D EUE 8 Rd. N-80 X 6' Tubing Subs @ \$28.15 ea.	176.30
V606	(5) 2 3/8" O D EUE 8 Rd. N-80 Tubing Couplings @ \$32.60 ea.	163.00
V605	(1) 2 3/8" O D EUE 8 Rd. X 2" STD Combination Coupling	28.75
	Sub Total for tools & Service	7369.94
	4% New Mexico State Tax	294.79
	TOTAL	\$ 7664.73

THANK YOU!

ORIGINATORS OF TUBING-CONVEYED PERFORATING



FIELD SERVICE ORDER

P. O. Box 38 — Phone 505 746-2768
ARTESIA, NEW MEXICO 88210

Charge To CORINNE GRACE Date (s) of Service 9-26/27/28/1975
Invoice Address PO Box 1418 88220 Invoice No. 1843
City CARLSBAD State NEW MEXICO Customer's MR. GRACE
Well No. WHITE BABY COMM. #1 Order No. MR. BECKER
Field WHITE CITY COUNTY EDDY STATE N. MEX. Servicemen QUEEN'S-SPRUNG-D. VANN
MASON-MAY

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

By ☒

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

CODE	DESCRIPTION	QUANTITY	PRICE/EA.	TOTAL
108	SERVICE CHARGE			230.00
L 207	RUN GAMMA RUN CORRELATION COLLAR LOG (THRU TUBING)			
	TO POSITION TUBING CONVEYED PERFORATING ASSEMBLY			
	DEPTH CHARGE: 11,110' @ \$.28 per foot			3110.80
	OPERATIONS CHARGE: 1ST 500' OF SECTION LOGGED @ NO CHARGE			
	BALANCE OF SECTION LOGGED (1110') @ \$.06 per foot			66.60
L 209	RUN CORRELATION NEUTRON LOG COLLAR LOG TO POSITION			
	TUBING CONVEYED PERFORATING ASSEMBLY (THRU TUBING)			
	DEPTH CHARGE: 11,145' @ \$.09 per foot			1003.05
	OPERATIONS CHARGE: @ \$.17 per foot MINIMUM			105.00
L 209	RUN CORRELATION NEUTRON COLLAR LOG TO POSITION			
	POSITION TUBING PERFORATING ASSEMBLY THRU-TUBING			
	DEPTH CHARGE: 11,220' @ \$.09 per foot			1009.80
	OPERATIONS CHARGE: MINIMUM			105.00
	SUB TOTAL FOR TRULS & SERVICES			3408.25
	PLUS 4% N. MEXICO SALES TAX			136.33
	The services described above performed as directed by Mr. GRACE & MR. BECKER			3544.58

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

Total of Both Invoices
7367.94
TAX 294.79
\$7662.73

Remarks GRACE (THRU TUBE) 9-26-75 from 11,110' to 9700
NCL (" ") 9-27-75 from 11,145' to 12,758'
NCL (" ") 9-28-75 from 11,220' to 10,790'
ORIGINATORS OF TUBING-CONVEYED PERFORATING

**VANN TOOL CO.**

FIELD SERVICE ORDER

P. O. BOX 38 — PHONE 808 746-2768
ARTESIA, NEW MEXICO 88210

Charge To CORINNE GRACE Date (s) of Service 9-28-75
Invoice Address PO Box 1418 88220 Invoice No. 1843
City CARLSBAD State NEW MEXICO Customer's Order No. MR. GRACE & MR. BECKER
Well No. WHITE BABY C.M.H. #1
Field WHITE CITY COUNTY EDDY STATE N. HEX Servicemen DUELS-McCUMBER-MAY
MASON

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

DOWNHOLE COMPLETION TOOLS & EQUIPMENT

By _____

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

CODE NO.	DESCRIPTION	PRICE	QUANTITY	TOTAL
Service Charge	1- 5 1/2" x 2 3/8" EUE 8-RD 17-20" GUIDERSON UNI-VI Packer (Sec'd) 4-643			1147.95
1/600	1- 3 3/8" O.D. x 2 3/8" EUE 8-RD x 1.81" I.D. PROFILE GUIDERSON "L" DUTY EFF			
	Tool - L.H. RELEASE			601.55
V-606	1- 2 3/8" EUE 8-RD Box x 2 3/8" EUE 8-RD PIN GUIDERSON ADAPTER (CUMMINS & CO.)			73.48
V-604	1- VANNTAGE® Packer Actuated Vent Assembly *			961.00
V-605	1- VANNTAGE® MECHANICAL TUBING RELEASE SUB w/ ADAPTER (2 3/8" EUE 8-RD Box x 2 3/8" EUE 8-RD PIN)			470.00
V-606	2-JTS-2 3/8" O.D. EUE 8-RD N-80 TUBING (31.69' & 31.70' = 63.39' @ 22.44' ft)			187.00
V-606	2- 2 3/8" O.D. EUE 8-RD N-80 x 4' TUBING SUBS @ 25.58			151.16
V-606	2- 2 3/8" O.D. EUE 8-RD N-80 x 6' " " @ 28.15			176.30
V-606	5- 2 3/8" O.D. EUE 8-RD N-80 TUBING COUPLERS @ 32.60			163.00
V-606	1- 2 3/8" O.D. EUE 8-RD x 2" STD 1000 COMB. COUPLING			28.75
	SUB-TOTAL FOR TOOLS			3961.69
	4% N. HEX. SALES TAX			
The services described above performed as directed by Mr. GRACE & MR. BECKER				

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

CUSTOMER OR AUTHORIZED REPRESENTATIVE _____ DATE _____

*Remarks: The VANNTAGE® Packer Actuated Vent Assembly (PAVA) is a rental tool. Price shown is for 90 days Maximum rental and no further charge will be made. A refund of \$5.00 per day (subject to 30 day minimum rental charge) will be made to customer if tool is pulled from well and returned to Vann Tool Co. in reusable condition within 90 days of date of service. Rental Charges are as follows;

1st 30 days Rental	MINIMUM	\$
31-90 days Advance Rental @ \$5.00/day		300.00
TOTAL ADVANCE RENTAL		\$

ORIGINAL INVOICE



P. O. BOX 38 — PHONE 505 746-2768
ARTESIA, NEW MEXICO 88210

DATE 10/22 19 75DATE OF SERVICE 9/22/75INVOICE NO 1044CUSTOMER ORDER NO MR. GRACE & MR. BECKERCOMPANY CORINNE GRACEWELL NAME WHITE BAY COMM. #1FIELD WHITE CITYCOUNTY ESKY STATE NEW MEXICO

TO CORINNE GRACE
P. O. BOX 1413
CARLSBAD, NEW MEXICO 88202

TERMS: NET 30 DAYS.

	DESCRIPTION	AMOUNT
NOTE		
T401	Perforate w/4" O.D. Steel Carrier Casing Guns-Tubing Conveyed Range: 11,001'-12,000'--30' w/4 Jet Shots/Ft. (152 Holes) 1st 10 Shots Minimum \$ 500.00 Next 50 Shots @ \$17.10/Shot 1002.00 Next 52 Shots @ \$12.70/Shot 660.40	
E401	\$2.00/Shot Extra for Deep Penetrating Hi-Temp Charges (152 Shots)	304.00
	TUBING CONVEYED PERFORATING EQUIPMENT	
110	Special Engineer-Operator 5 Days @ \$200.00/Day	1000.00
T411C	(3) 4" O.D. X 11' Steel Carrier Casing Guns @ \$546.00/Gun	1638.00
T407c	(1) 4" O.D. X 7' Steel Carrier Casing Gun	327.60
T440c	(1) 4" O.D. Steel Bullplug	135.20
T420c	(3) 4" O.D. Steel Tandem Subs @ \$180.50 ea.	541.50
T470	(1) 1 1/4" O.D. X 6' Steel Detonating Bar (30#)	35.50
V602C	(1) VANTAGE Mechanical Firing Head	467.50
	Sub Total	7693.70
	4% New Mexico State Tax	307.74
	TOTAL	8001.44

THANK YOU!

ORIGINATORS OF TUBING-CONVEYED PERFORATING



FIELD SERVICE ORDER

P. O. Box 38 — Phone 505 746-2768
ARTESIA, NEW MEXICO 88210

Charge To CORINNE GRACE Date (s) of Service 9/28/75
Invoice Address _____ Invoice No. 1844
City CARLSBAD State NEW MEX. Customer's Order No. MR. GRACE & MR. BECKER
Well No. WHITE SAND COMM. #1
Field WHITE CITY COUNTY EDDY STATE N. MEX. Servicemen OWENS - G. H. CUNNINGHAM, MAY MASON

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

By ☒

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

CODE	DESCRIPTION	QUANTITY	PRICE/EA.	TOTAL
100	SERVICE CHARGE			
J 401	PERFORATE 2 1/4" O.D. STEEL CARRIER CASING			
	GUNS - TUBING CONVEYED - 11,001-12,000'			
	RANGE - 38' W/1 SET SHOTS PER FOOT - 152			
	TOTAL HOLES			
	1ST 10 FEET SHOTS MINIMUM			982.00
	NEXT 90 SHOTS @ #17 ⁸⁰ PER SHOT			1602.00
	NEXT 52 SHOTS @ #12 ⁷⁰ PER SHOT			660.40
E 401	2" SHOT EXTRA FOR DEEP-PENETRATING, HIGH TEMPERATURE CHARGES (152)			304.00
	SUB-TOTAL FOR TOOLS & SERVICES			3548.40
	PLUS 4% N. MEX. SALES TAX			
	TOTAL of both services			7693.70
	TAX			307.74
	TOTAL			8001.44

The services described above performed as directed by Mr. GRACE & MR. BECKER

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

Remarks PERFS: (HOLE SIZE) - .32" DIA.

Michael P. Grace
CUSTOMER OR AUTHORIZED REPRESENTATIVE DATE

ORIGINATORS OF TUBING-CONVEYED PERFORATING

**VTC**
VANN TOOL CO.

FIELD SERVICE ORDER

P. O. BOX 38 — PHONE 505 746-2768
ARTESIA, NEW MEXICO 88210

Charge To CORINNE GRALE Date (s) of Service 9/26/75
Invoice Address PO BOX 1418 88220 Invoice No. 1844
City CARLSBAD State NEW MEXICO Customer's Order No. MR. GRACE & HR. PECKER
Well No. WHITE BABY COMM #1
Field WHITE CITY COUNTY EDDY STATE N.M. Servicemen DWENIS - HASSEL

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

TUBING CONVEYED PERFORATING EQUIPMENT

By ✓

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

CODE	DESCRIPTION	PRICE	QUANTITY	TOTAL
110				
Service Charge	SPECIAL ENGINEER-OPERATOR - 5 DAYS @ \$200 ⁰⁰ ADJ			1000 00
THE FOLLOWING TOOLS AND EQUIPMENT WERE LEFT IN THE WELL AT THE CUSTOMER'S REQUEST:				
T-411-C	3-4" O.D. x 11' STEEL CARRIER CASING GUNS @	546 00		1638 00
T-407-C	1-4" O.D. x 7' " " " GUN			327 60
T-440-C	1-4" O.D. STEEL BULLPLUG			135 20
T-420-C	3-4" O.D. STEEL TANDEM SUBS @	180 50		541 50
T-470	1-1 1/4" O.D. x 16' STEEL DETONATING BAR (30 LB)			35 50
V-602-C	1-VANNAGE [®] MECHANICAL FIRING HEAD *	467 50		467 50
SUB-TOTAL FOR TOOLS & SERVICES				4145 30
PLUS 4% N.MEX. SALES TAX				
*The VANNAGE [®] Firing Head is a rental item. Price shown is for 6 months minimum rental and no further rental charges will be made. A refund of \$50.00 will be made to customer if tool is pulled from well and returned to Vann Tool Co. within 6 months of date of service.				
The services described above performed as directed by Mr.				

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

CUSTOMER OR AUTHORIZED REPRESENTATIVE DATE

Remarks: A refund of \$1121¹² (includes \$50.00 refund on VANNAGE[®] Firing Head) will be made to customer if above Tubing Conveyed Perforating Assembly is pulled from well and returned to Vann Tool Co. in good (usable) Condition within 6 months of date of service.

ORIGINAL INVOICE



P. O. BOX 38 — PHONE 305 746-2768
ALBUQUERQUE, NEW MEXICO 88210

DATE 10/22 19 75

DATE OF SERVICE 9/26 & 27/75

INVOICE NO 1815

CUSTOMER ORDER NO 2, GRACE & M. Packer

COMPANY CORINE GRACE

WELL NAME WHITE BABY COMM. 1

FIELD WHITE CITY

COUNTY STUY STATE NEW MEXICO

TO CORINE GRACE
P. O. BOX 1418
CARLSBAD, NEW MEXICO 88203

TERMS: NET 30 DAYS.

	DESCRIPTION	AMOUNT
CODE		
	(1) 170 Baker Model "R" Packer	1711.00
	1st Days Labor	320.65
	2nd Days Labor	305.00
	THE FOLLOWING EQUIPMENT WAS FURNISHED TO BE USED IN JOB COMPLETION:	
V506	(1) 2 7/8" EUE 8 Rd. N-80 Perforated Nipple-2' Long	104.29
V606	(1) 2 7/8" EUE 8 Rd. N-80 Perforated Nipple-4' Long	127.29
V606	(1) 2 7/8" EUE 8 Rd. N-80 Tubing Sub-4' Long	165.89
V606	(2) 2 7/8" EUE 8 Rd. N-80 Tubing Sub-6' Long @ \$126.41 ea.	252.82
V606	(1) 2 7/8" EUE 8 Rd. N-80 Tubing Sub-10' Long	172.40
V606	(7) 2 7/8" EUE 8 Rd. N-80 Tubing Couplings @ \$18.53 ea.	130.05
	Sub Total	3231.03
	4% New Mexico State Tax	129.24
	TOTAL	\$ 3360.32

THANK YOU!

ORIGINATORS OF TUBING-CONVEYED PERFORATING



FIELD SERVICE ORDER

P. O. Box 38 — Phone 505 746-2768
ARTESIA, NEW MEXICO 88210

Charge To CORINNE GRACE Date (s) of Service 9/24 - 9/28/75
Invoice Address PO Box 1418 Invoice No. 1845
City CARLSBAD State N. MEX Customer's Order No. MR BECKER & MR GRACE
Well No. WHITE BABY COMM #1
Field WHITE CITY COUNTY EDDY STATE N. MEX Servicemen DWENS - MR CUMBER

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

By

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

CODE	DESCRIPTION	QUANTITY	PRICE/EA.	TOTAL
100	SERVICE CHARGE			
THE FOLLOWING EQUIPMENT WAS FURNISHED TO BE USED IN JOB COMPLETION				
600				
	1- 2 7/8" EVE 8-RD N-80 PERFORATED NIPPLE - 2' LONG			104 29
	1- 2 7/8" EVE 8-RD N-80 PERFORATED NIPPLE - 4' LONG			127 29
	1- 2 7/8" EVE 8-RD N-80 TUBING SUB - 4' LONG			105 89
	2- 2 7/8" EVE 8-RD N-80 TUBING SUB - 6' LONG @ 126 41			252 82
	1- 2 7/8" EVE 8-RD N-80 TUBING SUB - 10' LONG			172 40
	7- 2 7/8" EVE 8-RD N-80 TUBING COUPLINGS @ 18 54			130 06
				892 75
	PLUS 4% N.MEX. SALES TAX			35 71
	TOTAL			928 46
The services described above performed as directed by Mr. GRACE & MR. BECKER				

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

Remarks

CUSTOMER OR AUTHORIZED REPRESENTATIVE

DATE

ORIGINATORS OF TUBING-CONVEYED PERFORATING

RV

ORIGINAL INVOICE



P. O. BOX 38 — PHONE 808 746-2768
ARTESIA, NEW MEXICO 88210

DATE 10/22 19 75DATE OF SERVICE 9/24 thru 25/75INVOICE NO 1945CUSTOMER ORDER NO 12, GRACE & MR. REESECOMPANY CONTINUE GRADEWELL NAME WHITE RABY CORR. #1FIELD WHITE CITYCOUNTY FRY STATE NEW MEXICO

TO CONTINUE GRADE
P.O. BOX 1410
Artesia, New Mexico 88220

TERMS: NET 30 DAYS.

DESCRIPTION	AMOUNT
0002	
106 Service Charge	\$ 230.00
L207 Run Gamma Ray Correlation Collar Log (in Casing) to 11,531'	
Depth Charge: 11531' @ \$.05/Ft.	924.38
Operations Charge: 1st 300' of Section Logged @ N/C	N/C
Next 1261' @ \$.05/Ft.	75.66
L201 Run Continuous Collar Log to find new Plug-Back TD after	
Drilling out.	
Depth Charge: 11632' @ \$.05/Ft.	697.92
Operations Charge:	N/C
11507 Run 5 1/2" Gauge Ring & Casing Junk Catcher to PBTD	
Depth Charge: 11632' @ \$.05/Ft.	581.60
Sub Total	2510.05 302
4% New Mexico State Tax	100.40 240
TOTAL	2610.45

THANK YOU!

ORIGINATORS OF TUBING-CONVEYED PERFORATING



FIELD SERVICE ORDER

P. O. BOX 38 — Phone 505 745-2705
ARTESIA, NEW MEXICO 88210

Charge To CORINNE GRACE Date (s) of Service 9/24/75-9/26/75
Invoice Address _____ Invoice No. 1846
City CARLSBAD State NEW MEXICO Customer's M.R. GRACE
Well No. WHITE BABY COMM. #1 Order No. MR. BECKER
Field WHITE CITY COUNTY EDDY STATE N. MEX. Servicemen OWENS-MASCO-MH-62272

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

By ☒

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

CODE	DESCRIPTION	QUANTITY	PRICE/EA.	TOTAL
100 SERVICE CHARGE				230.00
L 207	RUN GRCEL (IN CASING) TO 11,561'			
	DEPTH CHARGE: 11,561' @ \$.08 PER FOOT			924.88
	OPERATIONS CHARGE: 1st 30' of SECTION LOGGED @ NO CHARGE			
	NEXT 1261' @ \$.06 PER FOOT			75.66
L 201	RUN CONTINUOUS COLLAP LOG TO FIND NEW PBD			
	AFTER DRILLING OUT — DEPTH CHARGE: 11,632' @ \$.06 PER FOOT			697.92
	OPERATIONS CHARGE:			N/C
W 507	RUN 5 1/2" GUNCE RING & CASING JUNK CATCHER			
	TO PBD DEPTH CHARGE: 11,632' @ \$.05/ft			581.60
	SUB-TOTAL FOR TOOLS & SERVICES			2510.06
	PLUS 4% N. MEX. SALES TAX			100.40
				2610.46

The services described above performed as directed by Mr. GRACE & MR. BECKER.

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

Remarks INTERVAL LOGGED IN/GRCEL (IN CASING) 10000 TO 11,561'

CUSTOMER OR AUTHORIZED REPRESENTATIVE

DATE

ORIGINATORS OF TUBING-CONVEYED PERFORATING

ORIGINAL INVOICE



P. O. BOX 38 — PHONE 505 746-2768
ARTESIA, NEW MEXICO 88210

DATE 12/4 1976

DATE OF SERVICE _____

INVOICE NO 1976CUSTOMER ORDER NO CONLINE GRACECOMPANY CONLINE GRACEWELL NAME CONLINE GRACE #1FIELD CONLINE GRACECOUNTY _____ STATE NEW MEXICO

TO

TERMS: NET 30 DAYS.

DESCRIPTION	AMOUNT
CREDIT ADJUSTMENT ON ABOVE BILL	
10-2000 (10' interval) 10,001-11,000' range @ \$16.50/	\$ 330.00
51.00/foot reduced shot density (10')	20.00
42.00/shot for Deep Penetrating Charges (20)	40.00
30.00/shot for Hi-Temp Charges (20)	40.00
Sub Total Credit	430.00
4% New Mexico State Tax CREDIT	17.20
Total CREDIT Adjustment	\$ 447.20

CR

CREDIT

ORIGINATORS OF TUBING-CONVEYED PERFORATING



FIELD SERVICE ORDER

P. O. Box 38 — Phone 505 746-2768
ARTESIA, NEW MEXICO 88210

Charge To CORINNE GRACE Date (s) of Service 12/4/75
Invoice Address P.O. BOX 1418 Invoice No. 1978
City CARLSBAD State NEW MEXICO Customer's Order No. CORINNE GRACE
Well No. CUEVA UNIT #1
Field CUEVA UNIT COUNTY EDDY STATE NEW MEXICO Servicemen OWENS

TO VANN TOOL COMPANY:

IMPORTANT

You are requested to undertake the furnishing of the herein described services, equipment, materials and products. In consideration of such undertaking, the undersigned customer hereby agrees that the same shall be subject, solely and entirely, to the terms and conditions set forth on the reverse side hereof and made a part of this contract which shall constitute the entire agreement between the customer and Vann Tool Co. Customer acknowledges and understands that the prices for the services, equipment, materials and products furnished hereunder have been established by you in consideration of the fact that said Terms and Conditions apply to the furnishing of such services, materials and/or products. The undersigned hereby certifies that he has full authority and agency to enter into this Contract on behalf of the Customer.

By _____

SIGNATURE OF CUSTOMER OR AUTHORIZED REPRESENTATIVE

CODE	DESCRIPTION	QUANTITY	PRICE/EA.	TOTAL
100	SERVICE CHARGE			
	CREDIT MEMO			
	CREDIT ADJUSTMENT ON ABOVE WELL			
	20 SHOTS (10' interval) 10,001-11,000' RANGE @\$16.50/			330.00
	\$2.00/ft reduced shot density (10')			20.00
	\$2.00/shot for Hi-Temp Charges (20)			40.00
	\$2.00/shot for Deep Penetrating Charges (20)			40.00
	Sub Total Credit			430.00
	4% New Mexico State Tax Credit			17.20
	TOTAL CREDIT ADJUSTMENT			\$ 447.20
	The services described above performed as directed by Mr.			

PRICING SUBJECT TO CORRECTION BY OUR INVOICING DEPARTMENT

I certify that the above ordered services, equipment, materials and products have been received.

Remarks _____

CUSTOMER OR AUTHORIZED REPRESENTATIVE

DATE

ORIGINATORS OF TUBING-CONVEYED PERFORATING

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY
J.M.W.
FILED MAR 19 1976 IN CLERK'S OFFICE
8:55 AM
FRANCIS M. WILSON
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

DOROTHY S. CARLSON: PARDUE FARMS,
a partnership; and LEONA STAGNER,
Plaintiffs,

v.

No. 31392

MICHAEL P. GRACE, II,
and CORINNE GRACE,
Defendants.

C O M P L A I N T

Plaintiffs for their claim for relief state:

1. The plaintiffs have joined together in this action pursuant to Rule 20 of the Rules of Civil Procedure for the reason that questions of law or fact common to all of them will arise in this action.

2. Plaintiffs are the owners of undivided interests in the oil, gas, and other minerals lying in and under the following lands in Eddy County, New Mexico:

Township 22 South, Range 26 East:

Section 24: W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$, containing 120 acres, more or less.

3. Plaintiff Dorothy S. Carlson is also the owner of an undivided $\frac{1}{2}$ of the oil, gas and other minerals lying in and under the following lands in Eddy County, New Mexico, to-wit:

Township 22 South, Range 26 East:

Section 24: E $\frac{1}{2}$ NW $\frac{1}{4}$, containing 80 acres, more or less

4. On 29 June 1966, plaintiffs made, executed and delivered to Sinclair Oil and Gas Company, an oil and gas lease covering their interest in the lands described in paragraph 2 above. Said lease was recorded in Book 171, at page 524 of the Oil and Gas Lease Records of Eddy County, New Mexico, and a copy of the same is filed with this Complaint as Exhibit 1, pursuant to Section 21-1-1(9)k, N.M.S.A. 1953.

5. On 24 February 1965 Plaintiff Carlson made, executed and delivered to E. S. Grear, an Oil and Gas Lease covering her interest in the lands described in paragraph 3 above. Said lease was recorded in Book 154 at

1 Page 492 of the Oil and Gas Lease Records of Eddy County, New Mexico, and a
2 copy of the same is likewise filed with this pleading as Exhibit 2.

3 6. By mesne conveyances and assignments, the defendants herein became
4 the owners of the two oil and gas leases referred to above and now own the
5 same.

6 7. Prior to 29 October 1972, the defendants took the necessary action
7 before the New Mexico Oil Conservation Commission to pool all of the N $\frac{1}{2}$ of
8 Section 24, Township 22 South, Range 26 East into a gas proration unit and
9 drilled a well on said half section, known as Corinne Grace Go-Po-Go #2.
10 Said well was a producing well and has ever since it was completed produced
11 great quantities of gas.

12 8. By the terms of the two oil and gas leases referred to above, which
13 provide for a royalty of one-eighth, the plaintiffs were entitled to receive
14 the following proportions of all gas produced from said well, to-wit:

15	Dorothy S. Carlson	3.125%
16	Pardue Farms	1.5625%
16	Leona Stagner	.78125%

17 less their proportionate share of the production taxes.

18 9. For the months of December 1974, to and including December 1975,
19 the defendants have paid to plaintiffs seven-thirteenths of the royalty due
20 them but have wrongfully withheld and refuse to pay six-thirteenths of the
21 royalty due them, although demand has been made therefor. For the months
22 listed above, defendants are indebted to plaintiffs for the royalty in the
23 following amounts:

24	Dorothy S. Carlson	\$7,665.92
25	Pardue Farms	\$3,832.97
25	Leona Stagner	\$1,916.48

26 10. The oil and gas leases referred to above, upon their assignment
27 to defendants, constitute written contracts between plaintiff and defendants
28 whereby defendants were obligated to pay such royalty. Defendants have
29 breached said contracts by failure to pay such royalty and for that reason
30 plaintiffs are entitled to judgment severally against defendants, as follows:

31	Dorothy S. Carlson	\$7,665.92
32	Pardue Farms	\$3,832.97
32	Leona Stagner	\$1,916.48

1 plus interest on the delinquent payments at 6% per annum.

2 11. The breach of contract by defendants was wanton and maliciously
3 intentional in that they failed to pay the royalty in order to have the
4 free use of such money, and to deprive the plaintiffs of their just rights.
5 Also, the defendants wrongfully represented that such monies were being
6 placed in escrow when in fact they were not and have at all times been in
7 the possession of defendants. For such reasons, plaintiffs are entitled to
8 punitive damages in the following amounts:

9 Dorothy S. Carlson	\$2,000.00
10 Pardue Farms	\$1,000.00
11 Leona Stagner	500.00

12 12. The defendants own and operate said gas well either as a partnership
13 or as joint venturers and for such reason they are jointly and severally liable
14 to plaintiffs.

15 WHEREFORE, Plaintiffs severally pray for judgment against defendants as
16 follows:

17 1. The plaintiff Carlson:

- 18 (a) For \$7,664.92 plus interest from due date of each
19 delinquent installment at the rate of 6% per annum; and
20 (b) For punitive damages in the amount of \$2,000.00; and
21 (c) For costs.

22 2. The Plaintiff Pardue Farms:

- 23 (a) For \$3,832.97 plus interest from due date of each
24 delinquent installment at the rate of 6% per annum; and
25 (b) For punitive damages in the amount of \$1,000.00; and
26 (c) For costs.

27 3. The Plaintiff Stagner:

- 28 (a) For \$1,916.48 plus interest from due date of each
29 delinquent installment at the rate of 6% per annum; and
30 (b) For punitive damages in the amount of \$500.00; and
31 (c) For costs.

32 McCORMICK, PAINE and FORBES

By 

Don G. McCormick

P. O. Box 1718
Carlsbad, New Mexico 88220
Attorneys for Plaintiffs

OIL & GAS LEASE

THIS AGREEMENT made this 29th day of June 1966 between

Pardue Farms, a partnership composed of Bruce D. Pardue and Mauricio P. Pardue:

Dorothy Swigart Carlson as her separate property; and Leona Stagner, a widow

P.O. Box 128, Lovine, N. Mex.

General Office Address

Special Oil & Gas Company

1. I, _____, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties hereto provided and herein contained, hereby grant, lease and let, exclusively unto those for the purpose of investigating, exploring, prospecting, producing and operating for and producing oil and gas, tar, asphalt, oil, shale, oil, and all other substances, laying pipe lines, staking off, building and tanks, roadways, telephone lines, and other structures and things therein in process, save, take out of, treat, process, store and transport said minerals. The

following described land is _____ Eddy _____ County, New Mexico, to-wit:

Township 22- South, Range 26 East, N.M.P.M.

Section 24: West Half of the Northeast Quarter (W/2 NE/4) and the Southeast Quarter of the Northeast Quarter (SE/4 NE/4)

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 120 acres, whether it ^{is} or not.

2 Subject to the other provisions herein contained, this lease shall remain in force for a term of 11 years from this date called "primary term", and no lease thereunder as to any gas is provided from said land or land with which said land is pooled.

2. The royalty to be paid by the licensee shall be: (a) on oil, and on other liquid hydrocarbons, based at the well, one-eighth of that produced and saved from said land, and one-tenth of that produced and saved from the other lands in the same lease; (b) on gas, including casinghead gas and all gaseous substances produced from said land and sold or used off the premises or in the manufacture of gasoline or other product therefrom, the market value at the mouth of the well of one-eighth of the gas so sold or used, provided that on gas sold at the well the royalty shall be one-eighth of the amount realized from such sale; and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land produced therefrom, but gas and/or condensate is not being sold or used on said land, either before or after production therefrom, then on or before 30 days after the expiration of each calendar year, the licensee shall pay to the licensor, in cash, an amount equal to the royalty which would have been payable if the gas had been sold for in this lease for the previous then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be payable if the gas had been produced, or be paid or tendered to the credit of such party or parties in the depository bank and in the manner hereinafter provided for the payment of rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before our 11) year from this date, this lease shall terminate.

as in both parties, unless on or before one (1) year from this date lessor shall pay or tender to the lessee a rental of \$ 120.00 - - - - - which shall cover the privilege of deferring commencement of said operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the bearer or to the credit of the bearer in the Commerce Bank and Trust, Loving Branch Bank

Loving, New Mexico

14. **LOVING, New Mexico** _____, which bank, or any successor thereof, shall continue to be the agent for the lease and lease's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lease shall not be held in default until thirty (30) days after lease shall deliver to lease a recordable instrument making provision for another acceptable method of payment or transfer, and any depositing change in a liability of the lease. The payment or tender of rental may be made by check or draft of lease, mailed or delivered to said bank or lease, or any bank of more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts or deposits shall nevertheless be sufficient to prevent termination of the lease. In the same manner as though a proper payment had been made, lease shall correct such within thirty (30) days after lease has received written notice thereof by registered mail. Lease, together with such instruments as are necessary to enable lease to make proper payment.

1. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or parts thereof with any other land, lease, interest or interests in land, or to otherwise extend, amend, modify, vary, alter, change, terminate, suspend, or otherwise alter the operation of this lease, by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the County in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on an production from any part of any such unit shall be considered for all purposes except the payment of royalty, as operations conducted on or production from the land described in this lease. There shall be allocated to the land covered by this lease the proportion of the total oil and gas production from the unit which the land covered by this lease bears to the total acreage in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by Lessee shall be subject to the provisions of this lease, and the unit shall be subject to the provisions of any appropriate instrument in the County where the land is situated.

6. If prior to the discovery of oil or gas hereunder, Lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the well or wells are abandoned, then Lessee shall, at its expense, commence or resume the drilling or reworking or additional operations within 30 days thereafter and diligently prosecute the same, or if it is within the primary term, commence or resume the payment or tender of rentals or commencing operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the cessation of operations. If the expiration of the primary term has passed and there is then no need in operations for drilling or reworking, then Lessee shall within the time specified herein commence or resume the payment or tender of rentals or commencing operations for drilling or reworking. If during the drilling or reworking of any well under this paragraph, Lessee loses or jams the hole or well and after diligent efforts is unable to complete and operate the same within 30 days after the abandonment of said operations, Lessee may commence another well and drill the same to completion. If during the drilling or reworking of any well under this paragraph, operations hereunder result in production, then this lease shall remain in full force no longer than the term of any producing hereunder.

1. Lessee shall have free use of oil, gas and water from said land, except water from house's wells and tanks, for all operations hereunder, and the royalty shall be computed over the same as used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessor on said land for operations hereunder, and to remove the same to any other place, and to drill additional wells on said land below the surface to any depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessee shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stove and inside lights in the principal dwelling thereon, and all other purposes not needed for operations hereunder.

[illegible]

5. Should leave be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of curtailment or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply herewith; and this lease shall be extended while and during so much of any such time as is prevented from conducting drilling or reworking operations hereunder as oil or gas is produced; and the time while lease is so prevented shall not be counted against term of this lease.

10. Lessee hereby warrants and agrees to defend the title to said land, and agrees that lessor, at its option, may discharge ~~any~~ its mortgage, or other lien upon said land, and in the event lessor does so, it shall be subrogated to such lien with the right to enforce same and apply receipts accruing thereunder toward satisfying same. Without impairment of lessor's rights under the warranty, if this lease covers a less interest in the oil or gas in all or as part of said land than the entire and undivided for simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rentals and other payments, if any, accruing from any part so as to which this lease covers less than such full interest, shall be paid only in the proportion which its interest therein, if any, covered by this lease, bears to the whole and undivided for simple estate therein. Should any one or more of the parties named above become, fail to, exercise this lease, it shall nevertheless be binding upon the party or parties exercising the same.

[illegible]

Forwarded the pay and your first check written.

Dorothy Margaret Carlson

Parque Faros

By Bruce D. Pardue
Bruce D. Pardue, Partner

STATE OF NEW MEXICO.

County of Eddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30 day of June
 1968 by Rever D. Pardue, Partner, in Pardue Farms, a Partnership, on behalf of
said Partnership.

My Commission expires June 8 1968

Notary Public

STATE OF NEW MEXICO.

County of Eddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30 day of June
 1968 by Dorothy Sigart Carlson

My Commission expires June 8 1968

Notary Public

STATE OF NEW MEXICO.

County of Eddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30 day of June
 1968 by Leona Stagner, widow

My Commission expires June 8 1968

Notary Public

STATE OF

County of

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____

Notary Public

Form 145 (Notary Public) Form, Revised, N. M.

By

[Signature]

Deputy.

[Signature]
County Clerk

I hereby certify that this instrument was filed for
 record on the _____ day of _____
 A. D. 1968, at _____ o'clock _____
 was duly recorded in Book 121 at Page 534
 of the Records of said County.

STATE OF NEW MEXICO
COUNTY OF Eddy

Term _____

County, New Mexico

No. of Acres _____

Section _____ Township _____ Range _____

Date _____ 19____

TO

FROM

COLLECTION
 OIL AND GAS LEASE
 NEW MEXICO

21381

STATE OF NEW MEXICO

County of

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____
 by _____ President
 of _____ corporation
 on behalf of said corporation.

My Commission Expires: _____

Notary Public

STATE OF

County of

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

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

OIL AND GAS LEASE

THIS AGREEMENT made this 24 day of February 1965 between

Willie L. Pierce, a widow, and Dorothy S. Carlson, a married woman, dealing in her sole and separate property.

114 N. Church Street,
Carlsbad, New Mexico,
(Post Office Address)

E. S. Greer

1. Lease, in consideration of TEN AND OTHER MILLIARS in hand paid, copy of which is here acknowledged, and of the royalties herein provided and of the agreements of the lease herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, including gas, waters, other fluids, and all twin substances, slates, laying pipe lines, staking off, building tracks, roads, telephone lines, and other structures and things thereon to produce, save, take care of, treat, preserve, store and transport said minerals.

The following described land in Eddy County, New Mexico, to-wit:

Township 22 South, Range 26 East, N. M. P. M.:

Section 13: SE/4 and SW/4 of SW/4;
Section 24: E/2 of NE/4.

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 274.46 acres, whether it actually comprises more or less.

3. Except in the other provisions herein contained, this lease shall remain in force for a term of 5 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.

2. The royalty to be paid by Lessee: (a) on oil and on any other liquid hydrocarbons saved at the well (excepting that produced and saved from acid land, gas to be delivered at the well or to the credit of lease in the pipe line in which the well may be connected); (b) on gas, including casinghead gas and all gas, condensates, produced from gas land and "add or used off the premises or in the manufacture of gasoline or other product therefrom, the amount of which shall be determined by the capacity of the separator at the well or the amount of the gas produced from each well; (c) and at any time when this lease is not calculated by either provisions hereof and there is a sale well on the premises, the amount of the gas is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, until they are no longer pay or sever an advance annual royalty equal to the amount of delay and shut in royalties provided for in this lease shall be paid by the party who shall be determined by the court; and if no such advance annual royalty is being produced from the leased premises in paying such payments may be paid or tendered to the depository bank and in the same manner as provided herein for the payment or tender of delay rentals.

4. If operations for drilling are not commenced on said land or on land pooled therewith on or before one (1) year from this date, this lease shall terminate or, in both parties, unless on or before one (1) year from this date lessee shall pay or tender to the owner a rental of \$ 714.46 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In the absence and upon the payment or tender, annually, the commencement of said operations may be further deferred for successive periods of the same number of months, each during the primary term.

Payment or tender may be made in the form of in the Carlsbad National Bank

Carlsbad, New Mexico

continue to be the agreed for the house and home's heat and electric. If such bank or any successor bank shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, house shall not be held in default until thirty (30) days after house shall deliver to house a verifiable commercial banking provision for another acceptable method of payment or transfer, and any delinquent charge in a liability of the house. The payment or transfer of rental may be made by check or draft of house, mailed or delivered in said bank or house, or any house if more than one, on or before the rental paying date.

3. Lessee is hereby granted the right and power, from time to time, in pool or combine this lease, the land covered by it or any part or portion thereof with any other land, lease, mineral estate or parts thereof for the production of oil or gas (little produced for each well) shall not exceed forty (40) acres plus a tolerance of 10%, and units produced for gas shall not exceed the standard production unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon one production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of oil and gas from the unit after deducting any amount for losses or waste operations, which the number of surface acres in the land included in the unit bears to the total number of surface acres in the land. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the interest of lessor covered by this lease, and shall be paid in the same manner as though produced from said land under the term of this lease. Any portion not designated by lease, or any land not included in said unit, shall be deemed to be owned by lessor and shall be included in the unit in the county where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

[illegible]

7. Lessee shall have free use of oil, gas and water from said land, except water from lease's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and equipment placed by lease on said land, including the right to draw and remove all casing. When required by Lessee, the well shall be drilled within one hundred feet (100 ft.) of any residence or barn, well, road and without lease's consent. Lessee shall bore the pipeline, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any casing gas not needed for operations hereunder.

[illegible]

5. should leave be presented from any person, or from conducting drilling or crumpling operations hereunder, or from producing oil or gas hereunder by reason of inability to obtain or use equipment or material, or by operation of any federal or state law or any order, rule or regulation of governmental authority, then the Government's duty shall be to accept the tender of the tenderer, and the tenderer shall be entitled to the full value of the tender, and the tender shall be extended while and as long as leave is presented by any such person conducting drilling or crumpling operations or from producing oil or gas from the leased premises; and the time while leave is so presented shall not be counted against the term of the lease.

30. Lessor hereby warrants and agrees to defend the title to said land, and agree that lessee, at its option, may discharge any tax, mortgage, or other lien on said land, and to the extent it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without prejudice to lessor's rights under the warranty, in the event of failure of title, it is agreed that if lessee was an innocent purchaser of the land, then the entire fee, including estate, then the royalties, and rentals due hereunder shall be reduced proportionately; should any one or more of the parties named above as lessors fail to execute this lease it shall nevertheless be binding upon the party or parties executing the same.

11. Insurance. If this agreement, lease and assign, shall have the right at any time to surrender this lease, in whole or in part, the lessor or his assign successors and assigns by delivering or causing to be delivered to the lessee, or by placing a release thereon of, second in the equity in which said lease shall be released from all obligations, expressed or implied, of this agreement as to arrears so determined, and thereafter the rental payable thereunder shall be reduced to the proportion that the arrearage canceled hereby is reduced by said release or releases.

Discovered the day and year that plane crashed.

Wm. L. Pierce

Wm. H. S. Cochrane

STATE OF NEW MEXICO,

County of Santa Fe

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 16th day of March
 19 65 by OT: William L. Pierce, a widow

My Commission expires

Mar 91966Wesley S. Estelle

Notary Public

STATE OF NEW MEXICO,

County of Santa Fe

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 16th day of March
 1965 by Dorothy S. Carlson, a married woman, dealing in her sole and separate property.

My Commission expires

Mar 91966Wesley S. Estelle

Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires

19____

Notary Public

STATE OF _____

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires

19____

Notary Public

Form 105 (Notary Public) (Rev. January, N. M.)

By _____

Wesley S. Estelle

Deputy

Notary Public

of the Records of said County.

was duly recorded in Book 554 at Page 492A. D. 1965, at 11:30 o'clock AM, andrecord on the 15th day of March

I hereby certify that this instrument was filed for

COUNTY OF Santa Fe

STATE OF NEW MEXICO

Term _____

County, New Mexico

No. of Acres _____

Section _____ Township _____ Range _____

Date _____ 19____

TO

FROM

OIL AND GAS LEASE
NEW MEXICO

No. _____

INDEXED

STATE OF NEW MEXICO

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

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

_____, President

_____, corporation

on behalf of said corporation.

My Commission Expires: _____

Notary Public

3:45 PM

IN THE DISTRICT COURT FOR EDDY COUNTY
STATE OF NEW MEXICO

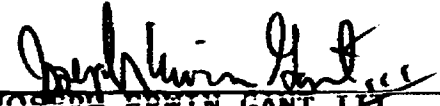
FRANK SCHEER
DEA CORK & CHARLIE'S GARAGE,
Plaintiff,
vs.
MICHAEL P. GRACE II
DEA GRACE ENERGY,
Defendant.

No. 31504

C O M P L A I N T

Plaintiff states:

1. Plaintiff is a resident of Silverton, Colorado and operates Cork & Charlie's Garage, a filling station.
 2. Michael P. Grace II, Defendant, is a resident of Eddy County, New Mexico and is owner of oil and gas interests in New Mexico and did conduct business in New Mexico at all relevant times material hereto.
 3. Plaintiff sold and delivered to Defendant goods and services at the Defendant's special interest and request, on open account and after allowing all just credits and off-set there is a balance due of \$1421.07.
 4. The demand has been made on the Defendant for payment of said sum and Defendant has failed, refused, or neglected to pay the same or any part thereof.
 5. That reasonable attorney's fees should be granted herein as per NMSA Section 18-1-37, 1953 Comp. as amended.
- WHEREFORE, Plaintiff prays judgment against the defendant in the sum of \$1421.07, plus interest, costs, and a reasonable attorney's fees, as provided by law.


JOSEPH ERWIN GANT III
P. O. Drawer DD
Carlsbad, N. M. 88220
Attorney for Plaintiff

FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FILED APR 27 1976
1:45 PM
FRANCIS M. WILCOX
Clerk of the District Court

DEVONIAN WELL SERVICE, INC.,
a Texas corporation,

Plaintiff,

vs.

MICHAEL P. GRACE II and
CORINNE GRACE,

Defendants.

No. 31507

COMPLAINT

COMES NOW the Plaintiff, Devonian Well Service, Inc., and
for its cause of action alleges:

I

Plaintiff is a Texas corporation with its principal office
in Odessa, Texas, and is now and at all times material hereto has
been authorized to transact business in the State of New Mexico.

II

The Defendants, Michael P. Grace, II and Corinne Grace are
non-residents of the State of New Mexico and are of the class of
persons contemplated by Section 21-3-16, N.M.S.A. (1953), by
virtue of the transaction of business within the State of New Mexico
and are subject to jurisdiction of this court by personal service
of process outside the State of New Mexico.

III

At the special instance and request of the Defendants, Plaintiff
performed work, labor and services for, and furnished material,
machinery and supplies to be used in developing the Defendant Grace's
oil and gas leasehold estate upon which was situated a well de-
signated the Cotton Baby Well No. 1, all as more particularly re-
flected by the invoices attached hereto as Exhibit "A". But as
shown by Exhibit "A" these charges on account accrued by a connected

series of charges reflected in said invoices, by reason whereof the Defendants are jointly and severally indebted to Plaintiff on open account in the sum of Twenty-five Thousand Five Hundred Twenty-two and 12/100ths Dollars (\$25,522.12).

IV

Plaintiff has made repeated demands upon Defendants for payment of the aforesaid open account, but Defendants have failed and refused to pay the same or any part thereof and said account is now past due and unpaid.

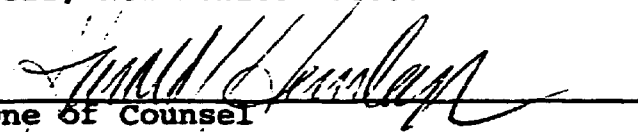
V

Because of Defendants' failure and refusal to pay the sums due on this account, it has become necessary for Plaintiff to place this account in the hands of its undersigned attorneys for collection, by reason whereof Plaintiff is entitled to recover from Defendants a reasonable attorney's fee.

WHEREFORE, Plaintiff, Devonian Well Service, Inc., prays that it have and recover judgment against the Defendants, Michael P. Grace, II and Corinne Grace, jointly and severally, for the sum of Twenty-five Thousand Five Hundred Twenty-two and 12/100ths Dollars (\$25,522.12), together with interest accrued thereon as provided by law, for reasonable attorney's fees, all costs of this action, and for such other and further relief which to the Court may seem proper and just.

Walter E. Wilson
Attorney at Law
507 North Lee
Odessa, Texas 79761

HINKLE, BONDURANT, COX & EATON
P. O. Box 10
Roswell, New Mexico 88201

By 
One of Counsel

STATE OF NEW MEXICO)
: ss
COUNTY OF CHAVES)

HAROLD L. HENSLEY, JR., being duly sworn upon his oath,
states that he is one of the attorneys for the Plaintiff, Devonian
Well Service, Inc., in the foregoing Complaint, that he has read
the Complaint and that the contents thereof are true and correct,
according to his knowledge, information and belief.

Harold L. Hensley, Jr.
Harold L. Hensley, Jr.

SUBSCRIBED AND SWORN TO before me this 23rd day of April,



Mary Ann Hoyer
Notary Public

SUITE 307 BOX 2821 AMERICAN BANK BUILDING
ODESSA, TEXAS 79760

ODESSA 332-2719
MIDLAND 383-2438
DREWEH 333-3784

DATE

August 31, 1975

INVOICE NO.

4187

TERMS - Net 30 Days - No Cash Discount

CUSTOMER'S
ORDER NO.

LOCATION

Cotton Bay - Well #1

Well Depth

4,600'

M.P. Grace
Arizona Bank
P.O. Box 2957
Phoenix, Arizona 85062
ATTN: Kenneth K. Miller Mgr.

SINGLE DERRICK ☐

DOUBLE DERRICK ☒ Unit #15

DATE	DESCRIPTION OF WORK	HOURS OR MIN.	AMT. HR.	TOTAL
12/75 aru 8/75	W.A. #3207, 3208, 3209, 3210, 3211, 3212, 3213, 3214, 3215, 3216, 3217, 1133, 3218, 3219, 3220, 3221, 3222, 3223, 3224, 3679, 3680, 3576, 3577, 3578, 3579, 3580, 3582, 3583, & 3584			
	Move Unit & Crew onto location. Rig up Unit & Tools. Service well as directed by your Personnel, per attached tickets.			
	Unit W/Crew Foreman & 3 Crew Members	328 $\frac{1}{2}$	55.10	18,100.35
	Unit W/Crew Foreman & 2 Crew Members	23 $\frac{1}{2}$	47.85	1,124.47
	Crew Subsistence	21	100.00	2,100.00
	Tubing Tongs	16	50.00	800.00
	Tubing Tongs - Undersize	3	85.00	255.00
	Backup Tongs	19	6.00	114.00
	Wiper Rubber & Holder	18	12.00	216.00
	Light Plant	10	45.00	450.00
	Hot Shot Service + 145 miles per day @.20	2	39.00	78.00
	Slip Type Elevators	4	75.00	300.00
	Slip Type Elevators - Extra Days	11	8.50	93.50
	Spider & Slips	1	65.00	65.00
	Tubing Stripper - JUS 10 day min.	1	66.00	66.00
	Swab Cups - 2 $\frac{1}{2}$ "	3	8.90	26.70
	Swab Cups - 2 7/8"	10	10.60	106.00
	Oil Saver Rubbers	8	4.50	36.00
	Brass Bushings	2	13.80	27.60
	Road Time: Pickup & 4 Men - 45 miles per day	21	49.50	1,039.50
	Road Time: Pickup & 4 Men - 145 miles per day	4	126.00	504.00
	Permits - To move Unit on & off location	2	10.00	20.00
				25,522.12

1 - 102-262-2000

1 - 505-887-5581

EXHIBIT "A"

DESSA
12-9219
13-2456

SUITE 507 BOX 2821 AMERICAN BANK

ANDREY
523-377

WORK AUTHORIZATION

No. 3207

Sup. Crew Trailer & Rig No. 15

2 - Texting

Double Derrick ☒

Single Derrick ☐

Date: 8/12/75

Hwy. Permit No. ☒

Well Depth 4600

COMPANY: M.P. Hanes

LEASE: Cotton Lumber

WELL NO. 1

Edge To Location: 030

Mi. (4 Men) Co. Order No.

ive Location: 030 A.M.

P.M.

Leave Location:

A.M. 6:30

P.

w Subsistence: ☒

Men 4

Stand-By-Time

Days

DESCRIPTION OF WORK:

DERRICK HOURS: 12

id To Location:

Reamed unit up. Moved casing to ground.
Set of blocks to ground. (Submerged block)
Pulled 31 rods 140 ft. of drilling fluid.
Packed 110 ft. of casing. (Packed)
On 50 ft. (Packed)

JTS. PULLED:

SIZE

NO. JTS. RUN:

SIZE

SUBS PULLED:

SIZE

NO. RUN

SIZE

MISC.

RODS PULLED:

1"

3/4"

3/4"

3/4"

SUBS:

RODS RUN:

1"

3/4"

3/4"

3/4"

SUBS:

FOREMAN:

HOURS 12

CREW MEMBER:

HOURS 12

CK MAN:

CREW MEMBER:

CREW MEMBER:

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2"

TUBING TONGS & BACKUP - OVERSIZE

UNDERSIZE

IDER & SLIPS - OVERSIZE

UNDERSIZE

PIPER RUBBER & HOLDER

IP TYPE ELEVATORS (5 DAY RENTAL) MIN.

IP TYPE ELEVATORS (EXTRA DAYS)

TUBING STRIPPER (JUS 10 DAY MIN.)

TUBING STRIPPER (RUBBER USED)

CHT PLANT (RENTAL)

OT SHOT SERVICE MIN.: MILES

MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP.

BACK OFF TOOL

2. ROD STRIPPER & RUBBER

3. STANDING VALVE

ROD JARS

4. ROD FISHING TOOL (RENTAL) SIZE

FISHING TOOL PARTS (RUINED)

1. UPPER BOWL 2 1/2"

2 1/2"

2. LOWER BOWL 2 1/2"

2 1/2"

3. UPPER SPRING 2 1/2"

2 1/2"

4. LOWER SPRING 2 1/2"

2 1/2"

5. SLIP UNIT

SIZE

6. SNAP RING TOOL

OUTER BOWL

2 1/2"

2 1/2"

7. SNAP RING INNER BOWL

SIZE RING

8. PARTED ROD: 1"

3/4"

3/4"

3/4"

9. TYPE OF BREAK: BOX

PIN

BODY

10. MISC. ROD EQUIPMENT:

EQUIPMENT USED:

PAS CUPS: NO.

Size

KIND

FAISC.

SAVER RUBBERS:

NO.

SIZE

MISC.

SS BUSHINGS:

NO.

SETS

FAISC.

FOREMAN: R. B. Hanes

ORIZED:

CO. REPRESENTATIVE:

TANCE:

PRICE INFO:

Unit 1255.10 = 661.20
Crew Sub 100.00
Permits 10.00

TOTAL COST: \$

771.20



ANDREWS
523-3794

SUITE 507 BOX 2821 AMERICAN BANK

WORK AUTHORIZATION

No. 3208

Drew Trailer & Rig No. 15

ble Derrick ☒

Date: 3/13/75

ble Derrick ☐

Hwy. Permit No.

Well Depth 4650

BY: J. P. Jones

LEASE: Cotton Valley

WELL NO. 1

To Location: 1.30 A.M.

(4 Men) Co. Order No.

Location: 1.30 A.M.

P.M.

Leave Location:

A.M.

7.30 P.M.

Assistance:

Men 4

Stand-By-Time

Days

DESCRIPTION OF WORK:

DERRICK HOURS: 12

Location: 1.30 A.M.

PULLED:

SIZE

NO. JTS. RUN:

SIZE

PULLED:

SIZE

NO. RUN

SIZE

MISC

PULLED:

1"

3/4"

3/4"

3/4"

SUBS:

OS RUN:

1"

3/4"

3/4"

3/4"

SUBS:

REMAN:

HOURS 12

CREW MEMBER:

HOURS 12

MAN:

CREW MEMBER:

CREW MEMBER:

EQUIPMENT USED: (TUBING)

NG TONGS & BACKUP 2 1/2 & 2 1/2

56.00

NG TONGS & BACKUP - OVERSIZE

UNDERSIZE

ER & SLIPS - OVERSIZE

UNDERSIZE

ER RUBBER & HOLDER

12.00

TYPE ELEVATORS (5 DAY RENTAL) MIN.

TYPE ELEVATORS (EXTRA DAYS)

NG STRIPPER (JUS 10 DAY MIN.)

NG STRIPPER (RUBBER USED)

Y PLANT (RENTAL)

SHOT SERVICE MIN.

MILES

EQUIP. FURNISHED

EQUIPMENT USED:

3 CUPS: NO.

Size

KIND

MISC.

SAVER RUBBERS:

NO.

SIZE

MISC.

SS BUSHINGS:

NO.

SETS

MISC.

FOREMAN:

ORIZED:

O. REPRESENTATIVE:

TANCE:

PRICE INFO:

Unit 1255.11 = 661.20

Crew 1200.00

Taking Tongs 56.00

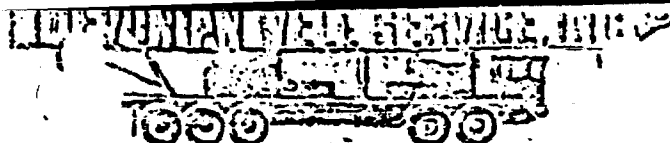
R. T. Line 49.50

W. Rubber 12.00

TOTAL COST: \$

878.70

1855A
9719
1-2456



ANDREWS
523-3794

SUITE 507 BOX 2821 AMERICAN BANK

WORK AUTHORIZATION

up, Crew Trailer & Rig No. 15

No. 3209

Double Derrick ☒

Date: 8/14/75

Single Derrick ☐

Hwy. Permit No. _____

Well Depth 4600

COMPANY: M.P. Jones

LEASE: Cotton Valley

WELL NO. 1

Age To Location: 45 2 100 Mi. (4 Men) Co. Order No. _____

ve Location: 7:00 A.M.

A.M.

P.M.

Leave Location: _____

A.M.

7:00 P.M.

v Subsistence: ✓

Men 4

Stand-By-Time _____

Days _____

DESCRIPTION OF WORK:

DERRICK HOURS: 12

d To Location: _____

JTS. PULLED: 42

SIZE 2 1/8 PH 16

NO. JTS. RUN: 92

SIZE 3/8 7 1/4

SUBS PULLED: _____

SIZE _____

NO. RUN _____

SIZE _____

MISC _____

RODS PULLED: 1"

1"

7/8"

3/4"

1/2"

SUBS: ✓

RODS RUN: 1"

1"

7/8"

3/4"

1/2"

SUBS: ✓

FOREMAN: James Jones

HOURS 12

CREW MEMBER: James Jones

HOURS 12

ICK MAAN: James Jones

HOURS 12

CREW MEMBER: James Jones

HOURS 12

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2 & 2 1/2 ✓ 56.00

TUBING TONGS & BACKUP - OVERSIZE _____

UNDERSIZE _____

SPIDER & SLIPS - OVERSIZE _____

UNDERSIZE _____

WIPER RUBBER & HOLDER ✓ 12.00

SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. _____

SLIP TYPE ELEVATORS (EXTRA DAYS) _____

WIRING STRIPPER (USE 10 DAY MIN.) _____

TUBING STRIPPER (RUBBER USED) _____

LIGHT PLANT (RENTAL) _____

HOT SHOT SERVICE MIN. _____

MILES _____

MISC. EQUIP. FURNISHED _____

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. _____ BACK OFF TOOL _____

2. ROD STRIPPER & RUBBER _____

3. STANDING VALVE _____ ROD JARS _____

4. ROD FISHING TOOL (RENTAL) SIZE _____

FISHING TOOL PARTS (RUINED) _____

1. UPPER BOWL 2 1/2 _____ 2 1/2 _____

2. LOWER BOWL 2 1/2 _____ 2 1/2 _____

3. UPPER SPRING 2 1/2 _____ 2 1/2 _____

4. LOWER SPRING 2 1/2 _____ 2 1/2 _____

5. SLIP UNIT _____ SIZE _____

6. SNAP RING TOOL _____ OUTER BOWL _____ 2 1/2 _____ 2 1/2 _____

7. SNAP RING INNER BOWL _____ SIZE BOWL _____

8. PARTED ROD: _____ 1" _____ 3/4" _____ 1/2" _____ 1/4" _____

9. TYPE OF BREAK: BOX _____ PIN _____ BODY _____

10. MISC. ROD EQUIPMENT: _____

LAB EQUIPMENT USED:

SWAB CUPS: NO. _____

Size _____

KIND _____

MISC. _____

C" SAVER RUBBERS: _____

NO. _____

SIZE _____

MISC. _____

BRASS BUSHINGS: _____

NO. _____

SETS _____

MISC. _____

FOREMAN: James Jones

THORIZED: _____

CO. REPRESENTATIVE: _____

CEPTANCE: _____

TE: _____

PRICE INFO: 125510 = 6616

Order book 100.00

T. Tonge 56.00

R. T. Jones 49.50

W. Rutter 12.00

TOTAL COST: \$ 878.20

355A
1-9719
1-2456



ANDREWS
523-3794

SUITE 507 BOX 2821 AMERICAN BANK

WORK AUTHORIZATION

No. 3211

up, Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Date: 8/16/75

Well Depth 670

COMPANY: M. P. Hays

LEASE: Cotton Bay

WELL NO. 41

Age To Location: 15 Mi. (4 Men) Co. Order No.

Location: A.M. 12:00 P.M. Leave Location: A.M. 5:00 P.M.

Subsistence: ☒ Men 4 Stand-By-Time Days

DESCRIPTION OF WORK:

DERRICK HOURS: 9

To Location:

Light plant and crew elevator arrived
Regd. light plant. Came out of hole
with 44 bits. Men up and 2 bits
Shut down. Used pad part. J. L. J. J.
New impression block one sand line
line. Became hung in keyseat. Shut down
until Monday.

JTS. PULLED:	SIZE	NO. JTS. RUN:	SIZE
SUBS. PULLED:	SIZE	NO. RUN	SIZE
RODS PULLED:	1" 3/4" 1/2"	3/4" 1/2"	SUBS.
RODS RUN:	1" 3/4" 1/2"	3/4" 1/2"	SUBS.
FOREMAN:	Donna J. J. J.	HOURS	9
CREW MEMBER:	Bill J. J. J.	HOURS	9
CREW MEMBER:	Jimmy J. J. J.	HOURS	9
CREW MEMBER:		HOURS	

EQUIPMENT USED: (TUBING)

USING TONGS & BACKUP 2% & 2% 56.00
USING TONGS & BACKUP - OVERSIZE UNDERSIZE
SPIDER & SLIPS - OVERSIZE UNDERSIZE
WIPER RUBBER & HOLDER 12.00
SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. 2 75.00
SLIP TYPE ELEVATORS (EXTRA DAYS)
JUBING STRIPPER (JUS 10 DAY MIN.)
JUBING STRIPPER (RUBBER USED) 45.00
LIGHT PLANT (RENTAL)
NOT SHOT SERVICE MIN. 10.00 MILES 14.5 = 29.00
MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP BACK OFF TOOL
2. ROD STRIPPER & RUBBER
3. STANDING VALVE ROD JARS
4. ROD FISHING TOOL (RENTAL) SIZE
FISHING TOOL PARTS (RUINED)
1. UPPER BOWL 2% 2%
2. LOWER BOWL 2% 2%
3. UPPER SPRING 2% 2%
4. LOWER SPRING 2% 2%
5. SLIP UNIT SIZE
6. SNAP RING TOOL OUTER BOWL 2% 2%
7. SNAP RING INNER BOWL SIZE RING
8. PARTED ROD: 1" 3/4" 1/2" 1/2"
9. TYPE OF BREAK: BOX PIN BODY
10. MISC. ROD EQUIPMENT

B EQUIPMENT USED:

WAB CUPS: NO.	Size	KIND	MISC.
IL SAVER RUBBERS:	NO. <td>SIZE<td>MISC.</td></td>	SIZE <td>MISC.</td>	MISC.
ASS BUSHINGS:	NO. <td>SETS<td>MISC.</td></td>	SETS <td>MISC.</td>	MISC.

FOREMAN: Donna J. J. J.

ORIZED:

CO. REPRESENTATIVE:

PTANCE:

PRICE INFO: 9-5-10 = 495.90
Crew 100.00
T. Tong 56.00
Elevators 75.00
L. Plant 45.00
Not shot serv 39.00
R. J. J. 49.50
W. R. J. 12.00
TOTAL COST: 872.40

3255A
32-9710
53-2456

SUITE 507 BOX 2821 AMERICAN BANK

ANDREWS
523-3794

WORK AUTHORIZATION

No. 3212

Truck, Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No. ☒

Date: 8/18/75

Well Depth 6700

COMPANY: V.P. Hance

LEASE: Cotton Valley

WELL NO. 1

Traverse To Location: 45 RT 2 hrs Mi. (4 Men) Co. Order No.

Arrive Location: 6:00 A.M. Leave Location: 7:00 P.M.

How Subsistence: Men Stand-By-Time Days

DESCRIPTION OF WORK:

DERRICK HOURS: 13

Traverse To Location:

See Side Cross Over shot Open impression block. Cut edge off. Come out of hole. Run back on hole. Jugged up with fish. Come back out. Shut under down.

JTS. PULLED: SIZE NO. JTS. RUN: SIZE

SUBS PULLED: SIZE NO. RUN SIZE MISC

RODS PULLED: 1" 7/8" 7/8" 7/8" SUBS: ☒

RODS RUN: 1" 7/8" 7/8" 7/8" SUBS: ☒

W. FOREMAN: James J. Jellum HOURS 13

PICK MAN: James Cooper HOURS 13

CREW MEMBER: Earl J. Jellum HOURS 13

CREW MEMBER: James J. Jellum HOURS 13

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2" & 2" 56.00

TUBING TONGS & BACKUP - OVERSIZE UNDERSIZE

SPIDER & SLIPS - OVERSIZE UNDERSIZE

WIPER RUBBER & HOLDER 12.00

SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. 8.50

SLIP TYPE ELEVATORS (EXTRA DAYS)

TUBING STRIPPER (JUS 10 DAY MIN.)

TUBING STRIPPER (RUBBER USED)

LIGHT PLANT (RENTAL)

HOT SHOT SERVICE MIN. MILES

MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP BACK OFF TOOL

2. ROD STRIPPER & RUBBER

3. STANDING VALVE ROD JARS

4. ROD FISHING TOOL (RENTAL) SIZE

FISHING TOOL PARTS (RUINED)

1. UPPER BOWL 2" 2"

2. LOWER BOWL 2" 2"

3. UPPER SPRING 2" 2"

4. LOWER SPRING 2" 2"

5. SLIP UNIT SIZE

6. SNAP RING TOOL OUTER BOWL 2" 2"

7. SNAP RING INNER BOWL SIZE RING

8. PARTED ROD: 1" 7/8" 7/8" 7/8"

9. TYPE OF BREAK: BOX PIN BODY

10. MISC. ROD EQUIPMENT

LAB EQUIPMENT USED:

LAB CUPS NO. Size KIND MISC.

WEL Saver RUBBERS: NO. SIZE MISC.

WEL BUSHINGS: NO. SETS MISC.

W. FOREMAN: James J. Jellum

AUTHORIZED:

CO. REPRESENTATIVE:

REPTANCE:

E:

PRICE INFO: Unit 13.5512 = 716.30

W. Jellum 100.00

T. Jellum 56.00

Charters 8.50

R. Jellum 45.50

W. Jellum 12.00

TOTAL COST: \$ 942.30

JD33A
132-6717
153-2456

SUITE 507 BOX 2821 AMERICAN BANK

ANDREW
523-3794

WORK AUTHORIZATION

No. 3213

pickup, Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Date: 8/19/75

Hwy. Permit No. _____

Well Depth 6200

COMPANY: M. P. Hyge

LEASE: Cotton Valley

WELL NO. 1

Mileage To Location: 45 12 hrs

Mi. (4 Men) Co. Order No. _____

Arrive Location: 7:30

A.M.

P.M.

Leave Location: _____

A.M.

12:30

P.M.

Law Subsistence: _____

Men _____

Stand-By-Time _____

Days _____

DESCRIPTION OF WORK:

DERRICK HOURS: 17

Road To Location: _____

Ran 4 3/4" gauge and over shot attempted to locate the
lost wire. Came out of hole. Plug 4 3/4" gauge.
Encountered a gas over pressure. Due to this
circulation of the well was stopped. Still unable to
get the wire. Came out of hole. Found over shot
of well. Shut well down.

JTS. PULLED: _____

SIZE _____

NO. JTS. RUN: _____

SIZE _____

SUBS PULLED: _____

SIZE _____

NO. RUN _____

SIZE _____

MISC _____

RODS PULLED: _____

1"

3/4"

3/4"

3/4"

SUBS: _____

RODS RUN: _____

1"

3/4"

3/4"

3/4"

SUBS: _____

W FOREMAN: James Miller

HOURS 17

CREW MEMBER: Bill Jones

HOURS 17

RICK MAN: James Cooper

HOURS 17

CREW MEMBER: James Cooper

HOURS 17

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2" ✓

56.00

TUBING TONGS & BACKUP - OVERSIZE _____

UNDERSIZE _____

SPIDER & SLIPS - OVERSIZE _____

UNDERSIZE _____

WIPER RUBBER & HOLDER ✓

12.00

SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. ✓

8.50

SLIP TYPE ELEVATORS (EXTRA DAYS) _____

TUBING STRIPPER (JUS 10 DAY MIN.) _____

TUBING STRIPPER (RUBBER USED) _____

LIGHT PLANT (RENTAL) ✓

45.00

HOT SHOT SERVICE MIN. _____

MILES _____

MISC. EQUIP. FURNISHED _____

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. _____ BACK OFF TOOL _____

2. ROD STRIPPER & RUBBER _____

3. STANDING VALVE _____ ROD JARS _____

4. ROD FISHING TOOL (RENTAL) SIZE _____

FISHING TOOL PARTS (RUINED) _____

1. UPPER BOWL 2 1/2" _____ 2 1/2" _____

2. LOWER BOWL 2 1/2" _____ 2 1/2" _____

3. UPPER SPRING 2 1/2" _____ 2 1/2" _____

4. LOWER SPRING 2 1/2" _____ 2 1/2" _____

5. SLIP UNIT _____ SIZE _____

6. SNAP RING TOOL _____ OUTER BOWL 2 1/2" _____ 2 1/2" _____

7. SNAP RING INNER BOWL _____ SIZE RING _____

8. PARTED ROD: _____ 1" _____ 3/4" _____ 3/4" _____ 3/4" _____

9. TYPE OF BREAK: BOX _____ PIN _____ BODY _____

10. MISC. ROD EQUIPMENT: _____

AB EQUIPMENT USED:

SWAB CUPS: NO. _____

Size _____

KIND _____

MISC. _____

OIL SAVER RUBBERS: _____

NO. _____

SIZE _____

MISC. _____

EPASS BUSHINGS: _____

NO. _____

SETS _____

MISC. _____

VI FOREMAN: James Miller

THORIZED: _____

CO. REPRESENTATIVE: _____

TEPTANCE: _____

E: _____

PRICE INFO: 46.00 17.00 10.00 936.70

Crew 100.00

T. Tong 56.00

Chatter 8.50

L. Plant 45.00

R. Time 47.50

W. Rutter 12.00

TOTAL COST: \$ 1,207.20

DESSA
12-9719
13-2456

SUITE 507 BOX 2821 AMERICAN BANK

ANDREW!
523-3794

WORK AUTHORIZATION

No. 3214

Truck, Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No.

Date: 8/20/45

Well Depth 6700

COMPANY: W. H. P. Co.

LEASE: C. H. P. Co.

WELL NO. 1

Lease To Location: 45 Rd 2 hrs Mi. (4 Men) Co. Order No.

Arrive Location: 7:00 A.M. P.M. Leave Location: 7:00 P.M.

How Subsistence: Men Stand-By-Time Days

DESCRIPTION OF WORK:

DERRICK HOURS:

12

Lead To Location

Run 60' bit on hole. Rigged reverse flow
with circulated hole. Drilled 120' depth
top of hole circulated hole. Change out bit
string.

JTS. PULLED: SIZE NO. JTS. RUN: SIZE

SUSP. PULLED: SIZE NO. RUN SIZE MISC.

RODS PULLED: 1" 7/8" 3/4" SUBS.

RODS RUN: 1" 7/8" 3/4" SUBS.

SV FOREMAN: James Fuller HOURS 12

TRICK MAN: James Cooper HOURS 12

CREW MEMBER: Bill Derry HOURS 12

CREW MEMBER: Jimmy Heath HOURS 12

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2" 56.00

TUBING TONGS & BACKUP - OVERSIZE UNDERSIZE

SPIDER & SLIPS - OVERSIZE UNDERSIZE

WIPER RUBBER & HOLDER 12.00

SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. 8.50

SLIP TYPE ELEVATORS (EXTRA DAYS)

TUBING STRIPPER (JUS 10 DAY MIN.)

TUBING STRIPPER (RUBBER USED)

LIGHT PLANT (RENTAL)

HOT SHOT SERVICE MIN. MILES

MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP BACK OFF TOOL

2. ROD STRIPPER & RUBBER

3. STANDING VALVE ROD JARS

4. ROD FISHING TOOL (RENTAL) SIZE

FISHING TOOL PARTS (RUINED)

1. UPPER BOWL 2 1/2" 2 1/2"

2. LOWER BOWL 2 1/2" 2 1/2"

3. LIPPED SPRING 2 1/2" 2 1/2"

4. LOWER SPRING 2 1/2" 2 1/2"

5. SLIP UNIT SIZE

6. SNAP RING TOOL OUTER BOWL 2 1/2" 2 1/2"

7. SNAP RING INNER BOWL SIZE RING

8. PARTED ROD: 1" 3/4" 3/4" 3/4"

9. TYPE OF BREAK: BOX PIN BODY

10. MISC. ROD EQUIPMENT

LAB EQUIPMENT USED:

SWAB CUPS: NO. Size KIND MISC.

OIL SAVER RUBBERS: NO. SIZE MISC.

BRASS BUSHINGS: NO. SPTS MISC.

SV FOREMAN: James Fuller

HORIZED:

CO. REPRESENTATIVE:

EPTANCE:

E:

PRICE INFO: Drift 12.55.00 = 661.20

Crew Out 100.00

T. Tonge 56.00

Elevators 8.50

R. Time 49.50

W. R. H. 12.00

TOTAL COST: \$ 887.20

0255A
32-9719
53-2456

SUITE 507 BOX 232 AMERICAN BANK

ANDREW
523-379

WORK AUTHORIZATION

No. 3217

Truck, Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No. _____

Date: 8/23/75

Well Depth 16,000

COMPANY: M. P. O'Connell

LEASE: Cotton Valley

WELL NO. 21

Traverse To Location: 15

At 2 hr. 4 Mi. (4 Men) Co. Order No. _____

Arrive Location: 7:12

A.M.

P.M.

Leave Location: _____

A.M.

8:31

P.M.

Crew Subsistence: _____

Men _____

Stand-By-Time _____

Days _____

DESCRIPTION OF WORK:

DERRICK HOURS: 13 1/2

Traverse To Location: _____

JTS. PULLED: _____

SIZE _____

NO. JTS. RUN: _____

SIZE _____

SUBS PULLED: _____

SIZE _____

NO. RUN _____

SIZE _____

MISC _____

RODS PULLED: _____

1"

3/4"

1/2"

3/8"

SUBS _____

RODS RUN: _____

1"

3/4"

1/2"

3/8"

SUBS _____

CREW FOREMAN: Donna

HOURS 13 1/2

CREW MEMBER: John

HOURS 13 1/2

DERRICK MAN: James

HOURS 13 1/2

CREW MEMBER: James

HOURS 13 1/2

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2" 56.00

TUBING TONGS & BACKUP - OVERSIZE 12.00

SPIDER & SLIPS - OVERSIZE 8.50

WIPER RUBBER & HOLDER

SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN.

SLIP TYPE ELEVATORS (EXTRA DAYS)

TUBING STRIPPER (JUS 10 DAY MIN.)

TUBING STRIPPER (RUBBER USED)

LIGHT PLANT (RENTAL)

HOT SHOT SERVICE MIN.

MILES

MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. BACK OFF TOOL

2. ROD STRIPPER & RUBBER

3. STANDING VALVE ROD JARS

4. ROD FISHING TOOL (RENTAL) SIZE

FISHING TOOL PARTS (RUINED)

1. UPPER BOWL 2 1/2" 2 1/2"

2. LOWER BOWL 2 1/2" 2 1/2"

3. UPPER SPRING 2 1/2" 2 1/2"

4. LOWER SPRING 2 1/2" 2 1/2"

5. SLIP UNIT SIZE

6. SNAP RING TOOL OUTER BOWL 2 1/2" 2

7. SNAP RING INNER BOWL SIZE RING

8. PARTED ROD 1" 3/4" 3/4" 3/4"

9. TYPE OF BREAK: BOX PIN BODY

10. MISC. ROD EQUIPMENT

LAB EQUIPMENT USED:

SWAB CUPS: NO. _____

Size _____

KIND _____

MISC. _____

OIL SAVER RUBBERS: _____

NO. _____

SIZE _____

MISC. _____

BRASS BUSHINGS: _____

NO. _____

SIZE _____

MISC. _____

CREW FOREMAN: Donna

AUTHORIZED:

LOCAL CO. REPRESENTATIVE:

ACCEPTANCE:

DATE:

PRICE INFO:

Unit 13 1/2 ESS10: 743.85
Crew 1st 100.00
T. Tong 56.00
W. Rubber 12.00
Elevators 8.50
R Time 49.50

TOTAL COST: \$

969.85

ODESSA
32-9717
33-2456

SUITE 507 BOX 2021 AMERICAN BANK

ANDREW
523-3794

WORK AUTHORIZATION

No. 1133

truck, Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No.

Date: 8-24-75

Well Depth 4500

COMPANY: M. J. Jones

LEASE: M. J. Jones

WELL NO. 1

Lease To Location: 43

Mi. (4 Men) Co. Order No.

Arrive Location: A.M.

P.M.

Leave Location:

A.M.

P.M.

Raw Subsistence:

Men 4

Stand-By-Time

Days

DESCRIPTION OF WORK:

DERRICK HOURS:

Worked To Location, put on rig in fishing tool joint, hole, liner
set down, pulled back, hole did not come
in, closed well in, shut down derrick.

JTS. PULLED:

SIZE

NO. JTS. RUN:

SIZE

SUBS. PULLED:

SIZE

NO. RUN

SIZE

MISC.

RODS PULLED:

1"

7/8"

7/8"

7/8"

SUBS.

RODS RUN:

1"

7/8"

7/8"

7/8"

SUBS.

W. FOREMAN:

J. J. Woods

HOURS

10 1/2

CREW MEMBER:

Joe Farmer

HOURS

10 1/2

DICK MAN:

Harry Allen

CREW MEMBER:

Joe Farmer

CREW MEMBER:

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2"

56.00

TUBING TONGS & BACKUP - OVERSIZE

UNDERSIZE

SPIDER & SLIPS - OVERSIZE

UNDERSIZE

WIPER RUBBER & HOLDER

12.00

SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN.

SLIP TYPE ELEVATORS (EXTRA DAYS)

8.50

TUBING STRIPPER (JUS 10 DAY MIN.)

TUBING STRIPPER (RUBBER USED)

LIGHT PLANT (RENTAL)

HOT SHOT SERVICE MIN.

MILES

MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP.

BACK OFF TOOL

2. ROD STRIPPER & RUBBER

3. STANDING VALVE

ROD JARS

4. ROD FISHING TOOL (RENTAL) SIZE

FISHING TOOL PARTS (RUINED)

1. UPPER BOWL 2 1/2"

2 1/2"

2. LOWER BOWL 2 1/2"

2 1/2"

3. UPPER SPRING 2 1/2"

2 1/2"

4. LOWER SPRING 2 1/2"

2 1/2"

5. SLIP UNIT

SIZE

6. SNAP RING TOOL

OUTER BOWL

2 1/2"

2 1/2"

7. SNAP RING INNER BOWL

SIZE RING

8. PARTED ROD

1"

7/8"

7/8"

7/8"

9. TYPE OF BREAK: BOX

PIN

BODY

10. MISC. ROD EQUIPMENT

LAB EQUIPMENT USED:

SWAB CUPS: NO.

Size

KIND

MISC.

OIL SAVER RUBBERS:

NO.

SIZE

MISC.

BRASS BUSHINGS:

NO.

SETS

MISC.

W. FOREMAN:

HORIZED:

CO. REPRESENTATIVE:

REPTANCE:

E:

PRICE INFO: Unit 106550 = 578.55

Crew Unit 100.00

T. Tonge 56.00

R. Tonge 49.50

W. Rubber 12.00

Chertons 8.50

TOTAL COST: \$ 804.55

ODESSA
332-9710
333-2456

SUITE 507 BOX 2821 AMERICAN BANK

ANDREW
523-3794

WORK AUTHORIZATION

No. 3218

Pickup, Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No.

Date: 8/25/71

Well Depth: 6700

COMPANY: M. J. Duggan LEASE: Cotton Valley WELL NO. 1

Village To Location: 15 Rt 240 Mi. (4 Men) Co. Order No.

Arrive Location: 7:00 A.M. Leave Location: 8:00 P.M.

Crew Subsistence: Men 14 Stand-By-Time Days

DESCRIPTION OF WORK:

DERRICK HOURS: 12

Load To Location,

Road 4 1/2 mi. to well. 1st 1/2 mi. is on dirt road. 3rd 1/2 mi. is on gravel road. 1st 1/2 mi. is on dirt road. 3rd 1/2 mi. is on gravel road.

NO. JTS. PULLED: SIZE NO. JTS. RUN: SIZE

NO. SUBS PULLED: SIZE NO. RUN: SIZE MISC.

NO. RODS PULLED: 1" 3/4" 3/4" SUBS.

NO. RODS RUN: 1" 3/4" 3/4" SUBS.

CREW FOREMAN: Duggan, M. J. HOURS: 12

DERRICK MAN: Ernest Blackwell HOURS: 12

CREW MEMBER: Jimmy J. Blackwell HOURS: 12

EQUIPMENT USED: (TUBING)

1. TUBING TONGS & BACKUP 2" & 2" 56.00
2. TUBING TONGS & BACKUP - OVERSIZE UNDERSIZE
3. SPIDER & SLIPS - OVERSIZE UNDERSIZE
4. WIPER RUBBER & HOLDER 12.00
5. SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. 8.50
6. SLIP TYPE ELEVATORS (EXTRA DAYS)
7. TUBING STRIPPER (JUS 10 DAY MIN.)
8. TUBING STRIPPER (RUBBER USED)
9. LIGHT PLANT (RENTAL)
10. HOT SHOT SERVICE MIN. MILES
1. MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. BACK OFF TOOL
2. ROD STRIPPER & RUBBER
3. STANDING VALVE ROD JARS
4. ROD FISHING TOOL (RENTAL) SIZE FISHING TOOL PARTS (RUINED)
1. UPPER BOWL 2" 2"
2. LOWER BOWL 2" 2"
3. UPPER SPRING 2" 2"
4. LOWER SPRING 2" 2"
5. SLIP UNIT SIZE
6. SNAP RING TOOL OUTER BOWL 2"
7. SNAP RING INNER BOWL SIZE RING
8. PARTED ROD: 1" 3/4" 3/4"
9. TYPE OF BREAK: BOX PIN BODY
10. MISC. ROD EQUIPMENT

SWAB EQUIPMENT USED:

1. SWAB CUPS: NO. Size KIND. MISC.
2. CH. SAVER RUBBERS: NO. SIZE MISC.
3. SPASS BUSHINGS: NO. SETS MISC.

CREW FOREMAN: Duggan, M. J.

AUTHORIZED:

OIL CO. REPRESENTATIVE:

ACCEPTANCE:

DATE:

PRICE INFO: Unit 13.5510 = 716.3

Crew 100.0

T. Tong 56.0

W. Rubber 12.0

Spider 8.5

Slip 49.5

TOTAL COST: \$ 942.30

DESSA
32-9719
53-2456

SUITE 507 BOX 2821 AMERICAN BANK

ANDREWS
523-3794

WORK AUTHORIZATION

No. 3219

Truck, Crew Trailer & Rig No. 15

Double Derrick ☐
Single Derrick ☐

Hwy. Permit No.

Date: 8/26/75
Well Depth

COMPANY: W.P. Haggard LEASE: Cotton Valley WELL NO. 1

Lease To Location: 45 N. 2nd St. Mi. (4 Men) Co. Order No.

Arrive Location: 7:00 A.M. Leave Location: 9:00 P.M.

How Subsistence: Men Stand-By-Time Days

DESCRIPTION OF WORK:

DERRICK HOURS:

Work To Location: Same as last time. Reamed & cemented then
same hole. Went to 1000' tested. Then
came out. Found 1 1/2" tubing and bit of gas. Then
came out.

JTS. PULLED: SIZE NO. JTS. RUN: SIZE
SUBS PULLED: SIZE NO. RUN: SIZE MISC.
RODS PULLED: 1" 1/2" 1/2" SUBS:
RODS RUN: 1" 1/2" 1/2" SUBS:

FOREMAN: Donnie Miller HOURS: 14
DICK MAN: Ernest Blackwell HOURS: 14
CREW MEMBER: Bill Haggard HOURS: 14
CREW MEMBER: Jimmy Haggard HOURS: 14
CREW MEMBER: HOURS: 14

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2" 56.00
TUBING TONGS & BACKUP - OVERSIZE UNDERSIZE
SPIDER & SLIPS - OVERSIZE UNDERSIZE
WIPER RUBBER & HOLDER 12.00
SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. 8.50
SLIP TYPE ELEVATORS (EXTRA DAYS)
TUBING STRIPPER (JUS TO DAY MIN.)
TUBING STRIPPER (RUBBER USED) 45.00
LIGHT PLANT (RENTAL)
SHOT SHOT SERVICE MIN. MILES
MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. BACK OFF TOOL
2. ROD STRIPPER & RUBBER
3. STANDING VALVE ROD JARS
4. ROD FISHING TOOL (RENTAL) SIZE
FISHING TOOL PARTS (RUINED)
1. UPPER BOWL 2 1/2" 2 1/2"
2. LOWER BOWL 2 1/2" 2 1/2"
3. UPPER SPRING 2 1/2" 2 1/2"
4. LOWER SPRING 2 1/2" 2 1/2"
5. SLIP UNIT SIZE
6. SNAP RING TOOL OUTER BOWL 2 1/2" 2 1/2"
7. SNAP RING INNER BOWL SIZE RING
8. PARTED ROD: 1" 1/2" 1/2" 1/2"
9. TYPE OF BREAK: BOX PIN BODY
10. MISC. ROD EQUIPMENT

AB EQUIPMENT USED:

WAB CUPS: NO. Size KIND MISC.
OIL SAVER RUBBERS: NO. Size MISC.
BRASS BUSHINGS: NO. SETS MISC.

FOREMAN: Donnie Miller

HORIZED:

CO. REPRESENTATIVE:

REPTANCE:

E:

PRICE INFO: Unit 14.55.10 = 271.40
Crew Hut 100.00
T. Tong 56.00
W. Rubber 12.00
Elevators 8.50
Light Plant 45.00
R Time 49.50

TOTAL COST: \$ 1,042.40

TOTAL COST: \$ 1,375.40

TOTAL COST: \$ 1,279.50

DESSA
12-9719
13-2456

SUITE 507 BOX 2821 AMERICAN BANK

ANDREW:
523-3794

WORK AUTHORIZATION

No. 3222

Shop, Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No.

Date: 2/29/77

Well Depth 1000

COMPANY: 177

LEASE: Cotton

WELL NO. 1

Range To Location: 4.2

Mi. (4 Men) Co. Order No.

Arrive Location: 7:00

A.M.

P.M.

Leave Location:

A.M.

Crew Subsistence:

Men

Stand-By-Time

Days

DESCRIPTION OF WORK:

DERRICK HOURS: 14

Job To Location:

1. JTS. PULLED:

SIZE

NO. JTS. RUN:

SIZE

2. SUBS PULLED:

SIZE

NO. RUN

SIZE

MISC

3. RODS PULLED:

1"

3/4"

3/4"

3/4"

SUBS:

4. RODS RUN:

1"

3/4"

3/4"

3/4"

SUBS:

CREW FOREMAN: 14

HOURS

CREW MEMBER: 14

HOURS

DERRICK MAN: 14

HOURS

CREW MEMBER: 14

HOURS

EQUIPMENT USED: (TUBING)

1. TUBING TONGS & BACKUP 2" & 2" 56.00

2. TUBING TONGS & BACKUP - OVERSIZE

UNDERSIZE

3. SPIDER & SLIPS - OVERSIZE

UNDERSIZE

4. WIPER RUBBER & HOLDER

5. SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN.

6. SLIP TYPE ELEVATORS (EXTRA DAYS) 8.50

7. TUBING STRIPPER (JUS 10 DAY MIN.)

8. TUBING STRIPPER (RUBBER USED)

9. LIGHT PLANT (RENTAL) 45.00

10. HOT SHOT SERVICE MIN.

MILES

11. MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP.

BACK OFF TOOL

2. ROD STRIPPER & RUBBER

3. STANDING VALVE

ROD JARS

4. ROD FISHING TOOL (RENTAL) SIZE

FISHING TOOL PARTS (RUINED)

1. UPPER BOWL 2"

2"

2. LOWER BOWL 2"

2"

3. UPPER SPRING 2"

2"

4. LOWER SPRING 2"

2"

5. SLIP UNIT

SIZE

6. SNAP RING TOOL

OUTER BOWL

2"

7. SNAP RING INNER BOWL

SIZE RING

8. PARTED ROD: 1" 3/4" 3/4"

9. TYPE OF BREAK: BOX

PIN

BODY

10. MISC. ROD EQUIPMENT

WAB EQUIPMENT USED:

1. SWAB CUPS: NO.

Size

KIND

MISC.

2. OIL SAVER RUBBERS:

NO.

SIZE

MISC.

3. BRASS BUSHINGS:

NO.

SETS

MISC.

CREW FOREMAN: 14

HOURS

AUTHORIZED:

OIL CO. REPRESENTATIVE:

ACCEPTANCE:

DATE:

PRICE INFO:

Unit 1425510 = 7714

Over 100 100.00

T. Tong 54.5

Chanters 8.5

S. Plant 45.0

R. Time 49.5

TOTAL COST: \$

1,030.40

ODESSA
332-9719
563-2456

AMERICAN WELL SERVICE, INC.

SUITE 507 BOX 2821 AMERICAN BANK

ANDRE
523-37

WORK AUTHORIZATION

Pickup, Crew Trailer & Rig No. 15

No. 322

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No. _____

Date: 8/20/75

Well Depth _____

COMPANY: 777 P. H. Co.

LEASE: Cotton Valley WELL NO. 1

Mileage To Location: 45 Mi. (4 Men) Co. Order No. _____

Arrive Location: 7:00 A.M.

P.M. Leave Location: 12:00 A.M.

Crew Subsistence: 4 Men

Stand-By-Time _____ Days

DESCRIPTION OF WORK:

Road To Location, _____

DERRICK HOURS: _____

Work done on well 15. Tubing removed to 12' below casing. Casing removed to 12' below casing. Cemented.

NO. JTS. PULLED: 138 SIZE 1 1/2

NO. SUBS PULLED: _____ SIZE _____

NO. RODS PULLED: _____ SIZE _____

NO. RODS RUN: _____ SIZE _____

NO. JTS. RUN: 138 SIZE 1 1/2

NO. RUN _____ SIZE _____

NO. SUBS _____ SIZE _____

NO. SUBS _____ SIZE _____

CREW FOREMAN: John Smith

DERRICK MAN: John Smith

HOURS 18

CREW MEMBER: John Smith HOURS 18

CREW MEMBER: John Smith HOURS 18

CREW MEMBER: John Smith HOURS 18

EQUIPMENT USED: (TUBING)

1. TUBING TONGS & BACKUP 2" & 2" _____

2. TUBING TONGS & BACKUP - OVERSIZE _____

3. SPIDER & SLIPS - OVERSIZE _____

4. WIPER RUBBER & HOLDER _____

5. SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. _____

6. SLIP TYPE ELEVATORS (EXTRA DAYS) _____

7. TUBING STRIPPER (JUS 10 DAY MIN.) _____

8. TUBING STRIPPER (RUBBER USED) _____

9. LIGHT PLANT (RENTAL) ✓

10. HOT SHOT SERVICE MIN. _____

11. MISC. EQUIP. FURNISHED _____

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. _____ BACK OFF TOOL _____

2. ROD STRIPPER & RUBBER _____

3. STANDING VALVE _____ ROD JARS _____

4. ROD FISHING TOOL (RENTAL) SIZE _____

FISHING TOOL PARTS (RUINED) _____

1. UPPER BOWL 2" _____ 2" _____

2. LOWER BOWL 2" _____ 2" _____

3. UPPER SPRING 2" _____ 2" _____

4. LOWER SPRING 2" _____ 2" _____

5. SLIP UNIT _____ SIZE _____

6. SNAP RING TOOL _____ OUTER BOWL _____ 2" _____

7. SNAP RING INNER BOWL _____ SIZE RING _____

8. PARTED ROD: _____ 1" _____ 3/4" _____ 3/8" _____

9. TYPE OF BREAK: BOX _____ PIN _____ BODY _____

10. MISC. ROD EQUIPMENT: _____

WAB EQUIPMENT USED:

1. SWAB CUPS, NO. _____ Size _____

2. OIL SAVER RUBBERS _____ NO. _____

3. BRASS BUSHINGS _____ NO. _____

KIND _____

SIZE _____

SETS _____

CREW FOREMAN: _____

AUTHORIZED: _____

AL CO. REPRESENTATIVE: _____

ACCEPTANCE: _____

DATE: _____

PRICE INFO: Weld. 99.00

Crew 100.00

T. Tong 91.00

Spider & Slips 65.00

Elevators 75.00

Light Plant 45.00

W. Rubber 12.00

TOTAL COST: \$ 1,429.30

ESSA
9719
2456

SUITE 507 BOX 2821 AMERICAN BANK

ANDREWS
523-3794

WORK AUTHORIZATION

No. 3224

Up, Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No. _____

Date: 8/13/75

Well Depth 6750

PANY: W.P. Pappas LEASE: Cotton Valley WELL NO. 1

age To Location: 4.5 1/2 Mi. (4 Men) Co. Order No. _____

Location: 12:00 A.M. _____ P.M. Leave Location: _____ A.M. 8:00 P.M.

Subsistence: _____ Men _____ Stand-By-Time _____ Days _____

DESCRIPTION OF WORK:

DERRICK HOURS: 20

To Location, _____

Went back in hole with 1 1/2" blowdown drill pipe
500 ft. down. No oil or gas returned. Set back
at 300 ft. down. 500 ft. down. 100 ft. down. 100 ft. down.
100 ft. down. 100 ft. down. 100 ft. down. 100 ft. down.
100 ft. down. 100 ft. down. 100 ft. down. 100 ft. down.

JTS. PULLED: 138 SIZE _____ NO. JTS. RUN: 138 SIZE _____

JBS PULLED: _____ SIZE _____ NO. RUN _____ SIZE _____ MISC. _____

RODS PULLED: 1" _____ 3/4" _____ 1/2" _____ SUBS. _____

RODS RUN: 1" _____ 3/4" _____ 1/2" _____ SUBS. _____

FOREMAN: James Miller HOURS 20 CREW MEMBER: Bill Terry HOURS 20

WORKMAN: Jimmy Houghton HOURS 20 CREW MEMBER: John Terry HOURS 20

CREW MEMBER: _____ HOURS _____

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2" & 2" 91.00

TUBING TONGS & BACKUP - OVERSIZE _____ UNDERSIZE _____

GRIPPER & SLIPS - OVERSIZE _____ UNDERSIZE _____

GRIPPER RUBBER & HOLDER 12.00

GRIP TYPE ELEVATORS (15 DAY RENTAL) MIN. 8.50

GRIP TYPE ELEVATORS (EXTRA DAYS) _____

TUBING STRIPPER (100 TO 100 DAY MIN.) _____

TUBING STRIPPER (RUBBER USED) _____

SHOT PLANT (RENTAL) 45.00

SHOT SERVICE MIN. _____ MILES _____

MISC. EQUIP. FURNISHED _____

EQUIPMENT USED:

AB CUPS NO. _____ SIZE _____

SAVER RUBBERS: _____ NO. _____

SS BUSHINGS: _____ NO. _____

FOREMAN: James Miller

ORIZED: _____

O. REPRESENTATIVE: _____

PTANCE: _____

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. _____ BACK OFF TOOL _____

2. ROD STRIPPER & RUBBER _____

3. STANDING VALVE _____ ROD JARS _____

4. ROD FISHING TOOL (RENTAL) SIZE _____

FISHING TOOL PARTS (RUINED) _____

1. UPPER BOWL 2" _____ 2" _____

2. LOWER BOWL 2" _____ 2" _____

3. UPPER SPRING 2" _____ 2" _____

4. LOWER SPRING 2" _____ 2" _____

5. SLIP UNIT _____ SIZE _____

6. SNAP RING TOOL _____ OUTER BOWL _____ 2" _____ 2" _____

7. SNAP RING INNER BOWL _____ SIZE RING _____

8. PARTED ROD: _____ 1" _____ 3/4" _____ 1/2" _____ 1/4" _____

9. TYPE OF BREAK: BOX _____ PIN _____ BODY _____

10. MISC. ROD EQUIPMENT: _____

PRICE INFO: Unit 20.55.10 = 1,102.00

Crew Fee 100.00

Tong & 91.00

W Rubber 12.00

Elevators 8.50

Shot Plant 45.00

Time 49.50

TOTAL COST: \$ 1,408.00

33A
9719
2455

AMERICAN WELL SERVICE, INC.



ANDREWS
523-3794

SUITE 507 BOX 2821 AMERICAN BANK

WORK AUTHORIZATION

No. 3679

p. Crew Trailer & Rig No. 23

Double Derrick ☐

Single Derrick ☐

Hwy. Permit No. _____

Date: 8-31-75

Well Depth _____

PANY: M P Grace

LEASE: Cotton Baby WELL NO. 1

ge To Location: _____

Mi. (4 Men) Co. Order No. _____

Location: _____ A.M. _____

P.M. _____

Leave Location: _____

A.M. _____

P.M. _____

Subsistence: _____ Men _____

Stand-By-Time _____

Days _____

DESCRIPTION OF WORK:

DERRICK HOURS: 8

To Location, Crew to location. Completed carrying out
the hole with tubing stand by to the
rig up to sub B.

Travel to location 3 Hrs

ITS. PULLED: _____

SIZE _____

NO. ITS. RUN: _____

SIZE _____

SUBS PULLED: _____

SIZE _____

NO. RUN _____

SIZE _____

MISC. _____

ODS PULLED: _____

1" _____

3/4" _____

1/2" _____

3/4" _____

SUBS: _____

RODS RUN: _____

1" _____

3/4" _____

1/2" _____

3/4" _____

SUBS: _____

FOREMAN: A. B. Middleton

HOURS 4

CREW MEMBER: Steve Botts

HOURS 4

WORKMAN: James Ziegler

HOURS 4

CREW MEMBER: _____

CREW MEMBER: _____

EQUIPMENT USED: (TUBING)

11 Hrs

JOBING TONGS & BACKUP 2 1/2" & 2 1/4" _____

JOBING TONGS & BACKUP - OVERSIZE _____

UNDERSIZE _____

WIDER & SLIPS - OVERSIZE _____

UNDERSIZE _____

WIPER RUBBER & HOLDER _____

LIP TYPE ELEVATORS (5 DAY RENTAL) MIN. _____

LIP TYPE ELEVATORS (EXTRA DAYS) _____

JOBING STRIPPER (JUS 10 DAY MIN.) _____

JOBING STRIPPER (RUBBER USED) _____

SHOT PLANT (RENTAL) _____

SHOT SERVICE MIN.: _____

MILES _____

MISC. EQUIP. FURNISHED _____

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. _____ BACK OFF TOOL _____

2. ROD STRIPPER & RUBBER _____

3. STANDING VALVE _____ ROD JARS _____

4. ROD FISHING TOOL (RENTAL) SIZE _____

FISHING TOOL PARTS (RUINED) _____

1. UPPER BOWL 2 1/2" _____ 2 1/4" _____

2. LOWER BOWL 2 1/2" _____ 2 1/4" _____

3. UPPER SPRING 2 1/2" _____ 2 1/4" _____

4. LOWER SPRING 2 1/2" _____ 2 1/4" _____

5. SLIP UNIT _____ SIZE _____

6. SNAP RING TOOL _____ OUTER BOWL 2 1/2" _____ 2 1/4" _____

7. SNAP RING INNER BOWL _____ SIZE RING _____

8. PARTED ROD: _____ 1" _____ 3/4" _____ 1/2" _____

9. TYPE OF BREAK: BOX _____ PIN _____ BODY _____

10. MISC. ROD EQUIPMENT: _____

EQUIPMENT USED:

WAB CUPS: NO. _____ Size _____

KIND _____

MISC.: _____

WAB RUBBERS: _____ NO. _____

SIZE _____

MISC.: _____

WAB BUSHINGS: _____ NO. _____

SETS _____

MISC.: _____

FOREMAN: _____

HORIZED: _____

CO. REPRESENTATIVE: _____

EPTANCE: James Ziegler

E: _____

PRICE INFO: Unit 8-47.85-382.80

TOTAL COST: \$ 382.80

523A
1-9719
1-2456



ANDREW3
523-3794

SUITE 507 BOX 2821 AMERICAN BANK

WORK AUTHORIZATION

No. 3680

up, Crew Trailer & Rig No. 23

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No. _____

Well Depth _____

Date: 9-1-75

COMPANY: M.P. B. & C.

LEASE: Cotton Baby WELL NO. 1

Age To Location: 45 Rt. 2

Mi. (4 Men) Co. Order No. _____

ve Location: _____ A.M.

P.M.

Leave Location: _____

A.M.

P.M.

Subsistence: _____ Men

Stand-By-Time _____

Days _____

DESCRIPTION OF WORK:

DERRICK HOURS: 5

To Location, Swat well. Shut well in

JTS. PULLED: _____ SIZE _____ NO. JTS. RUN: _____ SIZE _____
SUBS PULLED: _____ SIZE _____ NO. RUN _____ SIZE _____ MISC _____
RODS PULLED: 1" 3/4" 1/2" 3/8" SUBS: _____
RODS RUN: 1" 3/4" 1/2" 3/8" SUBS: _____

FOREMAN: M.A. Middleton HOURS 5

CREW MEMBER: Steve Botts HOURS 5

CK MAN: James Hunter 1/5

CREW MEMBER: _____

CREW MEMBER: _____

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2" _____
TUBING TONGS & BACKUP - OVERSIZE _____ UNDERSIZE _____
SIDER & SLIPS - OVERSIZE _____ UNDERSIZE _____
TAPER RUBBER & HOLDER _____
IP TYPE ELEVATORS (5 DAY RENTAL) MIN. _____
IP TYPE ELEVATORS (EXTRA DAYS) _____
TUBING STRIPPER (JUS 10 DAY MIN.) _____
TUBING STRIPPER (RUBBER USED) _____
SHOT PLANT (RENTAL) Used 45.00
OT SHOT SERVICE MIN. _____ MILES _____
ISC. EQUIP. FURNISHED _____

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. _____ BACK OFF TOOL _____
2. ROD STRIPPER & RUBBER _____
3. STANDING VALVE _____ ROD JARS _____
4. ROD FISHING TOOL (RENTAL) SIZE _____
FISHING TOOL PARTS (RUINED) _____
1. UPPER BOWL 2 1/2" _____ 2 1/2" _____
2. LOWER BOWL 2 1/2" _____ 2 1/2" _____
3. UPPER SPRING 2 1/2" _____ 2 1/2" _____
4. LOWER SPRING 2 1/2" _____ 2 1/2" _____
5. SLIP UNIT _____ SIZE _____
6. SNAP RING TOOL _____ OUTER BOWL 2 1/2" _____ 2 1/2" _____
7. SNAP RING INNER BOWL _____ SIZE RING _____
8. PARTED ROD: _____ 1" _____ 3/4" _____ 1/2" _____ 3/8" _____
9. TYPE OF BREAK: BOX _____ PIN _____ BODY _____
10. MISC. ROD EQUIPMENT: _____

3 EQUIPMENT USED:

AB CUPS: NO. 3 Size 2 1/2" KIND _____ MISC. 308.90-26.70
L SAVER RUBBERS: _____ NO. 2 SIZE 9/16 MISC. 204.50-9.00
ASS BUSHINGS: _____ NO. _____ SETS _____ MISC. _____

1 FOREMAN: M.A. Middleton

TORIZED: _____

CO. REPRESENTATIVE: _____

PTANCE: _____

PRICE INFO: Unit 504285-2325
Plant 8.00
Swat Cups 26.70
Oil Level Buttons 9.00
h. Time 49.50

TOTAL COST: \$ 369.45

ESSA
2719
2456

SUITE 507 BOX 2821 AMERICAN BANK

ANDREWS
523-3794

WORK AUTHORIZATION

No. 3570

p. Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No.

Date: 9/1/65

Well Depth 10750

PANY: 277 R. 2 LEASE: Cullman WELL NO. 1

ge To Location: 10 1/2 Mi. (4 Men) Co. Order No.

a Location: 3 A.M. 10:00 P.M. Leave Location: 11:30 P.M.

Subsistence: Men Stand-By-Time Days

DESCRIPTION OF WORK:

DERRICK HOURS: 1 1/2

To Location,

Work done on the 1st tubing and the other
in the well. The 1st tubing was
run in and the 2nd tubing was
run in. The 1st tubing was
run in and the 2nd tubing was
run in.

TS. PULLED: SIZE NO. JTS. RUN: SIZE

UBS. PULLED: SIZE NO. RUN SIZE MISC

ODS PULLED: 1" 3/4" 3/4" SUBS:

ODS RUN: 1" 3/4" 3/4" SUBS:

FOREMAN: Thomas J. Hester HOURS 1 1/2 CREW MEMBER: D. Hester HOURS

MAN: Jimmy Hester HOURS 1 1/2 CREW MEMBER: D. Hester HOURS

CREW MEMBER: D. Hester HOURS

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2" & 2" 91.00

TUBING TONGS & BACKUP - OVERSIZE UNDERSIZE

STRIPPER & SLIPS - OVERSIZE UNDERSIZE

STRIPPER RUBBER & HOLDER 12.00

STRIPPER TYPE ELEVATORS (5 DAY RENTAL) MIN.

STRIPPER TYPE ELEVATORS (EXTRA DAYS) 1 1/2 8.50

STRIPPER STRIPPER (JUS 10 DAY MIN.)

STRIPPER STRIPPER (RUBBER USED)

SHOT PLANT (RENTAL)

SHOT SERVICE MIN. MILES

MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. BACK OFF TOOL

2. ROD STRIPPER & RUBBER

3. STANDING VALVE ROD JARS

4. ROD FISHING TOOL (RENTAL) SIZE

FISHING TOOL PARTS (RUINED)

1. UPPER BOWL 2" 2"

2. LOWER BOWL 2" 2"

3. UPPER SPRING 2" 2"

4. LOWER SPRING 2" 2"

5. SLIP UNIT SIZE

6. SNAP RING TOOL OUTER BOWL 2" 2"

7. SNAP RING INNER BOWL SIZE RING

8. PARTED ROD: 1" 3/4" 3/4" 3/4"

9. TYPE OF BREAK: BOX PIN BODY

10. MISC. ROD EQUIPMENT:

B EQUIPMENT USED:

VAR CUPS: NO. Size KIND. MISC.

IL SAVER RUBBERS: NO. SIZE MISC.

ASS BUSHINGS: NO. SETS MISC.

FOREMAN:

ORIZED:

CO. REPRESENTATIVE:

PTANCE:

PRICE INFO: 11 1/2 55.10 = 633.65

101.00

91.00

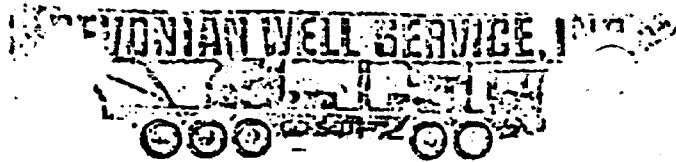
12.00

8.50

49.50

TOTAL COST: \$ 894.65

ESSA
-9719
-2456



ANDREWS
523-3794

SUITE 507 BOX 2821 AMERICAN BANK

WORK AUTHORIZATION

No. 3577

Trp. Crew Trailer & Rig No. 15

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No.

Date: 10/10/72

Well Depth 10' 0"

COMPANY: 7th Avenue LEASE: Cotton Valley WELL NO. 1

Age To Location: 45 Rt 2 Ls Mi. (4 Men) Co. Order No.

ive Location: A.M. 12:00 P.M. Leave Location: A.M. 10:00 P.M.

w Subsistence: 4 Men Stand-By-Time Days

DESCRIPTION OF WORK:

DERRICK HOURS:

ad To Location,

JTS. PULLED: SIZE NO. JTS. RUN: SIZE

SU3S PULLED: SIZE NO. RUN SIZE MISC.

RODS PULLED: 1" 7/8" 7/8" 7/8" SUBS:

PODS RUN: 1" 7/8" 7/8" 7/8" SUBS:

Y FOREMAN: HOURS 10 1/2 CREW MEMBER: HOURS 10 1/2

RICK MAN: HOURS 10 1/2 CREW MEMBER: HOURS 10 1/2

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2"
TUBING TONGS & BACKUP - OVERSIZE UNDERSIZE
SPIDER & SLIPS - OVERSIZE UNDERSIZE
WIPER RUBBER & HOLDER
SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN.
SLIP TYPE ELEVATORS (EXTRA DAYS)
TUBING STRIPPER (JUS 10 DAY MIN.)
TUBING STRIPPER (RUBBER USED)
LIGHT PLANT (RENTAL)
HOT SHOT SERVICE MIN. MILES
MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. BACK OFF TOOL
2. ROD STRIPPER & RUBBER
3. STANDING VALVE ROD JARS
4. ROD FISHING TOOL (RENTAL) SIZE
FISHING TOOL PARTS (RUINED)
1. UPPER BOWL 2 1/2" 2 1/2"
2. LOWER BOWL 2 1/2" 2 1/2"
3. UPPER SPRING 2 1/2" 2 1/2"
4. LOWER SPRING 2 1/2" 2 1/2"
5. SLIP UNIT SIZE
6. SNAP RING TOOL OUTER BOWL 2 1/2" 2 1/2"
7. SNAP RING INNER BOWL SIZE RING
8. PARTED ROD: 1" 7/8" 7/8" 7/8"
9. TYPE OF BREAK: BOX PIN BODY
10. MISC. ROD EQUIPMENT:

AB EQUIPMENT USED:

SNAB CUPS: NO. Size 4 KIND 4 MISC. 4 x 10.60 = 42.40
OIL SAVER RUBBERS: NO. 2 SIZE 7/16 MISC. 2 x 4.50 = 9.00
SPASS BUSHINGS: used NO. 2 SETS MISC. 2 x 13.80 = 27.60

EW FOREMAN: HOURS 10 1/2

THORIZED:

CO. REPRESENTATIVE:

CEPTANCE:

TE:

PRICE INFO: Unit 10 1/2 = 47.85 = 502.42
Crew 100.00
Swat Cops 42.40
Oil Saver Rubbers 9.00
Spass Bush. 27.60
R. Time 79.50

TOTAL COST: \$ 730.92

TOTAL COST: \$ 449.82

3555A
2-9719
3-2456

UNIONIAN WELL SERVICE, INC.

ANDREWS
523-3794

SUITE 507 BOX 2321 AMERICAN BANK

WORK AUTHORIZATION

No. 3530

cup, Crew Trailer & Rig No. _____

Double Derrick ☒

Single Derrick ☐

Date: 1/11/60

Hwy. Permit No. _____ Well Depth 600

MPANY: Unionian Well Service, Inc. LEASE: 10-10-10-10 WELL NO. 1

age To Location: 1/2 Mi. (4 Men) Co. Order No. _____

ve Location: 1/2 A.M. _____ P.M. Leave Location: _____ A.M. 7:00 P.M.

w Subsistence: _____ Men _____ Stand-By-Time _____ Days _____

SCRIPTION OF WORK: _____ DERRICK HOURS: 11

ad To Location, _____

Worked well in the morning and afternoon. The well was shut in at 1:00 P.M. and the rig was moved to the next well.

JTS. PULLED: _____ SIZE _____ NO. JTS. RUN: _____ SIZE _____

SUBS PULLED: _____ SIZE _____ NO. RUN _____ SIZE _____ MISC _____

RODS PULLED: 1" 7/8" 3/4" 5/8" SUBS: _____

RODS RUN: 1" 7/8" 3/4" 5/8" SUBS: _____

V FOREMAN: James T. Miller HOURS 11 CREW MEMBER: Fuller HOURS 11

ICK MAN: James T. Miller HOURS 11 CREW MEMBER: R. J. Miller HOURS 11

CREW MEMBER: _____ HOURS _____

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2% & 2% _____

TUBING TONGS & BACKUP - OVERSIZE _____ UNDERSIZE _____

SPIDER & SLIPS - OVERSIZE _____ UNDERSIZE _____

WIPER RUBBER & HOLDER _____

SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. _____

SLIP TYPE ELEVATORS (EXTRA DAYS) _____

TUBING STRIPPER (JUS 10 DAY MIN.) _____

TUBING STRIPPER (RUBBER USED) _____

LIGHT PLANT (RENTAL) _____

HOT SHOT SERVICE MIN. _____ MILES _____

MISC. EQUIP. FURNISHED _____

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. _____ BACK OFF TOOL _____

2. ROD STRIPPER & RUBBER _____

3. STANDING VALVE _____ ROD JARS _____

4. ROD FISHING TOOL (RENTAL) SIZE _____

FISHING TOOL PARTS (RUINED) _____

1. UPPER BOWL 2% _____ 2% _____

2. LOWER BOWL 2% _____ 2% _____

3. UPPER SPRING 2% _____ 2% _____

4. LOWER SPRING 2% _____ 2% _____

5. SLIP UNIT _____ SIZE _____

6. SNAP RING TOOL _____ OUTER BOWL 2% _____ 2% _____

7. SNAP RING INNER BOWL _____ SIZE RING _____

8. PARTED ROD: _____ 1" _____ 3/4" _____ 5/8" _____

9. TYPE OF BREAK: BOX _____ PIN _____ BODY _____

10. MISC. ROD EQUIPMENT: _____

AB EQUIPMENT USED:

SV:AB CUPS: NO. 10 Size 2 1/2" KIND 101 MISC. 6 x 10.60 = 63.60

OIL SAYER RUBBERS: _____ NO. 4 SIZE 4 1/2" MISC. 4 x 4.50 = 18.00

BRASS BUSHINGS: _____ NO. _____ SETS _____ MISC. _____

W FOREMAN: James T. Miller

THORIZED: _____

CO. REPRESENTATIVE: _____

CEPTANCE: _____

TE: _____

PRICE INFO: Unit 11.00 = 11.00

Unit Cups 63.60

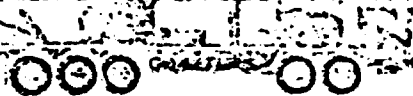
Oil Sayer Rubber 18.00

R Time 12.00

TOTAL COST: \$ 813.70

DESSA
12-7719
13-2456

DEVONIAN WELL SERVICE, INC.



ANDREWS
523-3794

SUITE 507 BOX 2821 AMERICAN BANK

WORK AUTHORIZATION

No. 3580

Truck, Crew Trailer & Rig No. _____

Double Derrick ☒

Single Derrick ☐

Date: _____

Hwy. Permit No. _____

Well Depth _____

COMPANY: _____

LEASE: _____

WELL NO. _____

Distance To Location: _____

Mi. (4 Men) Co. Order No. _____

Arrive Location: _____

A.M.

P.M.

Leave Location: _____

A.M.

P.M.

How Subsistence: _____

Men _____

Stand-By-Time _____

Days _____

DESCRIPTION OF WORK: _____

DERRICK HOURS: _____

Distance To Location, _____

JTS. PULLED: _____

SIZE _____

NO. JTS. RUN: _____

SIZE _____

SUBS PULLED: _____

SIZE _____

NO. RUN _____

SIZE _____

MISC _____

RODS PULLED: _____

1"

3/4"

1/2"

3/4"

SUBS: _____

RODS RUN: _____

1"

3/4"

1/2"

3/4"

SUBS: _____

W FOREMAN: _____

HOURS _____

CREW MEMBER: _____

HOURS _____

PICK MAN: _____

CREW MEMBER: _____

CREW MEMBER: _____

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2" & 2" _____

TUBING TONGS & BACKUP - OVERSIZE _____

UNDERSIZE _____

SPIDER & SLIPS - OVERSIZE _____

UNDERSIZE _____

WIPER RUBBER & HOLDER _____

SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. _____

SLIP TYPE ELEVATORS (EXTRA DAYS) _____

TUBING STRIPPER (JUS 10 DAY MIN.) _____

TUBING STRIPPER (RUBBER USED) _____

LIGHT PLANT (RENTAL) _____

HOT SHOT SERVICE MIN. _____

MILES _____

MISC. EQUIP. FURNISHED _____

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP _____

BACK OFF TOOL _____

2. ROD STRIPPER & RUBBER _____

3. STANDING VALVE _____

ROD JARS _____

4. ROD FISHING TOOL (RENTAL) SIZE _____

FISHING TOOL PARTS (RUINED) _____

1. UPPER BOWL 2" _____

2" _____

2. LOWER BOWL 2" _____

2" _____

3. UPPER SPRING 2" _____

2" _____

4. LOWER SPRING 2" _____

2" _____

5. SLIP UNIT _____

SIZE _____

6. SNAP RING TOOL _____

OUTER BOWL _____

2" _____

2" _____

7. SNAP RING INNER BOWL _____

SIZE RING _____

8. PARTED ROD: _____

1"

3/4"

1/2"

3/4"

9. TYPE OF BREAK: BOX _____

PIN _____

BODY _____

10. MISC. ROD EQUIPMENT: _____

LAB EQUIPMENT USED: _____

WAS CUPS: NO _____

Size _____

KIND _____

MISC: _____

OIL SAYER RUBBERS: _____

NO _____

SIZE _____

MISC: _____

WAS BUSHINGS: _____

NO _____

SETS _____

MISC: _____

W FOREMAN: _____

HORIZED: _____

CO. REPRESENTATIVE: _____

REPTANCE: _____

E: _____

PRICE INFO: Unit 8 @ \$55.10 = 440.80

TOTAL COST: \$ 440.80

ODESSA
332-9719
563-2456



ANDREWS
523-3794

SUITE 507 BOX 2821 AMERICAN BANK

WORK AUTHORIZATION

No. 3582

Pickup, Crew Trailer & Rig No. _____

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No. _____

Date: 11/2/75

Well Depth 6700

COMPANY: Devonian Well Service, Inc.

LEASE: National WELL NO. 1

Mileage To Location: _____ Mi. (4 Men) Co. Order No. _____

Arrive Location: _____ A.M. 12:00 P.M. Leave Location: _____ A.M. 6:00 P.M.

Crew Subsistence: _____ Men Stand-By-Time _____ Days

DESCRIPTION OF WORK:

DERRICK HOURS: 10

Road To Location, _____

JTS. PULLED: _____ SIZE _____ NO. JTS. RUN: _____ SIZE _____
SUBS PULLED: _____ SIZE _____ NO. RUN _____ SIZE _____ MISC _____
RODS PULLED: _____ 1" _____ 3/4" _____ 1/2" _____ 1/4" SUBS: _____
RODS RUN: _____ 1" _____ 3/4" _____ 1/2" _____ 1/4" SUBS: _____

W FOREMAN: W. R. ... HOURS 10

CREW MEMBER: ... HOURS 10

RICK MAN: ... HOURS 10

CREW MEMBER: ... HOURS 10

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2" _____
TUBING TONGS & BACKUP - OVERSIZE _____ UNDERSIZE _____
SPIDER & SLIPS - OVERSIZE _____ UNDERSIZE _____
WIPER RUBBER & HOLDER _____
SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. _____
SLIP TYPE ELEVATORS (EXTRA DAYS) _____
TUBING STRIPPER (JUS TO DAY MIN.) _____
TUBING STRIPPER (RUBBER USED) _____
LIGHT PLANT (RENTAL) _____
HOT SHOT SERVICE MIN. _____ MILES _____
MISC. EQUIP. FURNISHED _____

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. _____ BACK OFF TOOL _____
2. ROD STRIPPER & RUBBER _____
3. STANDING VALVE _____ ROD JARS _____
4. ROD FISHING TOOL (RENTAL) SIZE _____
FISHING TOOL PARTS (RUINED) _____
1. UPPER BOWL 2 1/2" _____ 2 1/2" _____
2. LOWER BOWL 2 1/2" _____ 2 1/2" _____
3. UPPER SPRING 2 1/2" _____ 2 1/2" _____
4. LOWER SPRING 2 1/2" _____ 2 1/2" _____
5. SLIP UNIT _____ SIZE _____
6. SNAP RING TOOL _____ OUTER BOWL _____ 2 1/2" _____ 2 1/2" _____
7. SNAP RING INNER BOWL _____ SIZE RING _____
8. PARTED ROD: _____ 1" _____ 3/4" _____ 1/2" _____ 1/4" _____
9. TYPE OF BREAK: BOX _____ PIN _____ BODY _____
10. MISC. ROD EQUIPMENT: _____

LAB EQUIPMENT USED:

SWAB CUPS: NO. _____ Size _____ KIND _____ MISC. _____
OIL SAVER RUBBERS: _____ NO. _____ SIZE _____ MISC. _____
BRASS BUSHINGS: _____ NO. _____ SETS _____ MISC. _____

W FOREMAN: W. R. ...

HORIZED: _____

CO. REPRESENTATIVE: _____

EFTANCE: ...

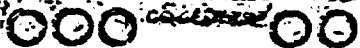
E: _____

PRICE INFO: Unit 62510-33060
R Times 126.00

TOTAL COST: \$ 456.60

ESSA
9719
2456

DEVONIAN WELL SERVICE, INC.



SUITE 507 BOX 2821 AMERICAN BANK

ANDREWS
523-3794

WORK AUTHORIZATION

No. 3583

up, Crew Trailer & Rig No. _____

Double Derrick ☒

Single Derrick ☐

Hwy. Permit No. _____

Date: 4/11/71

Well Depth 2100

COMPANY: Devonian Well Service, Inc. LEASE: Devonian WELL NO. 1

Age To Location: _____ Mi. (4 Men) Co. Order No. _____

ve Location: Devonian A.M. _____ P.M. Leave Location: _____ A.M. 7:00 P.M.

v Subsistence: _____ Men _____ Stand-By-Time _____ Days _____

DESCRIPTION OF WORK: _____ DERRICK HOURS: 10

d To Location, _____

JTS. PULLED: _____ SIZE _____ NO. JTS. RUN: _____ SIZE _____

SUBS PULLED: _____ SIZE _____ NO. RUN _____ SIZE _____ MISC. _____

RODS PULLED: 1" 3/4" 1/2" 3/8" SUBS: _____

RODS RUN: 1" 3/4" 1/2" 3/8" SUBS: _____

W FOREMAN: W. H. Miller HOURS 6 CREW MEMBER: John J. Miller HOURS 10

W MAN: John J. Miller HOURS 10 CREW MEMBER: John J. Miller HOURS 10

CREW MEMBER: John J. Miller HOURS 10

EQUIPMENT USED: (TUBING) EQUIPMENT USED: (RODS)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2" _____ BACK OFF TOOL _____

TUBING TONGS & BACKUP - OVERSIZE _____ UNDERSIZE _____

SPIDER & SLIPS - OVERSIZE _____ UNDERSIZE _____

WIPER RUBBER & HOLDER _____

SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN. _____

SLIP TYPE ELEVATORS (EXTRA DAYS) _____

TUBING STRIPPER (JUS 10 DAY MIN.) _____

TUBING STRIPPER (RUBBER USED) _____

LIGHT PLANT (RENTAL) _____

HOT SHOT SERVICE MIN. _____ MILES _____

MISC. EQUIP. FURNISHED _____

LAB EQUIPMENT USED: _____

SWAB CUPS: NO. _____ Size _____ KIND _____ MISC. _____

OIL SAVER RUBBERS: _____ NO. _____ SIZE _____ MISC. _____

BRASS BUSHINGS: _____ NO. _____ SETS _____ MISC. _____

W FOREMAN: W. H. Miller PRICE INFO: Unit 6 = 55.10 = 330.60

THORIZED: _____ Time 10.00

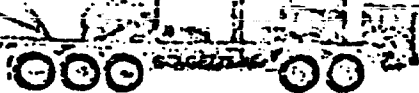
CO. REPRESENTATIVE: _____

CEPTANCE: John J. Miller

TE: _____ TOTAL COST: \$ 456.60

DESSA
2-9719
3-2456

DEVONIAN WELL SERVICE, INC.



SUITE 507 BOX 2821 AMERICAN BANK

ANDREWS
523-3794

WORK AUTHORIZATION

No. 3584

Cup, Crew Trailer & Rig No. 15

Double Derrick ☒
Single Derrick ☐

Hwy. Permit No. TEX

Date: 9/8/75
Well Depth 1075

COMPANY: W. J. H. Co. LEASE: Continuity WELL NO. 1
Age To Location: 145 Mi. (4 Men) Co. Order No.
ve Location: 2.00 A.M. P.M. Leave Location: 5.00 P.M.
w Subsistence: 4 Men Stand-By-time Days

DESCRIPTION OF WORK:

DERRICK HOURS: 9

ed To Location, Reed Station North Dakota

JTS PULLED: SIZE NO. JTS. RUN: SIZE
SUBS PULLED: SIZE NO. RUN SIZE MISC.
RODS PULLED: 1" 3/4" 1/2" 3/8" SUBS:
RODS RUN: 1" 3/4" 1/2" 3/8" SUBS:

FOREMAN: Wayne J. H. Co. HOURS 9 CREW MEMBER: HOURS 9
CHECK MAN: Henry P. H. Co. HOURS 9 CREW MEMBER: HOURS 9
CREW MEMBER: HOURS 9

EQUIPMENT USED: (TUBING)

TUBING TONGS & BACKUP 2 1/2" & 2 1/2"
TUBING TONGS & BACKUP - OVERSIZE UNDERSIZE
SPIDER & SLIPS - OVERSIZE UNDERSIZE
VIPER RUBBER & HOLDER
SLIP TYPE ELEVATORS (5 DAY RENTAL) MIN.
SLIP TYPE ELEVATORS (EXTRA DAYS)
TUBING STRIPPER (JUS 10 DAY MIN.)
TUBING STRIPPER (RUBBER USED)
LIGHT PLANT (RENTAL)
NOT SHOT SERVICE MIN.: MILES
MISC. EQUIP. FURNISHED

EQUIPMENT USED: (RODS)

1. ROD TONGS COMP. BACK OFF TOOL
2. ROD STRIPPER & RUBBER
3. STANDING VALVE ROD JARS
4. ROD FISHING TOOL (RENTAL) SIZE
FISHING TOOL PARTS (RUINED)
1. UPPER BOWL 2 1/2" 2 1/2"
2. LOWER BOWL 2 1/2" 2 1/2"
3. UPPER SPRING 2 1/2" 2 1/2"
4. LOWER SPRING 2 1/2" 2 1/2"
5. SLIP UNIT SIZE
6. SNAP RING TOOL OUTER BOWL 2 1/2" 2 1/2"
7. SNAP RING INNER BOWL SIZE RING
8. PARTED ROD: 1" 3/4" 1/2" 3/8"
9. TYPE OF BREAK: BOX PIN BODY
10. MISC. ROD EQUIPMENT

AS EQUIPMENT USED:

WAB CUPS: NO. Size KIND MISC.
ML SAVER RUBBERS: NO. SIZE MISC.
BRASS BUSHINGS: NO. SETS MISC.

W FOREMAN:

HORIZED:

CO. REPRESENTATIVE:

EPTANCE:

PRICE INFO: Unit 9 x 5.10 = 45.90
Ry Tongs 126.00
Permits 10.00

TOTAL COST: \$ 631.90

FTD 25577 12

D
IN THE DISTRICT COURT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FILED APR 29 1976 IN THE
9:12 AM OFFICE
FRANCIS M. WILCOX
Clerk of the District Court

E. S. GREAR,

Plaintiff,

v.

No. 31515

MICHAEL P. GRACE, II, and CORINNE
GRACE,

Defendants.

C O M P L A I N T

FIRST CAUSE OF ACTION

Plaintiff, for his first claim for relief states:

1. Defendants are the owners of various oil and gas leases covering lands in Eddy County, New Mexico, embraced within the following subdivision, to-wit:

N $\frac{1}{2}$, Section 24, Township 22 South, Range 26 East.

2. Prior to 29 October 1972, the defendants took the necessary action before the New Mexico Oil Conservation Commission to pool all of the N $\frac{1}{2}$ of Section 24, Township 22 South, Range 26 East into a gas proration unit, and drilled a well on said half section known as Corinne Grace Go-Po-Go No. 2. Said well was a producing well and has ever since it was completed produced great quantities of gas.

3. The defendants are the operators of said well and sell the gas produced therefrom to Transwestern Pipeline Company and receive one-hundred percent of the proceeds of such sales and are obligated to pay the royalty owners their proportionate share.

4. Plaintiff is the owner of an overriding royalty under one or more of the oil and gas leases held by defendants, which entitles plaintiff to receive .3125% of the proceeds of all gas sales less plaintiff's proportionate share of the production taxes.

5. Defendants have failed to pay any royalty due the plaintiff for the period from 1 December 1974 at 7:00 a.m. up to and including 1 January 1976 at 7:00 a.m. except that defendants have made partial payments to plaintiff for the first seven months of said period totaling \$953.98.

1 6. Plaintiff is unable to determine the exact amount due him because
2 defendants have failed and refused to furnish him with the data as to
3 production, gross receipts and production taxes, but the amount due plaintiff
4 would be less than \$10,000.00.

5 7. In order to determine the precise amount due plaintiff, an
6 accounting is required.

7 8. The oil and gas lease or leases under which plaintiff holds his
8 overriding royalty upon their assignment to defendants constituted a written
9 contract or contracts between plaintiff and defendants whereby defendants
10 were obligated to pay plaintiff such overriding royalty. Defendants have
11 breached such contract. The breach of contract by defendants was wanton
12 and maliciously intentional in that they failed to pay the royalty in order
13 to have the free use of such money and to deprive the plaintiff of his just
14 rights. Also, the defendants wrongfully represented that a portion of such
15 monies were being placed in escrow when in fact they were not and have been
16 at all times in the possession of the defendants. For such reasons,
17 plaintiff is entitled to punitive damages.

18 9. The defendants own and operate said gas well either as a partnership
19 or as joint venturers and for such reason they are jointly and severally liable
20 to plaintiff.

21 WHEREFORE, Plaintiff prays Judgment as follows:

22 1. That defendants be required to account to plaintiff for the exact
23 amount of royalty due him.

24 2. That plaintiff have judgment against defendants for such sums as
25 may be found to be due plus interest on each delinquent installment at the
26 rate of 6% per annum.

27 3. For punitive damages in the amount of \$1,000.00.

28 4. For costs.

29 SECOND CAUSE OF ACTION

30 As a second and alternative cause of action, the plaintiff alleges:

31 1. The plaintiff adopts paragraphs 1, 2, 3, 4, 5, 6, 7, and 9 of his
32 First Cause of Action.

1 2. The transactions between plaintiff and defendants constitute
2 an open account.

3 WHEREFORE, Plaintiff prays Judgment as follows:

4 1. That defendants be required to account to plaintiff for the exact
5 amount of royalty due him.

6 2. That plaintiff have judgment against defendants for such sums as
7 may be found to be due plus interest on each delinquent installment at the
8 rate of 6% per annum.

9 3. For attorney's fees under the provisions of Section 18-1-37,
10 N.M.S.A. 1953.

11 4. For Costs.

12 MCCORMICK, PAINE and FORBES

13
14 By Don G. McCormick
15 Don G. McCormick
16 P. O. Box 1718
17 Carlsbad, New Mexico 88220
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32

FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED APR 29 1976 IN THE
4:30 PM DISTRICT COURT
FRANK J. MURPHY, JR.
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

CLAUDE McCAUSLAND,

Plaintiff,

v.

No. 31520

MICHAEL P. GRACE, II, and CORINNE GRACE,

Defendants.

C O M P L A I N T

FIRST CAUSE OF ACTION

Plaintiff for his First Claim for Relief states:

1. Defendants are the owners of various oil and gas leases covering lands in Eddy County, New Mexico, embraced within the following subdivisions, to-wit:

- a. N $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East
- b. N $\frac{1}{2}$ Section 25, Township 22 South, Range 26 East

2. Prior to 29 October 1972, the defendants took the necessary action before the New Mexico Oil Conservation Commission to pool all the lands in each of the above described half sections into two separate proration units. The defendants then drilled a well known as Corinne Grace Go-Po-Go No. 1 in the N $\frac{1}{2}$ of said Section 25; and later drilled a well known as Corinne Grace Go-Po-Go No. 2 in the N $\frac{1}{2}$ of said Section 24. Both of said wells are producing wells and have since their completion produced great quantities of gas.

3. The defendants are the operators of said wells and sell the gas produced therefrom to Transwestern Pipeline Company and receive 100% of such sales and are obligated to pay the royalty owners their proportionate share.

4. Plaintiff is the owner of minerals under both of said subdivisions and prior to the acquisition of such minerals, the same had been leased to other parties who in turn assigned the leases to defendants. By the terms of the oil and gas leases now in effect on the minerals owned by plaintiff, he is entitled to receive proceeds of all gas sales, less plaintiff's proportionate share of the production taxes as follows:

Go-Po-Go No. 1:	2.3437%
Go-Po-Go No. 2:	.585938%

1 5. Defendants have failed to pay any royalty due the plaintiff for
2 the period from 1 December 1974 at 7:00 a.m. up to and including 1 January 1976
3 at 7:00 a.m., except that defendants have made partial payments to plaintiff
4 for the first seven months of said period as follows:

5 Go-Po-Go No. 1: \$472.46

6 Go-Po-Go No. 2: \$1,829.96

7 6. Plaintiff is unable to determine the exact amount due him because
8 defendants have failed and refused to furnish him with the data as to pro-
9 duction, gross receipts and production taxes, but the amount due plaintiff would
10 be less than \$10,000.00.

11 7. In order to determine the precise amount due plaintiff, an accounting
12 is required.

13 8. The oil and gas lease or leases under which plaintiff holds his
14 royalty upon their assignment to defendants constituted a written contract or
15 contracts between plaintiff and defendants whereby defendants were obligated
16 to pay plaintiff such royalty. Defendants have breached such contract. The
17 breach of contract by defendants was wanton and maliciously intentional in that
18 they failed to pay the royalty in order to have the free use of such money and to
19 deprive the plaintiff of his just rights. Also, the defendants wrongfully repre-
20 sented that a portion of such monies were being placed in escrow when in fact
21 they were not and have been at all times in the possession of the defendants.
22 For such reasons, plaintiff is entitled to punitive damages.

23 WHEREFORE, Plaintiff prays judgment as follows:

24 1. That defendants be required to account to plaintiff for the exact
25 amount of royalty due him.

26 2. That plaintiff have judgment against defendants for such sums as
27 may be found to be due plus interest on each delinquent installment at the
28 rate of 6% per annum.

29 3. For punitive damages in the amount of \$2,000.00.

30 4. For costs.

31 SECOND CAUSE OF ACTION

32 As a second and alternative cause of action, the Plaintiff alleges:

1 1. The plaintiff adopts paragraphs 1, 2, 3, 4, 5, 6, 7, and 9 of his
2 First Cause of Action.

3 2. The transactions between plaintiff and defendants constitute an
4 open account.

5 | WHEREFORE, Plaintiff prays Judgment as follows:

6 1. That defendants be required to account to plaintiff for the exact
7 amount of royalty due him.

8 2. That plaintiff have judgment against defendants for such sums as
9 may be found to be due plus interest on each delinquent installment at the
10 rate of 6% per annum.

11 3. For attorneys fees in the sum of \$2,000.00 under the provisions of
12 Section 18-1-37, N.M.S.A. 1953.

13 **4. For costs.**

McCORMICK, PAINE AND FORBES

By

Don G. McCormick
P. O. Box 1718
Carlsbad, New Mexico 88220
Attorneys for Plaintiff

10:15 Am

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

I. & W. Inc., a New Mexico
corporation

vs.

Michael P. Grace d/b/a Grace
Oil CompanyX
X
X
X
X
XNo. 31747C O M P L A I N T


COMES NOW, I. & W. Inc., and for its claim for relief
against the defendant states:

1. That the Plaintiff, I. & W. Inc., is a New Mexico Corporation with its main place of business at Loco Hills, Eddy County, New Mexico; and that the Defendant, Micheal P. Grace d/b/a Grace Oil Company, is a resident of Carlsbad, Eddy County, New Mexico.

2. That Michael P. Grace d/b/a Grace Oil Company is indebted to the Plaintiff for materials furnished and labor performed in hauling water to oil well locations and steam cleaning rods and tubing, during the months of February 1975 through May 1976, in the amount of \$2,950.15, and that copies of the invoices are attached hereto, marked "Exhibit A" and by this reference incorporated herein.

3. That demand has been made upon the Defendant for payment of this account and he has failed and refused to pay the sum of \$2,950.15, together with interest at the rate of six (6) per cent, per annum, from May 2, 1975, until paid, together with costs of this suit and reasonable attorney fees.

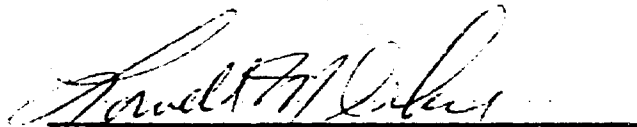
WHEREFORE, the Plaintiff prays that judgment be entered against the Defendant for the sum of \$2,950.15, together with interest from May 2, 1975 at six (6) per cent, per annum, costs of this suit and reasonable attorney fees.


WILLIAM M. SIEGENTHALER
Attorney for Plaintiff
P.O. Drawer 2
Artesia, N. M. 88210


STATE OF NEW MEXICO)
)
COUNTY OF EDDY) ss.

Lowell Irby, for and on behalf of I. & W. Inc., a
New Mexico Corporation, being first duly sworn, deposes and
states:

That for and on behalf of I. & W. Inc., that in the
above entitled cause, I have read the foregoing complaint,
knowing the contents thereof and that things set forth therein
are true and correct to the best of my knowledge, information
and belief.


LOWELL IRBY

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned notary
public, by Lowell Irby on the 9th day of July, 1976.


Notary Public

My commission expires:
May 14, 1980

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY
FILED 116 - 9 1976 IN MY
2:00 PM OFFICE
FRANCIS M. WILCOX
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

STATE FARM MUTUAL AUTOMOBILE)
INSURANCE COMPANY)
Plaintiff,)
v.)
MICHAEL P. GRACE II and)
CORRINE GRACE, doing business)
as Grace Oil Company, SAMUEL)
PALMER and GREGORY BACKSTROM)
Defendants.)

No. 31837

COMPLAINT

COMES NOW Plaintiff State Farm Mutual Automobile Insurance Company and for its cause of action states:

1. Plaintiff State Farm Mutual Automobile Insurance Company is a foreign insurance corporation authorized to transact business in the State of New Mexico. The accident in question occurred in Carlsbad, Eddy County, New Mexico.
2. Defendants Samuel Palmer and Gregory Backstrom were residents of New Mexico at the time of the accident. Defendants Michael P. Grace II and Corrine Grace were non-residents of the State of New Mexico at the time of the accident.
3. Defendants Backstrom and Palmer at the time of the accident were acting within the course of their employment with Grace Oil Company, thus rendering Defendants Michael P. Grace II and Corrine Grace, d/b/a Grace Oil Company subject to the jurisdiction of this court pursuant to the terms of Sections 21-3-16 and 64-24-3, N.M.S.A. (1953 Comp.).

4. Defendant Backstrom was driving a Chevrolet van in a northerly direction on National Highway, Carlsbad, Eddy County, New Mexico. At the same time and place Sandra Klein was operating a 1973 Ford automobile in the same direction on National Highway, Eddy County, New Mexico.

5. Defendant Backstrom did negligently and unlawfully fail to maintain a proper lookout, fail to have his vehicle under proper control and was following the Klein vehicle too closely and by reason thereof collided with the Klein vehicle. Defendant Backstrom's actions were in violation of, inter alia, Sections 64-18-17, N.M.S.A. (1953 Comp) and therefore constitute negligence per se. Defendant Palmer, also furthering the business of Grace Oil Company at the time of the accident, was negligent in allowing Defendant Backstorm to drive the motor vehicle and in allowing the vehicle to be driven in a negligent manner.

6. As a sole, direct and proximate cause of the negligence of Defendant Backstom the vehicle owned by Edward Klein was damaged to the extent of \$1,266.46.

7. At the time of the accident Edward Klein was insured with Plaintiff State Farm Mutual Automobile Insurance Company for any loss or damage resulting from a collision with another vehicle. Plaintiff State Farm Mutual Automobile Insurance Company did pay Edward Klein \$1,266.46 for the costs of repairing the 1973 Ford. By reason of said payment Plaintiff State Farm Mutual Automobile Insurance Company is subrogated to the claim of Edward Klein to the extent of the damage paid.

WHEREFORE, State Farm Mutual Automobile Insurance Company prays judgment against Defendants Michael P. Grace

II and Corrine Grace doing business as Grace Oil Company,
Samuel Palmer and Gregory Backstrom, jointly and severally
for the sum of \$1,266.46, for the costs of this suit, and
for such other and further relief as this court may deem
just and proper.

ATWOOD, MALONE, MANN & COOTER

By *Robert J. Malone*
Attorneys for Plaintiff
P. O. Drawer 700
Roswell, New Mexico 88201

STATE OF NEW MEXICO
COUNTY OF CHAVES

)
) ss.
)

I, *Dennis Albright*, an authorized
agent of State Farm Mutual Automobile Insurance Company
being duly sworn, do swear and verify that to the best of
my knowledge the information in the Complaint is true.

Dennis Albright

SUBSCRIBED AND SWORN to before me this 6 day
of August, 1976.

Betty L. Chesser
Notary Public

My Commission Expires:

Dec. 2 1977

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

D
FILED
10:58 AM
JAN 15 1970
CLERK OF THE DISTRICT COURT

THE PERMIAN CORPORATION,
a Corporation, and WESTERN
OIL TRANSPORTATION CO., INC.,
a Corporation,

Plaintiffs,

vs.

CORINNE GRACE,

Defendant.

No. 31850

COMPLAINT

COME NOW The Permian Corporation and Western Oil Transportation Co., Inc., the Plaintiffs, and for their claims for relief against Defendant, Corinne Grace, state:

FIRST CLAIM FOR RELIEF

1. Plaintiff, The Permian Corporation, is a corporation organized and existing pursuant to the laws of the State of Texas, with its principal place of business in Houston, Texas, and is engaged in salt water disposal, brine and fresh water hauling.

2. Plaintiff is informed and believes that the Defendant, Corinne Grace, is a resident of and has her principal place of business at 1141 East Bethany Home Road, Phoenix, Arizona 85104. Defendant, Corinne Grace, is a nonresident of the State of New Mexico and is of the class of persons contemplated by N. M. Stat. Ann., Section 21-3-16 (Repl. 1970), by virtue of the transaction of business within the State of New Mexico and is subject to jurisdiction of this court by personal service of process outside the State of New Mexico.

3. Plaintiff, at the instance and request of Defendant in a connected series of debit and credit entries of reciprocal charges on an open account, transported and disposed of salt, brine and fresh water, a service for which Defendant agreed to pay at prices agreed upon by the parties, all as reflected by the verified account attached hereto and marked Exhibit "A".

4. No part of the amount due has been paid to Plaintiff, and the sum of \$4,180.78 is now due and owing as shown by Exhibit "A".

5. Although Plaintiff has made demand upon Defendant for said sum, Defendant has refused to honor such demand and still refuses to pay said sum or any part thereof and, therefore, said sum is now justly due and owing Plaintiff from Defendant.

6. As a result of Defendant's failure and refusal to pay the sum due on this open account, it has become necessary for Plaintiff to place said account in the hands of its attorney for collection and, therefore, Plaintiff is entitled to recover from Defendant a reasonable attorney's fee.

WHEREFORE, Plaintiff, The Permian Corporation prays that it have and recover judgment against Defendant, Corinne Grace, in the amount of \$4,180.78, together with a reasonable attorney's fee, all costs of this action, and for such other and further relief as the Court may deem just and proper.

SECOND CLAIM FOR RELIEF

1. Plaintiff, Western Oil Transportation Co., Inc., is a corporation organized under and existing pursuant to the laws of the State of Texas, with its principal place of business in Houston, Texas, and is engaged in the transportation of salt, brine and fresh water.

2. Plaintiff, Western Oil Transportation Co., Inc., is informed and believes that Defendant, Corinne Grace, is a resident of and has her principal place of business at 1141 East Bethany Home Road, Phoenix, Arizona 85104. Defendant, Corinne Grace, is a nonresident of the State of New Mexico and is of the class of persons contemplated by N. M. Stat. Ann., Section 21-3-16 (Repl. 1970), by virtue of the transaction of business within the State of New Mexico and is subject to jurisdiction of this court by personal service of process outside the State of New Mexico.

3. As of August 31, 1975, as shown by Exhibit "B" attached hereto, a final account was stated between Plaintiff, Western Oil Transportation Co., Inc. and the Defendant, by which it was ascertained to be due and owing the Plaintiff by Defendant the sum of \$83.20. This arose out of the same events as that of the First Claim.

4. Although Defendant agreed to pay Plaintiff the said sum of \$83.20, no part thereof has been paid though due demands for payment have been made of Defendant by Plaintiff and, therefore, said sum is now justly due and owing Plaintiff from Defendant.

WHEREFORE, Plaintiff, Western Oil Transportation Co., Inc., prays that it have and recover judgment against Defendant, Corinne Grace, in the sum of \$83.20, together with all costs of this action and for such other and further relief as the Court may deem just and proper.

HINKLE, BONDURANT, COX & EATON

By Paul M. Behannon
Attorneys for Plaintiffs
P. O. Box 10
Roswell, New Mexico 88201
Paul M. Behannon 0432

STATE OF TEXAS)
COUNTY OF HARRIS) ss.

Barry Smotherman, being first duly sworn according to law, deposes and says that he is the Controller of The Permian Corporation, Plaintiff herein, that he has read the foregoing Complaint and examined the account attached thereto as Exhibit "A"; that the same are true of his own knowledge except as to matters therein stated to be alleged on information and belief, and as to those matters he believes them to be true.

Barry Smotherman

The foregoing instrument was acknowledged before me this 2nd day of AUGUST, 1976, by Barry Smotherman, the Controller of The Permian Corporation, a corporation, on behalf of said corporation.

Jane G. Gardner
Notary Public

My Commission Expires:

JANE G. GARDNER
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1977

STATE OF TEXAS)
COUNTY OF HARRIS) ss.

BARRY SMOTHERMAN, being first duly sworn according to law, deposes and says that he is the CONTROLLER of Western Oil Transportation Co., Inc., Plaintiff herein, that he has read the foregoing Complaint and examined the account attached thereto as Exhibit "B"; that the same are true of his own knowledge except as to matters therein stated to be alleged on information and belief, and as to those matters he believes them to be true.

Barry Smotherman

The foregoing instrument was acknowledged before me this 2nd day of AUGUST, 1976, by BARRY SMOTHERMAN, the CONTROLLER of Western Oil Transportation Co., Inc., a corporation, on behalf of said corporation.

Jane G. Gardner
Notary Public

My Commission Expires:

JANE G. GARDNER
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1977



THE PERMIAN CORPORATION

2800 SOUTH POST OAK ROAD AREA CODE 713 629-3636
P. O. BOX 1183 HOUSTON, TEXAS 77001

TWX: 910-681-6058
"PERMCORP HOU"

Corine Grace
Box 1418
Carlsbad, New Mexico 88220

Account with The Permian Corporation

<u>Invoice #</u>	<u>Date</u>	<u>Debit</u>	<u>Credit</u>	<u>Balance</u>
67848	6/19/75	\$ 738.40	-	\$ 738.40
67850	6/19/75	81.22	-	81.22
67852	6/19/75	184.60	-	164.60
67854	6/19/75	115.96	-	115.96
67856	6/19/75	73.84	-	73.84
78801	7/21/75	144.73	-	144.73
78803	7/21/75	81.90	-	81.90
11A650	11/30/75	985.76	-	985.76
12A666	12/31/75	985.76	-	985.76
1A702	1/31/76	525.74	-	525.74
2A721	2/29/76	262.87	-	262.87
Total		\$4,180.78	-	\$4,180.78

EXHIBIT "A"

WEST

INVOICE
W OIL TRANSPORTATION CO., INC.
 P. O. BOX 1183 HOUSTON, TEXAS 77001
 (713) 623-2790

No. 68566

Date August 31, 1975 P. O. No. _____
 State FL 28 Miles 28 of Tatum, N.M.
 From: _____
 Shipper The Permian Corporation Consignee Corina Grace
 To: TP St #1 28 Miles 28 of Tatum, N.M.
 Hauled by authority of SCC Permit No. 1337 Tariff No. 17B Item No. 120 Mileage One Way _____
 Rate Per Hour \$20.00
 Sold To Corina Grace Rate Per Bbl. _____
Dex 1A18 Rate Per Gal. _____
Carlsbad, New Mexico 88228 Rate For Pump _____
35789

DATE	B/L #	PRODUCT OR DESCRIPTION	GALLONS	BARRELS	HOURS	AMOUNT
8-20-75	716381	Grade oil transfer 4% New Mexico state school tax		280.00	4.0	\$80.00 3.20 <u>\$83.20</u>

245-10M-9/72

CUSTOMER NUMBER	ACCOUNT NUMBER	SUB CODE			BBL'S/GALS	AMOUNT	
		SALES	STATION	STATE			
35789	310030 205990		D6	2	280.00	80.00 3.20	1

INVOICE FILE EXHIBIT "B"

WATER FRAC OR CIRCULATING OR HOUR WORK
WESTERN OIL TRANSPORTATION CO., INC.

BOX 3120 - 683-4721
MIDLAND, TEXAS

BOX 725 393-8616
HOBBS, NEW MEXICO

BILL OF LADING NO. 716381

ORDER NO. _____ DATE 9-20-75
SHIPPER TPC
FROM Corine Grace - T.P. 5th #1 STATE LEASE NO. _____
LOCATED 28 MILES NW OF Tatum
CONSIGNEE Corine Grace
TO: OPERATOR Corine Grace
LEASE TP 5th #1 STATE LEASE NO. _____
LOCATED 28 MILES NW OF Tatum
BILL TO Corine Grace
ADDRESS _____

CHARGES FOR TRANSPORTATION

TRUCK NO. 270 CAP _____ TRAILER NO. 866A CAP 170
DRIVER NAME Don Patterson DRIVER NUMBER 4315
PUMPING 4.0 @ 2.00 PER hr
STANDBY HRS _____ PER HOUR
DRIVING HRS _____ PER HOUR
MILES ONE WAY 1.0
PRODUCT Crude Oil UNIT PRICE _____ BBL/S 280.0
WORK PERFORMED/REMARKS _____
RECEIVED BY Ricky Ryl
COMPANY _____

DRIVER PAY ONLY

HOURS 4.0 @ 3.85 PER HR _____ BBL/S/GALS _____ PER BBL
TRUCK REVENUE _____ SUPERVISOR APPROVAL Ryl
205 REV. 4/73 200M 12/73 OFFICE COPY

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

E. S. GREAR, CLAUDE MCCAUSLAND,
DOROTHY S. CARLSON, PARDUE FARMS,
a Partnership, and LEONA STAGNER,

Plaintiffs,

v.

TRANSWESTERN PIPELINE COMPANY, a
corporation, MICHAEL P. GRACE, II,
and CORINNE GRACE,

Defendants.

C O M P L A I N T

Plaintiffs for their claim for relief state:

1. Plaintiffs are all residents of the State of New Mexico.

2. Defendant Transwestern Pipeline Company is a corporation
organized under the Laws of the State of Delaware, and authorized
to do business in the State of New Mexico.

3. The defendants Michael P. Grace, II, and Corinne Grace
are non-residents of the State of New Mexico, and their whereabouts
are unknown.

4. Plaintiffs are the owners of fractional interests in the
oil, gas and other minerals lying in and under the hereinafter
described lands.

5. The defendants Grace are the owners of certain oil and
gas leasehold interests under the following lands in Eddy County,
New Mexico, to-wit:

N $\frac{1}{2}$, Section 25, Township 22 South, Range 26 East

N $\frac{1}{2}$, Section 24, Township 22 South, Range 26 East

The defendants Grace have heretofore drilled gas wells on said
lands, said wells being known as Go-Po-Go No. 1 located in the
N $\frac{1}{2}$ of said Section 25 and Go-Po-Go No. 2 located in the N $\frac{1}{2}$ of

OCT 20 1976

3:05 PM

RECEIVED BY
CLERK OF THE DISTRICT COURT

1 said Section 24. The defendants Grace or one of them, have been
2 designated by the New Mexico Oil Conservation Commission as the
3 operators of both of said wells.

4 6. The defendants Grace as operators of said wells have
5 heretofore entered into contracts with defendant Transwestern
6 Pipeline Company to sell all the gas produced from said wells to
7 that company, and at all times material hereto, Transwestern Pipeline
8 Company has purchased said gas and disbursed to the defendants
9 Grace all of the proceeds of the same.

10 7. By virtue of the oil and gas leases in effect as to said
11 lands and the assignments thereof, plaintiffs are entitled to re-
12 ceive as royalty a percentage of the production or proceeds of
13 production from said wells as follows:

14 Go-Po-Go No. 2:

15		
16	E. S. Grear	.315%
17	Claude McCausland	.585938%
18	Dorothy S. Carlson	3.125%
19	Pardue Farms	1.5625%
20	Leona Stagner	.78125%

21 Go-Po-Go No. 1:

22		
23	Claude McCausland	2.3437%

24 8. Defendants Grace failed to pay plaintiffs their royalty
25 for the months of July and August 1976 and the plaintiffs, pursuant
26 to the provisions of the Oil and Gas Products Lien Act, Section
27 61-10-1, et seq., N.M.S.A. 1953, have each filed claims of lien
28 in the office of the County Clerk of Eddy County, New Mexico.
29 Copies of said claims of lien are attached hereto as Exhibits 1
30 through 6, inclusive. Each of said claims of lien were recorded
31 and also filed as purchase money security interests, as indicated
32 on the copies attached hereto.

9. As noted in the claims of lien filed for the July pro-

1 duction, the defendants Grace had fraudulently obtained a release
2 of previously filed valid liens by giving to certain of the
3 plaintiffs checks which were returned unpaid because of insufficient
4 funds. By reason of such fraud, the plaintiffs are entitled to
5 a lien for additional sums over and above their share of the July
6 and August production as follows:
7

8	Claude McCausland	\$3,370.05
	E. S. Grear	\$1,388.60
9	Dorothy S. Carlson	\$4,956.33
	Leona Stagner	\$1,276.59

10
11 Under the terms of the Oil and Gas Products Lien Act, the plaintiffs
12 have a continuing purchase money security interest in and a lien
13 upon their interest in or share of the unpaid for production
14 severed from a production unit, or the proceeds of product, if
15 such unpaid for product has been sold by the first purchaser.
16 Plaintiffs state on information and belief that the gas produced
17 from said wells has now been sold by defendant Transwestern Pipe-
18 line Company and therefore plaintiffs have a lien upon the proceeds
19 of the gas so sold to the extent of their respective interests
20 less any taxes levied by the State of New Mexico based on production
21 assessed against the royalty interests of plaintiffs.
22

23 10. Under the terms of the Oil and Gas Products Lien Act,
24 the defendants Grace were the "operators" of said wells, and the
25 defendant Transwestern Pipeline Company was the "First Purchaser"
26 while the plaintiffs occupy the position of "interest owners".
27

28 11. Plaintiffs have no knowledge as to who now possesses
29 the proceeds of the product so sold by defendant Transwestern
30 Pipeline Company and allege on information and belief that such
31 proceeds may be in the possession of either or all of the defendants
32 or may be co-mingled to such an extent that they cannot be identi-

1 fied or traced. For such reason, plaintiffs are entitled to a
2 judgment against all defendants for the value of the severed
3 products.

4 12. The defendants have failed and refused to account to
5 plaintiffs for the amount of the production from said wells for
6 the months of July and August 1976, and plaintiffs do not know
7 the price paid to defendants Grace by defendant Transwestern
8 Pipeline Company, and all defendants should be required to account
9 to plaintiffs for the same.
10

11 13. Under the provisions of the Oil and Gas Products Lien
12 Act, all persons claiming purchase money security interests and
13 liens with respect to the production from the same production unit
14 may join in the same action, and for this reason, plaintiffs are
15 properly joined together in this action.
16

17 14. Plaintiffs are entitled to a reasonable attorney fee for
18 enforcing this action and also for the costs of filing and recording
19 the liens described above.


20 WHEREFORE, Plaintiffs pray judgment against the defendants
21 jointly and severally for:

22 1. An accounting as to the sums due plaintiffs for the months
23 of July and August 1976.

24 2. A money judgment for sums found to be due plaintiffs for
25 their share of production for said months plus the dollar amounts
26 set forth in paragraph 9 above.
27

28 3. For a reasonable attorney's fee to be set by the court
29 in a sum of not less than \$7,500.00 and for costs.

30 McCormick, Paine and Forbes

31 By 
32 P. O. Box 1718
Carlsbad, New Mexico 88220
Attorneys for Plaintiffs

NOTICE OF CLAIM

NOTICE IS HEREBY GIVEN that E. S. Gear, whose address is P. O. Box 879, Roswell, New Mexico 88201, owns an interest in the products severed from the Corinne Grace Go-Po-Go Well No. 2, by Michael P. Grace II and Corinne Grace, which well is designated as Production Unit No. 14655 by the Oil and Gas Accounting Commission, and is located on the following lands in Eddy County, New Mexico:

Go-Po-Go No. 2: NE Section 24, Township 22 South, Range 26 East

The percentage interest of the claimant is as follows: .315%

Products severed from said production unit have been and are now, or may be taken, received and purchased by Transwestern Pipeline Company; and the above-named interest owner has a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period from 1 August 1976 at 7:00 a.m. to 1 September 1976 at 7:00 a.m. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimant herein is an "interest owner", Michael P. Grace II and Corinne Grace are "Operators" and Transwestern Pipeline Company is "First Purchaser."

DATED this 15 day of October 1976.

E. S. Gear
E. S. Gear

STATE OF NEW MEXICO:

COUNTY OF EDDY:

The foregoing instrument was acknowledged before me this 15 day of October 1976, by E. S. Gear.

Vega L. Storall
Notary Public

My Commission Expires:

March 23 1978

79268

STATE OF NEW MEXICO
COUNTY OF EDDY

FILED OCT 18 1976

At 1:40 o'clock P.M.
GERALDINE MAHAFFEY, Co. Clk

Curt C. Boyd Deputy

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 18 day of Oct. 1976 at 1:40 o'clock P.M. and duly recorded in Book 139 Page 970 of the Records of Miscellaneous

GERALDINE MAHAFFEY, County Clerk
Curt C. Boyd Deputy

EXHIBIT

1

NOTICE OF CLAIM

NOTICE IS HEREBY GIVEN that E. S. Grear, whose address is P. O. Box 879, Roswell, New Mexico 88201, owns an interest in the products severed from the Corinne Grace Go-Po-Go Well No. 2, by Michael P. Grace II and Corinne Grace, which well is designated as Production Unit No. 14655 by the Oil and Gas Accounting Commission, and is located on the following lands in Eddy County, New Mexico:

Go-Po-Go No. 2: N $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East

The percentage interest of the claimant is as follows: .315%

Products severed from said production unit have been and are now, or may be taken, received and purchased by Transwestern Pipeline Company; and the above-named interest owner has a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period from 1 July 1976 at 7:00 A.M. to 1 August 1976 at 7:00 A.M. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimant herein is an "interest owner", Michael P. Grace II and Corinne Grace are "Operators" and Transwestern Pipeline Company is "First Purchaser."

The interest owner also claims a lien against the above described product and proceeds thereof in the amount hereinafter set forth for the reason that Michael P. Grace II and Corinne Grace fraudulently obtained a release of previously valid liens by giving to the interest owner checks which were returned unpaid because of insufficient funds. The amount being as follows:

E. S. Grear..... \$1,388.60

DATED this 17th day of September 1976

E. S. Grear
E. S. Grear

STATE OF NEW MEXICO:

COUNTY OF CHAVEZ:

The foregoing instrument was acknowledged before me this 17th day of September 1976, by E. S. Grear.

Vega L. Stovall
Notary Public

My Commission Expires:

March 23 1978

78848

STATE OF NEW MEXICO
COUNTY OF EDDY

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 20 day of Sept. 1976, at 1:30 o'clock P.M., and duly recorded in Book 139 page 308 of the Records of Mescaleros

GERALDINE MAHAFFEY, County Clerk

Juanita Lopez

EXHIBIT

FILED SEP 20 1976 IN NEW MEXICO
At 1:30 o'clock P.M.
GERALDINE MAHAFFEY, Co. Clk.
By _____ Deputy

1 NOTICE OF CLAIM

2 NOTICE IS HEREBY GIVEN that Claude McCausland, whose address is
3 1202 South Country Club Circle, Carlsbad, New Mexico, 88220, owns an
4 interest in the products severed from the Corinne Grace Go-Po-Go Well
5 No. 1 and the Corinne Grace Go-Po-Go Well No. 2, by Michael P. Grace II
6 and Corinne Grace, which wells are designated as Production Unit No.
7 14655 by the Oil and Gas Accounting Commission, and are located on the
8 following lands in Eddy County, New Mexico:

6 Go-Po-Go No. 1: N $\frac{1}{2}$ Section 25, Township 22 South, Range 26 East

7 Go-Po-Go No. 2: N $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East

8 The percentage interest of the claimant is as follows:

9 Go-Po-Go No. 1 2.3437%
10 Go-Po-Go No. 2 .585938%

11 Products severed from said production unit have been and are now,
12 or may be taken, received and purchased by Transwestern Pipeline Company;
13 and the above-named interest owner has a purchase money security interest
14 in and lien upon such products and the proceeds thereof, to secure
15 payment of the purchase price for the period from 1 August 1976 at 7:00
16 a.m. to 1 September 1976 at 7:00 a.m. under the provisions of the Oil
17 and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

18 Under the terms of said statute, the claimant herein is an "interest
19 owner", Michael P. Grace II and Corinne Grace are "Operators" and Transwestern
20 Pipeline Company is "First Purchaser."

21 DATED this 14th day of October 1976.

22 Claude McCausland
23 Claude McCausland

24 STATE OF NEW MEXICO:

25 COUNTY OF EDDY:

26 The foregoing instrument was acknowledged before me this 14th day of
27 October 1976 by Claude McCausland.

28 Carrie J. Ingalls
29 Notary Public

30 My Commission Expires:

31 31 October 1977

32 79228

STATE OF NEW MEXICO
COUNTY OF EDDY



FILED OCT 15 1976 IN MY OFFICE
At 1:05 o'clock P. M.
GERALDINE MAHAFFEY, Co. Clerk

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that
this instrument was filed for record on the 15 day of Oct
1976 at 1:05 o'clock P. M., and duly recorded in Book 139
page 930 of the Records of Miscellaneous

GERALDINE MAHAFFEY, County Clerk
Helen J. Beluda Deputy

FILED SEP 17 1976
At 10:45 o'clock A.M.
GERALDINE MAHAFFEY, Co. Cl.
By _____ Deputy

NOTICE OF CLAIM

NOTICE IS HEREBY GIVEN that Claude McCausland, whose address is 1202 South Country Club Circle, Carlsbad, New Mexico, 88220, owns an interest in the products severed from the Corinne Grace Go-Po-Go Well No. 1 and the Corinne Grace Go-Po-Go Well No. 2, by Michael P. Grace II and Corinne Grace, which wells are designated as Production Unit No. 14655 by the Oil and Gas Accounting Commission, and are located on the following lands in Eddy County, New Mexico:

Go-Po-Go No. 1: N $\frac{1}{2}$ Section 25, Township 22 South, Range 26 East

Go-Po-Go No. 2: N $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East

The percentage interest of the claimant is as follows:

Go-Po-Go No. 1	2.3437%
Go-Po-Go No. 2	.585938%

Products severed from said production unit have been and are now, or may be taken, received and purchased by Transwestern Pipeline Company; and the above-named interest owner has a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period from 1 July 1976 at 7:00 A.M. to 1 August 1976 at 7:00 A.M. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimant herein is an "interest owner", Michael P. Grace II and Corinne Grace are "Operators" and Transwestern Pipeline Company is "First Purchaser."

The interest owner also claims a lien against the above described product and proceeds thereof in the amount hereinafter set forth for the reason that Michael P. Grace II and Corinne Grace fraudulently obtained a release of previously valid liens by giving to the interest owner checks which were returned unpaid because of insufficient funds. The amount being as follows:

Claude McCausland.....	\$3,370.05
------------------------	------------

DATED this 17th day of September 1976

/s/ Claude McCausland
Claude McCausland

STATE OF NEW MEXICO:

COUNTY OF EDDY:

The foregoing instrument was acknowledged before me this 17 day of September 1976, by Claude McCausland.

Corinne J. Gallen
Notary Public

My Commission Expires:

31 October 1977

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 17 day of Sept 1976 at 10:45 o'clock A.M., and duly recorded in Book 139 Page 259 of the Records of Wichita Falls
GERALDINE MAHAFFEY, County Clerk
By Quail C. Boyd Deputy

EXHIBIT

NOTICE OF LIEN

NOTICE IS HEREBY GIVEN that Dorothy S. Carlson, Pardue Farms, a partnership, and Leona Stagner, whose addresses are shown below, each own interests in the products severed from the Corinne Grace Go-Po-Go Well #2, by Michael P. Grace II and Corinne Grace, which well is designated as Production Unit #14655 by the Oil and Gas Accounting Commission, and is located on the following land in Eddy County, New Mexico:

N $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East.

The percentage interest of the several interest owners are as follows:

Dorothy S. Carlson	3.125%
Pardue Farms, a partnership	1.5625%
Leona Stagner78125%

Products severed from said production unit have been and are now, or may be taken, received and purchased by Transwestern Pipeline Company; and the above-named interest owners have a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period of 1 August 1976 at 7:00 a.m. to 1 September 1976 at 7:00 a.m. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimants herein are "interest owners," Michael P. Grace II and Corinne Grace are "operators" and Transwestern Pipeline Company is "First Purchaser".

DATED 14 October 1976.

Dorothy S. Carlson
Dorothy S. Carlson
114 West Church
Carlsbad, New Mexico 88220

PARDUE FARMS, a partnership

By Bruce E. Pardue, Partner
Bruce Pardue
Loving, New Mexico 88256

Leona Stagner
Leona Stagner
1301 Bryan Circle
Carlsbad, New Mexico 88220

STATE OF NEW MEXICO:

COUNTY OF EDDY:

The foregoing instrument was acknowledged before me this 14th day of October 1976 by Dorothy S. Carlson and Leona Stagner.

AB Morgan
Notary Public

My Commission Expires:

18 Aug 79

STATE OF NEW MEXICO:

COUNTY OF EDDY:

The foregoing instrument was acknowledged before me this 15th day of October 1976 by Bruce Pardue, on behalf of Pardue Farms, a partnership.

My Commission Expires:

18 Aug 79

79237

Notary Public

STATE OF NEW MEXICO
COUNTY OF EDDY

STATE OF NEW MEXICO
County of Eddy



FILED OCT 15 1976
At 4:00 o'clock P. M.
ERALDINE MAHAFFEY, Co. Cler

FILED OCT 15 1976
at 4:00 o'clock P. M. and was duly
recorded in Book 137 of Records of
942
Geraldine Mahaffey, County Clerk

FOR
RECORD

FILED SEP 24 1976 IN MY OFFICE

At 11:40 o'clock M.
GERALDINE MAHAFFEY, Co. Cler

By _____ Deputy

NOTICE OF LIEN

NOTICE IS HEREBY GIVEN that Dorothy S. Carlson, Pardue Farms, a partnership, and Leona Stagner, whose addresses are shown below, each own interests in the products severed from the Corinne Grace Go-Po-Go Well #2, by Michael P. Grace II and Corinne Grace, which well is designated as Production Unit #14655 by the Oil and Gas Accounting Commission, and is located on the following land in Eddy County, New Mexico:

W $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East.

The percentage interest of the several interest owners are as follows:

Dorothy S. Carlson	3.125%
Pardue Farms, a partnership	1.5625%
Leona Stagner78125%

Products severed from said production unit have been and are now, or may be taken, received and purchased by Transwestern Pipeline Company; and the above-named interest owners have a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period of 1 July 1976 at 7:00 a.m. to 1 August 1976 at 7:00 a.m. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimants herein are "interest owners," Michael P. Grace II and Corinne Grace are "operators" and Transwestern Pipeline Company is "First Purchaser".

Two of the interest owners also severally claim a lien against the above described product and proceeds thereof in the amount hereinafter set forth for the reason that Michael P. Grace II and Corinne Grace fraudulently obtained a release of previously valid liens by giving to interest owners checks which were returned unpaid because of insufficient funds. The amounts being:

Dorothy S. Carlson	\$4,956.33
Leona Stagner	\$1,276.59

DATED 23 September 1976.

Dorothy S. Carlson
Dorothy S. Carlson
114 West Church
Carlsbad, New Mexico 88220

By Pardue Farms, a partnership

By Bruce Pardue
Bruce Pardue
Loving, New Mexico 88256

Leona Stagner
Leona Stagner
1301 Bryan Circle
Carlsbad, New Mexico 88220

STATE OF NEW MEXICO)
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 23 day of September 1976 by Dorothy S. Carlson and Leona Stagner.

My Commission Expires:
18 Aug 77

Notary Public

STATE OF NEW MEXICO)
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 23 day of September 1976 by Bruce Pardue on behalf of Pardue Farms, a partnership.

My Commission Expires:
18 Aug 77

Notary Public



FILED SEP 24 1976

IN MY
OFFICEAt 11:40 o'clock 1 M.
GERALDINE MAHAFFEY, Co. Cler

by _____ Deputy

NOTICE OF LIEN

NOTICE IS HEREBY GIVEN that Dorothy S. Carlson, Pardue Farms, a partnership, and Leona Stagner, whose addresses are shown below, each own interests in the products severed from the Corinne Grace Go-Po-Go Well #2, by Michael P. Grace II and Corinne Grace, which well is designated as Production Unit #14655 by the Oil and Gas Accounting Commission, and is located on the following land in Eddy County, New Mexico:

N $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East.

The percentage interest of the several interest owners are as follows:

Dorothy S. Carlson	3.125%
Pardue Farms, a partnership	1.5625%
Leona Stagner78125%

Products severed from said production unit have been and are now, or may be taken, received and purchased by Transwestern Pipeline Company; and the above-named interest owners have a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period of 1 July 1976 at 7:00 a.m. to 1 August 1976 at 7:00 a.m. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimants herein are "interest owners," Michael P. Grace II and Corinne Grace are "operators" and Transwestern Pipeline Company is "First Purchaser".

Two of the interest owners also severally claim a lien against the above described product and proceeds thereof in the amount hereinafter set forth for the reason that Michael P. Grace II and Corinne Grace fraudulently obtained a release of previously valid liens by giving to interest owners checks which were returned unpaid because of insufficient funds. The amounts being:

Dorothy S. Carlson	\$4,956.33
Leona Stagner	\$1,276.59

DATED 23 September 1976.

Dorothy S. Carlson
Dorothy S. Carlson
114 West Church
Carlsbad, New Mexico 88220

PARDUE FARMS, a partnership

By Bruce D. Pardue, Partner
Bruce Pardue
Loving, New Mexico 88256

Leona Stagner
Leona Stagner
1301 Bryan Circle
Carlsbad, New Mexico 88220

STATE OF NEW MEXICO)
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 23 day of September 1976 by Dorothy S. Carlson and Leona Stagner.

My Commission Expires:
18 Aug 79

Notary Public

STATE OF NEW MEXICO)
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 23 day of September 1976 by Bruce Pardue on behalf of Pardue Farms, a partnership.

My Commission Expires:
18 Aug 79

Notary Public



STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 24th day of Sept., A. D. 1976 at 11:40 o'clock A M., and duly recorded in Book 189, Page 446 of the Records of Eddy County of said County.

#11964-5

IN THE DISTRICT COURT OF EDDY COUNTY

3:28 PM

RECORD
OFFICE

STATE OF NEW MEXICO

CLERK OF DISTRICT COURT

W. E. WALLING,

Plaintiff,

v.

No. 32078

EL PASO NATURAL GAS COMPANY,
a corporation, MICHAEL P.
GRACE, II, and CORINNE GRACE,

Defendants.

C O M P L A I N T

Plaintiff for his claim for relief states:

1. Plaintiff is a resident of Lubbock, Texas.

2. Defendant, El Paso Natural Gas Company, is a corporation organized under the laws of the State of Delaware and authorized to do business in the State of New Mexico.

3. The defendants Michael P. Grace II and Corinne Grace are non-residents of the State of New Mexico and their whereabouts are unknown.

4. Plaintiff is the owner of a fractional interest in the oil, gas, and other minerals lying in and under the hereinafter described lands.

5. The defendants Grace are the owners of certain oil and gas leasehold interests under the following lands in Eddy County, New Mexico, to-wit:

S $\frac{1}{4}$ Section 24, Township 22 South, Range 26 East

The defendants Grace have heretofore drilled a gas well on said lands, said well being known as Grace Atlantic No. 1. The defendants Grace, or one of them, have been designated by the New Mexico Oil Conservation Commission as the operator of said well.

1 6. The defendants Grace as operators of said well have here-
2 tofore entered into contracts with defendant El Paso Natrual Gas
3 Company to sell all the gas produced from the said well to that
4 company and at all times material hereto, El Paso Natural Gas
5 Company has purchased said gas and disbursed to the defendants
6 Grace all of the proceeds of the same.
7

8 7. By virtue of the oil and gas lease covering plaintiff's
9 mineral interest in said land and the assignments thereof, plaintiff
10 is entitled to receive as royalty a percentage of the production
11 or proceeds of production from said well as follows:

12 4.5629%

13 8. Defendants Grace failed to pay the royalty for the
14 months of March to August, inclusive, and plaintiff pursuant to
15 the provisions of the Oil and Gas Products Lien Act, Section 61-10-
16 1, et seq, N.M.S.A. 1953, has filed a claim of lien in the office
17 of the County Clerk of Eddy County, New Mexico. A copy of said
18 claim of lien is attached hereto as Exhibit 1. Said lien was
19 recorded and also filed as a purchase money security interest, as
20 indicated on the copy attached hereto.
21

22 9. Under the terms of the Oil and Gas Products Lien Act,
23 the plaintiff has a continuing purchase money security interest
24 in and a lien upon his interest in or share of the unpaid for
25 production severed from a production unit, or the proceeds of the
26 product, if such unpaid for product has been sold by the first
27 purchaser. Plaintiff states on information and belief that the gas
28 produced from said well has now been sold by defendant, El Paso
29 Natural Gas Company, and therefore plaintiff has a lien upon the
30 proceeds of the gas so sold to the extent of his interest less any
31 taxes levied by the State of New Mexico based on production assessed
32

1 against the royalty interest of plaintiff.

2 10. Under the terms of the Oil and Gas Products Lien Act,
3 the defendants Grace were the "operators" of said well, the defendant
4 El Paso Natural Gas Company was the "First Purchaser" and the
5 plaintiff occupies the position of "Interest Owner."

6
7 11. Plaintiff has no knowledge as to who now possesses the
8 proceeds of the product so sold by defendant El Paso Natural Gas
9 Company, and alleges on information and belief that such proceeds
10 may be in the possession of either or all of the defendants or may
11 be co-mingled to such an extent that they cannot be identified or
12 traced. For such reason plaintiff is entitled to a judgment against
13 all defendants for the value of the severed products.

14
15 12. Defendants have failed and refused to account to plaintiff
16 for the amount of the production from said well for the months of
17 March to August, 1976, inclusive, and plaintiff does not know the
18 price paid to defendants Grace by defendant El Paso Natural Gas
19 Company, and all defendants should be required to account to plain-
20 tiff for the same.

21
22 13. The claim of lien attached as Exhibit 1 was timely filed.
23 Defendants Grace have established no regular period for payment
24 of royalty, and sometimes pay the same several months late, and
25 often pay the same with worthless checks.

26
27 14. Plaintiff is entitled to a reasonable attorney's fee
28 for enforcing this action and also for the costs of filing and
29 recording the lien described above.

30 WHEREFORE, Plaintiff prays judgment against the defendants,
31 jointly and severally, for:

32 1. An accounting of the sums due plaintiff for the months of
March to August 1976, inclusive.

1 2. A money judgment for sums found to be due plaintiff for his
2 share of production for said months.

3 3. For a reasonable attorney's fee in a sum of not less than
4 \$7,500.00, and for costs.
5

6 McCORMICK, PAINE and FORBES

7
8 By 

Don G. McCormick

P. O. Box 1718

Carlsbad, New Mexico 88220

Attorneys for Plaintiff
9
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1 NOTICE OF LIEN

2 NOTICE IS GIVEN that W. E. WALLING, whose address is 6014
3 Oxford, Lubbock, Texas 79413, owns an interest the the products
4 severed from the Grace Atlantic Well No. 1 by MICHAEL P. GRACE II
5 and CORINNE GRACE, which well is designated as Production Unit
6 No. 14834 by the Oil and Gas Accounting Commission and is
7 located on the following lands in Eddy County, New Mexico:

8 S $\frac{1}{2}$ Section 24, Township 22 South,
9 Range 26 East, N.M.P.M.

10 The percentage interest of the Claimant is 4.5629%.

11 Products severed from said production unit have been and
12 are now or may be taken, received and purchased by EL PASO
13 NATURAL GAS COMPANY; and the Claimant has a purchase money
14 security interest in and lien upon such products and the pro-
ceeds thereof to secure payment of the purchase price for the
period from 1 Mar. 1976 at 7:00 a.m. to 1 September 1976 at 7:00
a.m. under the provisions of the Oil and Gas Products Lien Act,
Section 61-10-1 et seq., N.M.S.A.

15 Under the terms of said statute, the Claimant herein is an
16 "Interest Owner", MICHAEL P. GRACE II and CORINNE GRACE are
17 "Operators", and EL PASO NATURAL GAS COMPANY is "First Purchaser".

18 DATED this 15 day of October 1976.

19 W. E. Walling
20 W. E. WALLING

21 STATE OF NEW MEXICO)
22 : ss.
23 COUNTY OF EDDY :)

24 The foregoing instrument was acknowledged before me this
25 15 day of October 1976 by W. E. WALLING.

26 Notary Public

27 My Commission Expires:

28 18 Aug 1979

29 79229
30 STATE OF NEW MEXICO
31 COUNTY OF EDDY

32 FILED OCT 15 1976 IN MY
At 1:05 o'clock P. M.
GERALDINE MAHAFFEY, Co. Cl.

Deputy

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that
this instrument was filed for record on the 15 day of Oct
1976 at 1:05 o'clock P. M., and duly recorded in Book 29
of the Records of Miscellaneous
GERALDINE MAHAFFEY, County Clerk
By Nolan H. Dehede Deputy

IN THE DISTRICT COURT FOR EDDY COUNTY,

STATE OF NEW MEXICO

FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

GABY BINGHAM, an incompetent
person, by Leonard T. May, her
Guardian; BERTHA LOVE; LAVITA
LOVE STORY; and, LAVITA LOVE
STORY, Trustee,

Plaintiffs,

vs.

MICHAEL P. GRACE, II and CORINNE
GRACE; TRANSWESTERN PIPELINE COMPANY,
a corporation; E.S. GREAR; D.L.
HANNIFIN; JOYCE E. HANNIFIN; NEILSON
ENTERPRISES, Inc., a corporation;
and, TEXAS OIL and GAS CORPORATION,
a corporation,

Defendants.

FILED MAY 18 1976 IN MAY
3:50 PM CLERK
MARGARET M. WILSON
Clerk of the District Court

No. 32136

C O M P L A I N T

Plaintiffs for their causes of action, state:

FIRST CAUSE OF ACTION:

1. On February 24, 1965, Willie L. Pierce was the owner of an undivided one-half of E/2 NW/4 of Section 24, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico, and on said date made, executed and delivered to the above named E.S. Grear, an Oil and Gas Lease covering said interest in the described real estate. A true and correct copy of said lease is hereto attached, made a part hereof, and for identification marked "Plaintiff's Exhibit 1."

2. By various assignments of the said Lease and other agreements, the Defendants, Neilson Enterprises, Inc., a corporation, Texas Oil and Gas Corporation, a corporation, and Michael P. Grace, II and Corinne Grace became the owners of said lease. The said owners of the lease and of other leases by agreement authorized the said Michael P. Grace, II and Corinne Grace as the "operators" of a pool or unit consisting of the north half of Section 24, Township 22 South, Range 26 East and said

1 operators drilled a gas well, designated as Go Po Go #2, which
2 was productive of gas and on February 15, 1973, the said owners
3 by agreement designated a pooled unit to consist of the N/2 of
4 Section 24, Township 22 South, Range 26 East. A true copy of
5 such designation is hereto attached, made a part hereof, and for
6 identification marked "Plaintiff's Exhibit 2."

7 3. The said operators have at all times since said date had
8 charge of the operation of said pooled unit and have sold the
9 gas produced therefrom to the defendant Transwestern Pipeline
10 Company, and have received payment for the gas produced from said
11 unit.

12 4. The said Willie L. Pierce, died on April 4, 1974, and by
13 her Last Will and Testament, gave, devised and bequeathed unto
14 Gaby L. Bingham and Bertha L. Love, in equal shares, all mineral
15 interests owned by her at the time of her death.

16 5. At the time of her death, the said Willie L. Pierce, by
17 reason of the ownership of said lease owned 0.01562500 interest
18 in the said gas well located upon said pooled unit. Upon her
19 death, Gaby L. Bingham and Bertha L. Love each owned 0.0078125
20 interest in said well. On July 12, 1976, the said Bertha L. Love,
21 joined by her husband, R.C. Love, conveyed an equal one-half of
22 her mineral interest in said real estate to Lavita Love Story,
23 who thereafter owned 0.003906 interest in said pooled unit and to
24 Lavita Love Story, Trustee who thereafter owned 0.003906 interest
25 in said pooled unit.

26 6. The Defendants, Michael P. Grace, II, and Corinne Grace,
27 as operators of said pooled unit paid the royalties due and pay-
28 able to The Carlsbad National Bank as guardian for the said
29 Willie L. Pierce until her said death, and thereafter to The
30 Carlsbad National Bank as Executor of the estate of Willie Love
31 Pierce until May, 1975. The said Michael P. Grace, II and
32 Corinne Grace have not paid these Plaintiffs or any of them

1 royalties due as above set forth from the production of said
2 pooled unit since May, 1975, although said well has been producing
3 regularly and Transwestern Pipeline Company has been receiving the
4 gas produced therefrom and has paid the said Michael P. Grace, II
5 and Corinne Grace for said gas received by said pipeline company.
6 The said Michael P. Grace, II and Corinne Grace have failed,
7 refused and neglected to pay any royalty whatsoever to these
8 Plaintiffs since May, 1975 and according to the best information
9 and belief of Plaintiffs, the said Defendants, Michael P. Grace,
10 II and Corinne Grace, as operators have received in excess of an
11 average of \$60,000.00 per month from the sale of such gas and
12 Plaintiffs were entitled to their proportionate share of such gas
13 for the times and for the periods as above set forth.

14 7. Plaintiffs have been informed and therefore believe that
15 the said Michael P. Grace, II and Corinne Grace have converted all
16 of the proceeds from said sale of gas including the royalty
17 payments due to Plaintiffs, to their own use and benefit. Such
18 conversion of Plaintiffs' money has been willful, oppressive,
19 unlawful, malicious and fraudulent and with a total disregard to
20 the terms and covenants of said lease and to the rights of these
21 royalty owners who have succeeded to the rights of the original
22 Lessor, the said Willie L. Pierce, deceased.

23 8. The Defendants, E.S. Grear, D.L. Hannifin, Joyce E.
24 Hannifin, Neilson Enterprises, Inc., a corporation and Texas Oil
25 and Gas Corporation, a corporation, are made parties defendant in
26 this action for the reason that Plaintiffs are informed and believe
27 that said Defendants claim some right, title and interest in said
28 production from said gas well by reason of the said lease from
29 Willie L. Pierce to the said E.S. Grear and subsequent assignments
30 and reservations.

31 9. The said operators, Defendants Michael P. Grace, II and
32 Corinne Grace by reason of the foregoing have breached the contract

1 of the said Oil and Gas Lease and the failure to pay the
2 considerations expressed in this lease contract constitutes a
3 failure of consideration of an executory contract, entitling
4 the Plaintiffs to declare a rescission thereof. For such reasons
5 the Plaintiffs do hereby rescind, revoke and cancel said lease
6 and all Division Orders executed by them and their predecessors
7 in interest, as to Plaintiffs "Lessor" interests in said lease.

8 10. Plaintiffs are entitled to an accounting and payment
9 for royalties for gas sold from May 1975 to the filing of this
10 action.

11 11. The said royalties from the gas sold to said pipeline
12 company from May 1975 to the present date constitute accounts
13 payable to the Plaintiffs and they are entitled to interest
14 thereon according to law and their attorneys fees incurred in
15 this action.

16 WHEREFORE Plaintiffs pray Judgment on their First Cause Of
17 Action against the Defendants Michael P. Grace, II and Corinne
18 Grace, E.S. Grear, D.L. Hannifin, Joyce E. Hannifin; Neilson
19 Enterprises, Inc., a corporation, and Texas Oil and Gas Corporation,
20 a corporation for the rescission and cancellation of the Oil and
21 Gas Lease executed by Willie L. Pierce on February 24, 1965 to
22 the Defendant E.S. Grear.

23 SECOND CAUSE OF ACTION:

24 Plaintiffs for their Second Cause of Action adopt all the
25 allegations and statements contained in their First Cause of
26 Action that may be compatible herewith to the same effect as if
27 re-copied herein, and state:

28 The monies due them as accrued royalty from said operators
29 is an open account and they are entitled to judgment against said
30 operators for the same, plus interest, plus their attorneyffees.

31 WHEREFORE, Plaintiffs pray Judgment against Defendants
32 Michael P. Grace, II and Corinne Grace for such amounts found by

1 the Court to be due to them as such royalties, plus interest and
2 plus reasonable attorneys fees and costs.

3 THIRD CAUSE OF ACTION:

4 Plaintiffs for their Third Cause of Action adopt all the
5 allegations and statements contained in their First Cause of
6 Action that may be compatible herewith to the same effect as if
7 re-copied herein and state:

8 That by reason of the unlawful, oppressive, malicious and
9 fraudulent conversion of Plaintiffs monies due as royalties by
10 the Defendants Michael P. Grace, II and Corinne Grace that they
11 are entitled to a judgment for exemplary damages against these
12 Defendants.

13 WHEREFORE, Plaintiffs pray Judgment against the Defendants
14 Michael P. Grace, II and Corinne Grace for exemplary damages in
15 the sum of \$50,000.00 , and costs.

16 FOURTH CAUSE OF ACTION:

17 Plaintiffs for their Fourth Cause of Action adopt all the
18 allegations and statements contained in their First Cause of
19 Action that may be compatible herewith to the same effect as if
20 re-copied herein, and state:

21 Plaintiffs are entitled to an ORDER restraining the
22 Defendant Transwestern Pipeline Company, a corporation from
23 delivering over to the Defendants Michael P. Grace, II, Corinne
24 Grace, E.S. Grear, D.L. Hannifin, Joyce E. Hannifin, Neilson
25 Enterprises, Inc., a corporation or Texas Oil and Gas Corporation,
26 a corporation, royalties accruing from Plaintiffs interest in the
27 said pooled unit and in said Go Po Go gas well.

28 WHEREFORE, Plaintiffs pray Judgment for an ORDER restraining
29 Defendant Transwestern Pipeline Company, a corporation from
30 delivering over to any of the remaining Defendants any royalties
31
32

1 accruing from Plaintiffs interest in the said pooled unit and in
2 said Go Po Go gas well, and for costs.

3 SHULER and DIAMOND

4 By *[Signature]*
5 Attorneys for Plaintiffs,
6 304 B North Canyon
7 Carlsbad, New Mexico 88220

8 STATE OF NEW MEXICO)
9) ss.
10 COUNTY OF EDDY)

11 Leonard T. May, Guardian of the Estate of GABY BINGHAM, an
12 incompetent person, being first duly sworn, states that the
13 matters and facts contained in the foregoing Complaint are true
14 and correct according to his information, knowledge and belief.

15 *Leonard T. May*
16 Leonard T. May, Guardian of the
17 Estate of Gaby L. Bingham, an
18 incompetent person.

19 SUBSCRIBED AND SWORN TO before me this 8th day of November,
20 1976, by Leonard T. May, Guardian of the Estate of Gaby L.
21 Bingham, an incompetent person.

22 *C. J. Childers*
23 Notary Public

24 My Commission Expires:

25 2-25-78

26 STATE OF NEW MEXICO)
27) ss.
28 COUNTY OF EDDY)

29 James L. Shuler, attorney for Plaintiffs BERTHA LOVE, LAVITA
30 LOVE STORY and LAVITA LOVE STORY, Trustee, being first duly
31 sworn states that these plaintiffs reside in Texas and that on
32 their behalf that he knows the matters and facts contained in the
33 foregoing Complaint are true and correct according to his
34 information, knowledge and belief.

35 *James L. Shuler*
36 James L. Shuler, Attorney for
37 Plaintiffs

38 SUBSCRIBED AND SWORN TO before me this 8th day of November,
39 1976, by JAMES L. SHULER, attorney for Plaintiffs, BERTHA LOVE,
40 LAVITA LOVE STORY and LAVITA LOVE STORY, Trustee.

41 *C. J. Childers*
42 Notary Public

43 My Commission Expires:

44 2-25-78

THIS AGREEMENT was on 24 day of February 1965 between

114 N. Church Street,
Carlsbad, New Mexico,
P. O. Office Address.

The following described land is EXC _____

Section 13: SE/4 and SE/4 of SW/4;
Section 24: E/2 of NE/4.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 1000 years from this date called "primary term", and as long thereafter as oil or gas, as produced from said land or land with which said land is pooled.

1. If operations for drilling are not commenced on said land or on land paid therefor on or before the 1st day of May, 1911, this lease shall terminate.

As to both parties, unless in or before one (1) year from the date hereof, they in order to the same, a total of \$74,46 which shall cover the privilege of deferred commencement of such operations for a period of twelve (12) months. In the manner and upon like payments or tenders on all the commencement of said operations may be further deferred the successive parts of the same number of months, each during the primary term.

Payment of tender may be made to the bearer or to the United States Bank

continues to be the agent for the donor and donee's bank and neither bank or for any reason shall fail or refuse to accept drafts, money shall not be paid out of the bank until thirty (30) days after money shall be sent to have a reasonable amount of money may be made by check or draft of bank. Payment or delivery of said bank or money, or any change if more than one, on or before the next paying date.

Any person is hereby granting the right and power, from time to time, to him or anyone this lease, the land covered by it and any part or parts thereof with any other land, now known, mineral estate or parts thereof for the production of oil or gas, their product or oil hereunder and the second forty (40) acre plus a tolerance of 10%, and water pooled for gas shall cover the standard provisions and fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written or mechanical completion reports with the appropriate governmental agency in accordance with the provisions of the laws of the State of New Mexico and the regulations of the appropriate governmental agency or production from any part of any acre and shall be returned for all purposes, except the 10% part of royalty, no production conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such acre that portion of the total production of pooled minerals from which it is taken after deducting any such oil and gas operations, which the number of surface acres in the land covered by this lease bears to the total number of surface acres in the pool. The payment of royalty shall be made to the owner of the land covered by this lease, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in this lease in the same manner as though produced from said land and on the terms of this lease. Any payment or payment by lease as provided herein, may be delivered by lease by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the completion of a well.

2. If prior to the discovery of oil, gas, hydrocarbons, heavy mineral drill and/or mine or heavy minerals, or other discovery of oil or gas the grant to the owner of the land is terminated, then the owner shall, within a reasonable time, remove all structures, buildings, equipment, and other things thereon and diligently prosecute the same, or if it be within the primary term, commence to remove the payment or tender of grants or easements appropriate for drilling or searching on or before the rental payment date last aforesaid after the expiration of three months from date of abandonment of said dry hole or cessation of the operations. If at the expiration of the primary term the owner has not commenced to remove the structures, buildings, and other things thereon or drilling or searching on, the owner shall remain liable for operations as directed by the lessee until the expiration of the primary term, and after diligent efforts to make an economic and operations, then within 90 days after the abandonment of said operations, may commence to remove the structures, buildings, and other things thereon and drill holes or mine heavy minerals, or other discovery of oil or gas, or drilling or searching operations hereafter conducted in production, but the owner shall remain in full force and effect thereafter as if no gas or petroleum had been discovered on said well.

[illegible][illegible][illegible][illegible][illegible]

Forwarded the day and year first above written.

Wm. L. Pierce)

Donald S. Carlson

Plaintiffs' Exhibit 1

INDEXED

STATE OF NEW MEXICO,

County of Edin

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 16th day of March
 1965 by William L. Pierce, a widow

My Commission expires Mar 9 1966Wm. L. Pierce
Notary Public

STATE OF NEW MEXICO,

County of Edin

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 16th day of March
 1965 by Dorothy S. Carlson, a married woman, dealing in her sole and separate property.

My Commission expires Mar 9 1966Wm. L. Pierce
Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____

Notary Public

STATE OF _____

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____

Notary Public

Form 611 (Indemnity Bond, Revised 10-1-64)

By Wm. L. Pierce
Notary PublicI hereby certify that the instrument was filed for
 record in the 2nd day of March
 A.D. 1965, at _____
 was duly recorded in Book _____ of the
 of the County of Edin_____
Deputy_____
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Deputy

INDEXED

STATE OF NEW MEXICO

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____, 19____
 _____ President
 _____ corporation
 on behalf of said corporation.

My Commission Expires _____

Notary Public

STATE OF _____

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

103

DESIGNATION OF POOLED UNIT

KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Atlantic Richfield Company and Michael P. Grace II and Corinne Grace, his wife, own an oil and gas lease from H. G. Peveler et ux to Sinclair Oil and Gas Company, dated June 29, 1966, recorded in book 169 at page 510 of the records of Eddy County, New Mexico, insofar as the lease covers the NE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 24, Township 22 South, Range 26 East, N.M.P.M., containing 40 acres;

WHEREAS, Atlantic Richfield Company and Michael P. Grace II and Corinne Grace, his wife, own an oil and gas lease from Pardue Farms et al to Sinclair Oil and Gas Company, dated June 29, 1966, recorded in Book 171 at page 524 of the records of Eddy County, New Mexico, insofar as the lease covers the W $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$ Section 24, Township 22 South, Range 26 East, N.M.P.M., containing 120 acres;

WHEREAS, Pennzoil Company and Michael P. Grace II and Corinne Grace, his wife, own an oil and gas lease from John W. Moore et al to David J. Sorenson, dated April 10, 1970, recorded in Book 72 at page 913 of the records of Eddy County, New Mexico, insofar as the lease covers the W $\frac{1}{2}$ NW $\frac{1}{4}$ Section 24, Township 22 South, Range 26 East, N.M.P.M., containing 80 acres;

WHEREAS, Texas Oil & Gas Corporation, Nielson Enterprises, Inc. and Michael P. Grace and Corinne Grace, his wife, own an oil and gas lease from Willie L. Pierce et al to E. S. Grear, dated February 24, 1965, recorded in Book 154 at page 492 of the records of Eddy County, New Mexico, insofar as the lease covers the E $\frac{1}{2}$ NE $\frac{1}{4}$ Section 24, Township 22 South, Range 26 East, N.M.P.M., containing 80 acres;

WHEREAS, each of the above leases empowers the lessee to pool the lease and the lands covered thereby with other leases,

lands and mineral estates into units which do not exceed the standard proration unit fixed by the New Mexico Oil Conservation Commission for the pool or area in which the land is situated by filing a written unit designation;

WHEREAS, Michael P. Grace II and Corinne Grace his wife, have drilled and completed a gas well in the Morrow formation underlying the SW $\frac{1}{4}$ NE $\frac{1}{4}$ of Section 24, Township 22 South, Range 26 East, N.M.P.M., and the New Mexico Oil Conservation Commission has designated 320 surface acres as a drilling or proration unit for the production of gas from the Morrow formation in the pool or area in which the above described lands are situated.

NOW, THEREFORE, the undersigned owners of the lessee's interest in the above described oil and gas leases do hereby execute and record this instrument and invoke the pooling privilege granted in said leases and do hereby designate the N $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East, N.M.P.M., containing 320 acres as the unit into which the above described leases and lands are pooled for gas production from the Morrow formation.

This instrument may be executed in counterpart, is dated this 15th day of February, 1973, but shall be effective as of September 1, 1972 at 7:00 A.M.

PENNZOIL COMPANY

By _____
Vice-President

ATLANTIC RICHFIELD COMPANY

By _____
Attorney in Fact

TEXAS OIL & GAS CORPORATION

By _____
President

NIELSON ENTERPRISES, INC.

By _____
President

MICHAEL P. GRACE II

Corinne Grace
CORINNE GRACE

(Counterparts executed by all parties)

Plaintiffs' Exhibit 2

DEC 20 1976

10:20 am

Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

ABBOTT BROTHERS, a Partnership,)
)
 Plaintiff,)

VS.)

No. 32242

MICHAEL P. GRACE and)
)
 CORRINE GRACE,)
)
 Defendants.)

COMPLAINT

Plaintiff states:

1. The parties are doing business in Eddy County, New Mexico and the debts which are alleged herein were made in Eddy County, New Mexico.
2. The defendants have signed the note attached hereto and incorporated by reference herein for full and adequate consideration and are now in default. The balance due is \$123,011.52 plus interest as provided.
3. The defendants have incurred open account debts of \$72,076.06 and have failed and refused to pay said debt.
4. The plaintiff is entitled to judgment for the amounts due, their costs, attorney fees as provided in the note and attorney fees as provided under New Mexico law.

WHEREFORE plaintiff prays for Judgment.

MADDOX, MADDOX & COX

by

DON MADDOX

2988

Attorney for Plaintiff
 P. O. Box 2508
 Hobbs, New Mexico 88240

VERIFICATION

STATE OF NEW MEXICO)
) SS.
 COUNTY OF LEA)

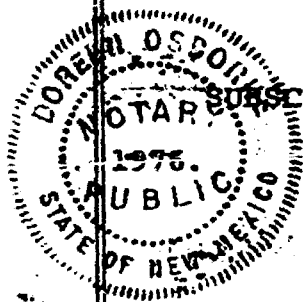
I, DON MADDOX, first being duly sworn state:

I am attorney for the Plaintiff in the above styled and

numbered cause; I have read and understand the contents of the foregoing Complaint and the facts contained therein are true and correct to the best of my knowledge and belief.

R. M. [unclear]

SUBSCRIBED AND SWORN to before me this 16th day of December



Doreen Osborne
Notary Public

My Commission Expires:

July 8, 1978

PROMISSORY NOTE

\$133,011.52

HOBBS, NEW MEXICO

MAY 30, 1976

For value received, I, we, or either of us promise to pay to Abbott Brothers, or order the sum of \$133,011.52 as follows:

July 1, 1976	\$ 5,000.00
August 1, 1976	5,000.00
September 1, 1976	5,000.00
October 1, 1976	5,000.00
November 1, 1976	10,000.00
December 1, 1976	10,000.00
January 1, 1977	10,000.00
February 1, 1977	10,000.00
March 1, 1977	15,000.00
April 1, 1977	15,000.00
May 1, 1977	15,000.00
June 1, 1977	15,000.00
July 1, 1977	13,011.52
	<u>\$133,011.52</u>

Interest at the rate of 10% per annum shall be paid on the unpaid balance from May 1, 1976 and shall be in addition to the principal payments set forth.

The makers shall have the option of prepayment of any amount without penalty or interest.

If any payment is not made at the time and place specified, the holder may, at his option, cause the entire remaining balance to become due and payable.

In the event this Note is placed with an attorney for collection, the makers agree to pay a reasonable attorney's fee (which shall be no less than 15% of the existing balance of the Note) and all necessary costs and expenses for collection.

The makers waive presentment for payment, all notices, and protests.

Corrine Grace

CORRINE GRACE

Michael P. Grace

MICHAEL P. GRACE

D

JAN 11 1977
2:05 PM

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

CASING SERVICES & SALVAGE,
a partnership,

Plaintiff,

vs.

No. CV-77-11

MICHAEL P. GRACE, and
GRACE OIL COMPANY,

Defendants.

COMPLAINT

COMES NOW Plaintiff and for their claim for relief state:

COUNT I

1. Plaintiff is a New Mexico partnership composed of Fred Marshall and Jimmy Evans Machine & Supply Co., Inc., partners, and having its principal place of business in Hobbs, Lea County, New Mexico. Defendant Michael P. Grace is a resident of Carlsbad, Eddy County, New Mexico; Grace Oil Company is a business entity the precise nature of which is unknown to Plaintiff.

2. Plaintiff, at the request of Defendants, furnished Defendants services and materials under a contract entered with and at the specific instance and request of Defendants Michael P. Grace and Grace Oil Company, in connection with a certain oil and gas leasehold more particularly described as

Michael P. Grace - Grace Cotton Baby Federal #1, Section 34, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, which well is located approximately 180 feet from South line and 180 feet from West line of said Section 34, together with all appurtenances thereto, including oil and gas well or wells, tanks, machinery, tools, fixtures, and appliances located thereon.

3. The total amount of services and materials furnished to Defendant is in the amount of \$3,071.64 as shown by the

copy of the account attached as "Exhibit A". This amount is now past due and unpaid although numerous requests have been made for the payment and although allowance has been made for all credits and offsets.

4. The Defendants are jointly and severally liable for the payment of the monies due Plaintiff.

5. Defendants have failed and refused to pay their open account, and Plaintiff has incurred certain attorney's fees and costs to collect the amount owed, and therefore, Plaintiff is entitled to recover a reasonable attorney's fee.

WHEREFORE, Plaintiff requests Judgment against Defendants Michael P. Grace and Grace Oil Company, jointly and severally, in the amount of \$3,071.64, attorney's fees, costs, interest, and for such other relief as the Court deems just.

COUNT II

1. Plaintiff realleges each and every allegation of Count I as if the same were fully set out herein and incorporates Count I by reference in its entirety.

2. Plaintiff at the special instance and request of Defendants furnished services and materials in the amount of \$3,071.64. Plaintiff has caused an amended lien to be filed under the provisions of the New Mexico Oil and Gas Lien Act, §65-1-1 et seq N.M.S.A. (1953 Comp. 2nd repl vol 9(2)) on a certain oil and gas leasehold more particularly described as

Michael P. Grace - Grace Cotton Baby Federal #1, Section 34, Township 22 South, Range 31 East, N.M.P.M., Eddy County, New Mexico, which well is located approximately 180 feet from South line and 180 feet from West line of said Section 34, together with all appurtenances thereto, including oil and gas well or wells, tanks, machinery, tools, fixtures, and appliances located thereon.

This amended lien was filed for record April 22, 1976, at 2:30 P.M., in Book 135, page 576 of the Miscellaneous Records of Eddy County; a copy of this lien is attached as "Exhibit B" and incorporated herein by reference. The amounts claimed under this Amended Lien

-3-

CASING SERVICES & SALVAGE

Contract Pulling • Well Plugging • Purchase Abandoned Wells

PHONE 505 393-3749

P. O. BOX 404

HOBBS, NEW MEXICO 88240

March 31, 1976

Michael F. Grace
Box 1418
Carlsbad, N. Mex. 88220

Dec. 31, 1975 - GRACE FED., COTTON BABY #1.
Equipment, labor and materials to
Plug and abandoned\$2,953.50
Sales Tax 118.14
\$3,071.64

EXHIBIT A

AMENDED
CLAIM OF LIEN

KNOW ALL MEN BY THESE PRESENTS:

That Casing Services & Salvage, a partnership composed of Fred Marshall and Jimmy Evans Machine & Supply Co., Inc., whose post office address is Box 404, Hobbs, New Mexico 88240, is entitled to and claims a lien under the provisions of Section 65-5-1 through Section 65-5-15 of the New Mexico Statutes Annotated, 1953 Compilation, as amended, for services rendered in connection with the pulling of oilwell casing and equipment on a lease known as Grace Federal, Cotton Baby #1, Eddy County, New Mexico, on the real estate hereinafter described, and in support of such lien, states:

1. That a statement of the amount claimed by the claimant and the items thereof is attached hereto, marked "Exhibit A" and made a part hereof; that as shown by said statement, the amounts due and owing the claimant, after allowing all just credits and offsets thereto is \$3071.64.

2. The services were rendered and materials furnished under a contract with and at the special instance and request of Michael P. Grace and Grace Oil Company, Carlsbad, New Mexico, the owner or agent of the reputed owner of the oil and gas leasehold estate hereinafter described.

3. A description of the property to be charged with the lien is as follows:

Michael P. Grace - Grace Cotton Baby Federal #1
Section 34, Township 22 South, Range 31 East, N.M.P.M.,
Eddy County, New Mexico, which well is located approxi-
mately 180 feet from South line and 180 feet from West
line of said Section 34,

together with all of the appurtenances thereto, including the oil and gas well or wells, tanks, machinery, tools, fixtures, and appliances located thereon, and the name of the owner or reputed owner thereof is Michael P. Grace and Grace Oil Company.

4. The claimant's services were last rendered by claimant on or about December 24, 1975.

EXHIBIT B

EXHIBIT "A"

SALES TAX

CASING SERVICES & SALVAGE

Contract Pulling • Well Plugging • Purchase Abandoned Wells

PHONE 505 393-3749

P. O. BOX 404

HOBBS, NEW MEXICO 88240

March 31, 1976

Michael P. Grace
Box 1418
Carlsbad, N. Mex. 88220

Dec. 31, 1975 - GRACE FED., COTTON BABY #1.
Equipment, labor and materials to
Plug and abandoned\$2,953.50
Sales Tax118.14
\$3,071.64

STATE OF NEW MEXICO, County of Eddy, ss: I hereby certify that this instrument was
filed for record on the 22 day of April 1976 at 2:30 o'clock P.M. and
duly recorded in book 135, page 576 of the Records of Misc.

Michael Sanchez, County Clerk

By Juanita Carpenter, Deputy

JAN 19 1977
1:55 PM

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

CITIES SERVICE OIL COMPANY,)

Plaintiff,)

vs.)

No. CV-77-18MICHAEL P. GRACE and CORINNE)
GRACE, his wife, VANN TOOL)
COMPANY, I & W, INC.,)
SHERMAN POWER TONGS, INC.,)
IRVING RAPAPORT, d/b/a FOUR)
CORNERS EXPLORATION COMPANY,)
CLAUDE MCCAUSLAND, E. S.)
GREAR, H. O. McCARTY and)
MARGE McCARTY, d/b/a A & M)
DRILLING COMPANY, and)
EMPLOYMENT SECURITY COMMISSION)
OF THE STATE OF NEW MEXICO)

Defendants.)

COMPLAINT

COMES NOW Cities Service Oil Company and for its Complaint against Michael P. Grace and Corinne Grace, his wife, Vann Tool Company, I & W, Inc., Sherman Power Tongs, Inc., Irving Rapaport, d/b/a Four Corners Exploration Company, Claude McCausland, E. S. Grear, H. O. McCarty and Marge McCarty, d/b/a A & M Drilling Company, and Employment Security Commission of the State of New Mexico, states:

1. Plaintiff is a corporation incorporated under the laws of the State of Delaware with its principal place of business in Tulsa, Oklahoma; Plaintiff is duly authorized to do business in the State of New Mexico. Upon information and belief, Plaintiff alleges that Defendants Michael P. Grace and Corinne Grace, his wife, reside outside the State of New Mexico, but their present whereabouts cannot be discovered after making due inquiry and search to discover the same. The cause of action herein alleged constituted the transaction of business by said Defendants within the State

of New Mexico, pursuant to Section 21-3-16, N.M.S.A. 1953; the land hereinafter described is situate in Eddy County, New Mexico.

2. On or about January 13, 1975, Defendant Michael P. Grace made and entered into that certain Operating Agreement with Plaintiff dated September 20, 1974, a copy of which is attached hereto, marked Exhibit "A".

3. Pursuant to the terms and provisions of that Operating Agreement, Plaintiff, as operator, drilled the test well (sometimes referred to as the Tracy B-1 Well) in a proper and diligent manner, and completed the same as a producer. In accordance with the rules and regulations of the New Mexico Oil Conservation Commission, the E $\frac{1}{2}$ of Section 18, Township 22 South, Range 27 East, N.M.P.M., Eddy County, New Mexico was dedicated thereto as the proration unit. The well has been produced, and operated by Plaintiff since its completion.

4. Pursuant to the terms and provisions of the Operating Agreement (Exhibit "A"), Defendants Michael P. Grace and Corinne Grace, his wife, are indebted to Plaintiff for their share of the costs of drilling and completing the well hereinabove described, and operating the same through the month of November, 1976, which costs total \$96,486.76, together with interest thereon at the rate of 12% per annum, as agreed, until paid in full. Periodic invoices and demands for payment have been made by Plaintiff upon said Defendants, but payment thereof has not been made by them; a copy of the last invoice dated December 20, 1976 is attached hereto, marked Exhibit "B".

5. Defendants Vann Tool Company and I & W, Inc. are corporations incorporated under the laws of the State of

New Mexico with their principal places of business in Artesia, New Mexico. Defendant Sherman Power Tongs, Inc. is a corporation incorporated under the laws of the State of Texas duly authorized to do business in the State of New Mexico. Defendants Irving Rapaport, doing business as Four Corners Exploration Company, Claude McCausland, E. S. Grear, and H. O. McCarty and Marge McCarty, doing business as A & M Drilling Company, are residents of the State of New Mexico. All of said Defendants, together with Defendant Employment Security Commission of the State of New Mexico claim some lien, interest or title in and to the land hereinabove described, but each and all of such claims are inferior and subordinate to Plaintiff's lien created by the aforementioned Operating Agreement (Exhibit "A").

6. It has been necessary for Plaintiff to employ the undersigned attorneys to collect this account, and Plaintiff is entitled to recover reasonable attorney's fees to be taxed and collected as costs as provided for by Section 18-1-37, N.M.S.A., 1953.

WHEREFORE, Plaintiff prays:

1. That it have and recover judgment of and from Defendants Michael P. Grace and Corinne P. Grace, his wife, for the sum of \$96,486.76 together with such additional sums which accrue after November, 1976, until the date of judgment, interest thereon at the rate of 12% per annum, as agreed, until paid, reasonable attorney's fees and its costs herein expended,

2. That in default of the payment in full of all amounts for which judgment is sought, the lien of Plaintiff's Operating Agreement be foreclosed, that the oil and

gas leasehold and mineral interests described therein owned by Defendants Michael P. Grace and Corinne Grace, his wife, which are subject to the jurisdiction of this Court, be sold at public auction by Special Master appointed by the Court for that purpose, in accordance with the laws of the State of New Mexico, and that the proceeds thereof be applied to the payment of the sums found due Plaintiff,

3. That Plaintiff be authorized by the Court to bid on and purchase the property so described in its Operating Agreement at the foreclosure sale thereof, and that Plaintiff have credit upon all amounts bid by it up to the total amount of the judgment herein rendered, and

4. That Plaintiff have such other and further relief as the Court may deem proper.

ATWOOD, MALONE, MANN & COOTER, P.A.

BY 

P. O. Drawer 700
Roswell, New Mexico

Attorneys for Plaintiff
Cities Service Oil Company

STATE OF NEW MEXICO

)

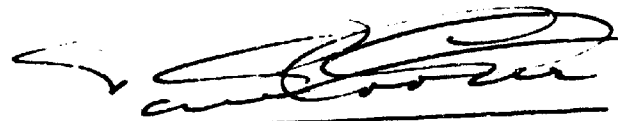
) ss.

COUNTY OF CHAVES


)

Paul A. Cooter being duly sworn upon his oath deposes and states that he is one of the attorneys for Plaintiff in the above styled and numbered cause and as such has read the foregoing Complaint and is familiar with the contents thereof, that the matters and facts therein alleged


are true and correct to the best of his knowledge, information and belief.


Paul A. Cooter

SUBSCRIBED AND SWORN to before me this 17 day of
January, 1977.


Notary Public

My Commission Expires:


Dec. 2, 1977

OPERATING AGREEMENT

DATED

-- SEPTEMBER 20, --, 19 74,

FOR UNIT AREA IN TOWNSHIP 22 SOUTH, RANGE 27 EAST

EDDY COUNTY, STATE OF NEW MEXICO

EXHIBIT 2A

and Plo. Ey #1 -

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OPERATING AGREEMENT

THIS AGREEMENT, entered into this 20th day of SEPTEMBER, 1974, between CITIES SERVICE OIL COMPANY

hereafter designated as "Operator", and the signatory parties other than Operator.

WITNESSETH, THAT:

WHEREAS, the parties to this agreement are owners of oil and gas leases covering and, if so indicated, unleased mineral interests in the tracts of land described in Exhibit "A", and all parties have reached an agreement to explore and develop these leases and interests for oil and gas to the extent and as hereinafter provided;

NOW, THEREFORE, it is agreed as follows:

1. DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them.

- (1) The words "party" and "parties" shall always mean a party, or parties, to this agreement. Under Section 2. A., the words "party" or "parties" shall mean only those participating in the drilling of the proposed well.
- (2) The parties to this agreement shall always be referred to as "it" or "they", whether the parties be corporate bodies, partnerships, associations, or persons real.
- (3) The term "oil and gas" shall include oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons, unless an intent to limit the inclusiveness of this term is specifically stated.
- (4) The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Unit Area which are owned by parties to this agreement.
- (5) The term "Unit Area" shall refer to and include all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".
- (6) The term "drilling unit" shall mean the area fixed for the drilling of one well (or the area which is necessary to obtain a full allowable for such well) under an order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Unit Area or as fixed by express agreement of the parties.
- (7) All exhibits attached to this agreement are made a part of the contract as fully as though copied in full in the contract.
- (8) The words "equipment" and "materials" as used here are synonymous and shall mean and include all oil field supplies and personal property acquired for use in the Unit Area.
- (9) Unless otherwise agreed upon by the parties participating in a well, "Drillsite" shall mean the lease and/or oil and gas interests underlying the proposed well insofar as they are within the drilling unit.

2. TITLE EXAMINATION, LOSS OF LEASES AND OIL AND GAS INTERESTS

A. Title Examination:

Each party hereto shall, as to its contribution and upon request, furnish each other party with certified or photostatic copies of all title papers and opinions in its possession.

There shall be no examination of title to leases, or to oil and gas interests, except that title to the drillsite shall be examined on a complete abstract record by Operator's attorney, and the title to the drillsite must be approved by the examining attorney, or accepted by all parties. A copy of the examining attorney's opinion shall be sent to each party immediately after the opinion is written, and, also each party shall be given, as they are written, a copy of all subsequent supplemental attorney's reports. A good faith effort to satisfy the examining attorney's requirements shall be made by the party or parties owning the drillsite.

If title to the proposed drillsite is not approved by the examining attorney or the lease is not acceptable for a material reason, and all parties do not accept the title, the parties shall select a new drillsite for the first exploratory well; provided, if the parties are unable to agree upon another drillsite, this agreement shall, in that case, come to an end and all parties shall then forfeit their rights and be relieved of obligations hereunder. If a new drillsite is selected, title shall be examined, and title shall be approved or accepted or rejected in like manner as provided above concerning the drillsite first selected. If title to the second choice drillsite is not approved or accepted, other drillsites shall be successively selected and title examined, until a drillsite is chosen to which title is approved or accepted, or until the parties fail to select another drillsite. As in the case of the drillsite first selected, so

also with successive choices if the time comes that the parties have not approved title and are unable to agree upon an alternate drillsite, the contract shall, in that case and at that time, come to an end and all parties shall forfeit their rights and be relieved of obligations under this contract.

No well other than the first well shall be drilled in the Unit Area until after (1) the title to the drillsite has been examined by an attorney for one of the participating parties, and (2) the title has been approved by the examining attorney or the title has been accepted by all of the parties who are to participate in the drilling of the well.

The examining attorney under this Section 2. A., may accept title papers and another qualified attorney's opinion as the opinion called for above rather than conduct a separate title examination.

B. Failure of Title:

Should any oil and gas lease, or interest therein, be lost through failure of title, this agreement shall, nevertheless, continue in force as to all remaining leases and interests, and

- (1) The party whose lease or interest is affected by the title failure shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development or operating costs which it may have theretofore paid, but there shall be no monetary liability on its part to the other parties hereto by reason of such title failure; and
- (2) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the interest which has been lost, but the interests of the parties shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose lease or interest is affected by the title failure will thereafter be reduced in the Unit Area by the amount of the interest lost; and
- (3) If the proportionate interests of the other parties hereto in any producing well theretofore drilled on the Unit Area is increased by reason of the title failure, the party whose title has failed shall receive the proceeds attributable to the increase in such interests (less operating costs attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well; and
- (4) Should any person not a party to this agreement, who is determined to be the owner of any interest in the title which has failed, pay in any manner any part of the cost of operation, development, or equipment, previously paid under this agreement, such amount shall be proportionately paid to the party or parties hereto who in the first instance paid the costs which are so refunded; and
- (5) Any liability to account to a third party for prior production of oil and gas which arises by reason of title failure shall be borne by the party whose title failed, or if more than one then by the parties whose title failed, in the same proportions in which they shared in such prior production.

C. Loss of Leases for Causes Other Than Title Failure:

If any lease or interest subject to this agreement be lost through failure to develop or because express or implied covenants have not been performed, or if any lease be permitted to expire at the end of its primary term and not be renewed or extended, or if any lease or interest therein is lost due to the fact that the production therefrom is shut in by reason of lack of market, the loss shall not be considered a failure of title and all such losses shall be joint losses and shall be borne by all parties in proportion to their interests and there shall be no readjustment of interests in the Unit Area. (Joint loss only as to losses occurring after the effective date hereof by reason of acts performed, or not performed, after said date.)

3. UNLEASED OIL AND GAS INTERESTS

If any party owns an unleased oil and gas interest in the Unit Area, that interest shall be treated for the purpose of this agreement as if it were a leased interest under the form of oil and gas lease attached as "Exhibit D" and for the primary term therein stated. As to such interests, the owner shall receive royalty on production as prescribed in the form of oil and gas lease attached hereto as Exhibit "D". Such party shall, however, be subject to all of the provisions of this agreement relating to lessees, to the extent that it owns the lessee interest. (See Section 30 A.)

4. INTERESTS OF PARTIES

Exhibit "A" lists all of the parties, and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this contract shall be borne and paid, and all equipment and material acquired in operations on the Unit Area shall be owned, by the parties as their interests are given in Exhibit "A". All production of oil and gas from the Unit Area, subject to the payment of lessor's royalties, shall also be owned by the parties in the same manner.

If any interest in an oil and gas lease covered by this agreement is subject to an overriding royalty, production payment, or other charge over and above the usual one-eighth (1/8) royalty, the party contributing that interest in the leases shall assume and alone bear all such excess obligations and shall account for them to the owners thereof out of its share of the working interest production of the Unit Area.

5. OPERATOR OF UNIT

CITIES SERVICE OIL COMPANY shall be the Operator of the Unit Area, and shall conduct and direct and have full control of all operations on the Unit Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained, or liabilities incurred, except such as may result from gross negligence or from breach of the provisions of this agreement.

6. EMPLOYEES

The number of employees and their selection, and the hours of labor and the compensation for services performed, shall be determined by Operator. All employees shall be the employees of Operator.

7. TEST WELL

Subject to Section 2 hereof, and as soon as practicable, Operator shall commence the drilling of a well for oil and gas in the following location: At a surface location in the Northeast Quarter of the Southeast Quarter (NE/4 SE/4) of Section Eighteen (18), with bottom hole location in the Southeast Quarter of the Northeast Quarter (SE/4 NE/4) of Section Eighteen (18), all in Township Twenty-two (22) South, Range Twenty-seven (27) East, Eddy County, New Mexico.

and shall thereafter continue the drilling of the well with due diligence to a depth sufficient to test the Morrow Formation, with total depth estimated at 11,700,

unless granite or other practically impenetrable substance is encountered at a lesser depth or unless all parties agree to complete the well at a lesser depth.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply.

If in Operator's judgment the well will not produce oil or gas in paying quantities, and it wishes to plug and abandon the test as a dry hole, it shall first secure the consent of all parties to the plugging, and the well shall then be plugged and abandoned as promptly as possible.

8. COSTS AND EXPENSES

Except as herein otherwise specifically provided, Operator shall promptly pay and discharge all costs and expenses incurred in the development and operation of the Unit Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the cost and expense basis provided in the Accounting Procedure attached hereto and marked Exhibit "C". If any provision of Exhibit "C" should be inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the costs to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an itemized statement of such estimated costs, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated costs shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest at the rate of twelve percent (12%) per annum or such maximum rate as permitted by law, whichever is the lesser, until paid. Proper adjustment shall be made monthly between advances and actual cost, to the end that each party shall bear and pay its proportionate share of actual costs incurred, and no more.

9. OPERATOR'S LIEN

Operator is given a first and preferred lien on the interest of each party covered by this contract, and in each party's interest in oil and gas produced and the proceeds from the sale thereof and upon each party's interest in material and equipment, to secure the payment of all sums due from each such party to Operator.

In the event any party fails to pay any amount owing by it to Operator as its share of such costs and expense or such advance estimate within the time limited for payment thereof, Operator, without prejudice to other existing remedies, is authorized, at its election, to collect from the purchaser or purchasers of oil or gas, the proceeds accruing to the working interest or interests in the Unit Area of the delinquent party up to the amount owing by such party, and each purchaser of oil or gas is authorized to rely upon Operator's statement as to the amount owing by such party.

In the event of the neglect or failure of any non-operating party to promptly pay its proportionate part of the cost and expense of development and operation when due, the other non-operating parties and Operator, within thirty (30) days after the rendition of statements therefor by Operator, shall proportionately contribute to the payment of such delinquent indebtedness and the non-operating parties so contributing shall be entitled to the same lien rights as are granted to Operator in this section. Upon the payment by such delinquent or defaulting party to Operator of any amount or amounts on such delinquent indebtedness, or upon any recovery on behalf of the non-operating parties under the lien conferred above, the amount or amounts so paid or recovered shall be distributed and paid by Operator to the other non-operating parties and Operator proportionately in accordance with the contributions theretofore made by them.

10. TERM OF AGREEMENT

This agreement shall remain in full force and effect for as long as any of the oil and gas leases subjected to this agreement remain or are continued in force as to any part of the Unit Area, whether by production, extension, renewal or otherwise; provided, however, that in the event the first well drilled hereunder results in a dry hole and no other well is producing oil or gas in paying quantities from the Unit Area, then at the end of ninety (90) days after abandonment of the first test well, this agreement shall terminate unless one or more of the parties are then engaged in drilling a well or wells pursuant to Section 12 hereof, or all parties have agreed to drill an additional well or wells under this agreement, in which event this agreement shall continue in force until such well or wells shall have been drilled and completed. If production results therefrom this agreement shall continue in force thereafter as if said first test well had been productive in paying quantities, but if production in paying quantities does not result therefrom this agreement shall terminate at the end of ninety (90) days after abandonment of such well or wells. It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

11. LIMITATION ON EXPENDITURES

Without the consent of all parties: (a) No well shall be drilled on the Unit Area except any well expressly provided for in this agreement and except any well drilled pursuant to the provisions of Section 12 of this agreement, it being understood that the consent to the drilling of a well shall include consent to all necessary expenditures in the drilling, testing, completing, and equipping of the well, including necessary tankage; (b) No well shall be reworked, plugged back or deepened except a well reworked, plugged back or deepened pursuant to the provisions of Section 12 of this agreement, it being understood that the consent to the reworking, plugging back or deepening of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping of said well to produce, including necessary tankage; (c) Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Ten Thousand Dollars (\$10,000.00) except in connection with a well the drilling, reworking, deepening, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that in case of explosion, fire, flood, or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency and to safeguard life and property, but Operator shall, as promptly as possible, report the emergency to the other parties. Operator shall, upon request, furnish copies of its "Authority for Expenditures" for any single project costing in excess of \$5,000.00, and for any lesser amounts when prepared for Operator's own use.

12. OPERATIONS BY LESS THAN ALL PARTIES

If all the parties cannot mutually agree upon the drilling of any well on the Unit Area other than the test well provided for in Section 7, or upon the reworking, deepening or plugging back of a dry hole drilled at the joint expense of all parties or a well jointly owned by all the parties and not then producing in paying quantities on the Unit Area, any party or parties wishing to drill, rework, deepen or plug back such a well may give the other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days (except as to reworking, plugging back or drilling deeper, where a drilling rig is on location, the period shall be limited to forty-eight (48) hours exclusive of Saturday or Sunday) after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. Failure of a party receiving such a notice to so reply to it within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation.

If any party receiving such a notice elects not to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the 48-hour period where the drilling rig is on location, as the case may be) actually commence work on the proposed operation and complete it with due diligence.

The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions that their respective interests as shown in Exhibit "A" bear to the total interests of all Consenting Parties. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this section results in a producer of oil and/or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this section, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well, its leasehold operating rights, and share of production therefrom until the proceeds or market value thereof (after deducting production taxes, royalty, overriding royalty and other interests payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

- (A) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this section, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to each Non-Consenting Party had it participated in the well from the beginning of the operation; and
- (B) 300% of that portion of the costs and expenses of drilling, reworking, deepening or plugging back, testing and completing, after deducting any cash contributions received under Section 24, and 300% of that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value.

Within sixty (60) days after the completion of any operation under this section, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited to reimbursement in the same manner as production is credited, in determining when the interest of such Non-Consenting Party shall revert to it as above provided; if there is a credit balance it shall be paid to such Non-Consenting Party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it and from and after such reversion such Non-Consenting Party shall own the same interest in such well, the operating rights and working interest therein, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have owned had it participated in the drilling, reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and the accounting procedure schedule, Exhibit "C", attached hereto.

Notwithstanding the provisions of this Section 12, it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Unit Area is producing, unless such well conforms to the then-existing well spacing pattern for such source of supply.

The provisions of this section shall have no application whatsoever to the drilling of the initial test well on the Unit Area, but shall apply to the reworking, deepening, or plugging back of the initial test well after it has been drilled to the depth specified in Section 7, if it is, or thereafter shall prove to be, a dry hole or non-commercial well, and to all other wells drilled, reworked, deepened, or plugged back, or proposed to be drilled, reworked, deepened, or plugged back, upon the Unit Area subsequent to the drilling of the initial test well.

13. RIGHT TO TAKE PRODUCTION IN KIND

Each party shall take in kind or separately dispose of its proportionate share of all oil and gas produced from the Unit Area, exclusive of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Each party shall pay or deliver, or cause to be paid or delivered, all royalties, overriding royalties, or other payments due on its share of such production, and shall hold the other parties free from any liability therefor. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party.

Each party shall execute all division orders and contracts of sale pertaining to its interest in production from the Unit Area, and shall be entitled to receive payment direct from the purchaser or purchasers thereof for its share of all production.

In the event any party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Unit Area, Operator shall have the right, subject to revocation at will by the party owning it, but not the obligation, to purchase such oil and gas or sell it to others for the time being, at not less than the market price prevailing in the area, which shall in no event be less than the price which Operator receives for its portion of the oil and gas produced from the Unit Area. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to exercise at any time its right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a purchaser. Notwithstanding the foregoing, Operator shall not make a sale into interstate commerce of any other party's share of gas production without first giving such other party sixty (60) days notice of such intended sale.

14. ACCESS TO UNIT AREA

Each party shall have access to the Unit Area at all reasonable times, at its sole risk, to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operation thereof, including Operator's books and records relating thereto. Operator shall, upon request, furnish each of the other parties with copies of all drilling reports, well logs, tank tables, daily gauge and run tickets and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Unit Area.

15. DRILLING CONTRACTS

All wells drilled on the Unit Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. Operator, if it so desires, may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the field, and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as shall be customary and usual in the field in contracts of independent contractors who are doing work of a similar nature.

16. ABANDONMENT OF WELLS

No well, other than any well which has been drilled or reworked pursuant to Section 12 hereof for which the Consenting Parties have not been fully reimbursed as therein provided, which has been completed as a producer shall be plugged and abandoned without the consent of all parties; provided, however, if all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall then assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and its equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. The assignments so limited shall encompass the "drilling unit" upon which the well is located. The payments by, and the assignments to, the assignees shall be in a ratio based upon the relationship of their respective percentages of participation in the Unit Area to the aggregate of the percentages of participation in the Unit Area of all assignees. There shall be no readjustment of interest in the remaining portion of the Unit Area.

After the assignment, the assignors shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open. Upon request of the assignees, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well.

17. DELAY RENTALS AND SHUT-IN WELL PAYMENTS.

Delay rentals and shut-in well payments which may be required under the terms of any lease shall be paid by the party who has subjected such lease to this agreement, at its own expense. Proof of each payment shall be given to Operator at least ten (10) days prior to the rental or shut-in well payment date. Operator shall furnish similar proof to all other parties concerning payments it makes in connection with its leases. Any party may request, and shall be entitled to receive, proper evidence of all such payments. If, through mistake or oversight, any delay rental or shut-in well payment is not paid or is erroneously paid, and as a result a lease or interest therein terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to pay a rental or shut-in well payment secures a new lease covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, the interests of the parties shall be revised on an acreage basis effective as of the date of termination of the lease involved, and the party who failed to make proper payment will no longer be credited with an interest in the Unit Area on account of the ownership of the lease which has terminated. In the event the party who failed to pay the rental or the shut-in well payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of oil and gas attributable to the lost interest, calculated on an acreage basis, for the development and operating costs theretofore paid on account of such interest, it shall be reimbursed for unrecovered actual costs theretofore paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

- (1) proceeds of oil and gas, less operating expenses, theretofore accrued to the credit of the lost interest, on an acreage basis, up to the amount of unrecovered costs;
- (2) proceeds, less operating expenses thereafter incurred attributable to the lost interest on an acreage basis, of that portion of oil and gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which would, in the absence of such lease termination, be attributable to the lost interest on an acreage basis, up to the amount of unrecovered costs, the proceeds of said portion of the oil and gas to be contributed by the other parties in proportion to their respective interests; and
- (3) any moneys, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the interest lost, for the privilege of participating in the Unit Area or becoming a party to this contract.

Operator shall promptly notify each other party of any well shut in (and the reason therefore) or placed on production; however, there shall be no liability for inadvertent failure to give said notice.

18. PREFERENTIAL RIGHT TO PURCHASE

Should any party desire to sell all or any part of its interests under this contract, or its rights and interests in the Unit Area, it shall promptly give written notice to the other parties, with full information concerning its proposed sale, which shall include the name and address of the prospective purchaser (who must be ready, willing and able to purchase), the purchase price, and all other terms of the offer. The other parties shall then have an optional prior right, for a period of ten (10) days after receipt of the notice, to purchase on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to dispose of its interests by merger, reorganization, consolidation, or sale of all of its assets, or a sale or transfer of its interests to a subsidiary or parent company, or subsidiary of a parent company, or to any company in which any one party owns a majority of the stock.

Should a sale be made by Operator of its rights and interests, the other parties shall have the right within sixty (60) days after the date of such sale, by majority vote in interest, to select a new Operator. If a new Operator is not so selected, the transferee of the present Operator shall assume the duties of and act as Operator. In either case, the retiring Operator shall continue to serve as Operator, and discharge its duties in that capacity under this agreement, until its successor Operator is selected and begins to function, but the present Operator shall not be obligated to continue the performance of its duties for more than 120 days after the sale of its rights and interests has been completed.

19. MAINTENANCE OF UNIT OWNERSHIP

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this contract, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases embraced within the Unit Area and in wells, equipment and production unless such disposition covers either:

- (1) the entire interest of the party in all leases and equipment and production; or
- (2) an equal undivided interest in all leases and equipment and production in the Unit Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the rights of the other parties.

If at any time the interest of any party is divided among and owned by four or more co-owners, Operator may, at its discretion, require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interests within the scope of the operations embraced in this contract; however, all such co-owners shall enter into and execute all contracts or agreements for the disposition of their respective shares of the oil and gas produced from the Unit Area and they shall have the right to receive, separately, payment of the sale proceeds thereof.

20. RESIGNATION OF OPERATOR

Operator may resign from its duties and obligations as Operator at any time upon written notice of not less than ninety (90) days given to all other parties. In this case, all parties to this contract shall select by majority vote in interest, not in numbers, a new Operator who shall assume the responsibilities and duties, and have the rights, prescribed for Operator by this agreement. The retiring Operator shall deliver to its successor all records and information necessary to the discharge by the new Operator of its duties and obligations.

21. LIABILITY OF PARTIES

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Unit Area. Accordingly, the lien granted by each party to Operator in Section 9 is given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership or association, or to render them liable as partners.

22. RENEWAL OR EXTENSION OF LEASES

If any party secures a renewal of any oil and gas lease subject to this contract, each and all of the other parties shall be notified promptly, and shall have the right to participate in the ownership of the renewal lease by paying to the party who acquired it their several proper proportionate shares of the acquisition cost, which shall be in proportion to the interests held at that time by the parties in the Unit Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the unit area to the aggregate of the percentages of participation in the unit area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all the parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this section shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. Any renewal lease taken before the expiration of its predecessor lease, or taken or contracted for within six (6) months after the expiration of the existing lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this section.

The provisions in this section shall apply also and in like manner to extensions of oil and gas leases.

23. SURRENDER OF LEASES

The leases covered by this agreement, in so far as they embrace acreage in the Unit Area, shall not be surrendered in whole or in part unless all parties consent.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties not agree or consent, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall be shared by the parties assignee in the proportions that the interest of each bears to the interest of all parties assignee. The Assignment shall in no event cover any lands outside the Unit Area unless Assignor and Assignee mutually agree thereto.

Any assignment or surrender made under this provision shall not reduce or change the assignors' or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Unit Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

24. ACREAGE OR CASH CONTRIBUTIONS

If any party receives while this agreement is in force a contribution of cash toward the drilling of a well or any other operation on the Unit Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly execute an assignment of the acreage, without warranty of title, to all parties to this agreement in proportion to their interests in the Unit Area at that time, and such acreage shall become a part of the Unit Area and be governed by all the provisions of this contract. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Unit Area.

25. PROVISION CONCERNING TAXATION

Each of the parties hereto elects, under the authority of Section 761(a) of the Internal Revenue Code of 1954, to be excluded from the application of all of the provisions of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954. If the income tax laws of the state or states in which the property covered hereby is located contain, or may hereafter contain, provisions similar to those contained in the Subchapter of the Internal Revenue Code of 1954 above referred to under which a similar election is permitted, each of the parties agrees that such election shall be exercised. Each party authorizes and directs the Operator to execute such an election or elections on its behalf and to file the election with the proper governmental office or agency. If requested by the Operator so to do, each party agrees to execute and join in such an election.

Operator shall render for ad valorem taxation all property subject to this agreement, which by law should be returned for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Operator shall bill all other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If any tax assessment is considered unreasonable by Operator, it may at its discretion protest such valuation within the time and manner prescribed by law, and it may at its discretion prosecute, or not prosecute, the protest to a final determination. When any such protested valuation shall have been finally determined, Operator shall pay the assessment for the joint account, together with interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

23. SURRENDER OF LEASES

The leases covered by this agreement, in so far as they embrace acreage in the Unit Area, shall not be surrendered in whole or in part unless all parties consent.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties not agree or consent, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall be shared by the parties assignee in the proportions that the interest of each bears to the interest of all parties assignee. The Assignment shall in no event cover any lands outside the Unit Area unless Assignor and Assignee mutually agree thereto.

Any assignment or surrender made under this provision shall not reduce or change the assignors' or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Unit Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

24. ACREAGE OR CASH CONTRIBUTIONS

If any party receives while this agreement is in force a contribution of cash toward the drilling of a well or any other operation on the Unit Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly execute an assignment of the acreage, without warranty of title, to all parties to this agreement in proportion to their interests in the Unit Area at that time, and such acreage shall become a part of the Unit Area and be governed by all the provisions of this contract. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Unit Area.

25. PROVISION CONCERNING TAXATION

Each of the parties hereto elects, under the authority of Section 761(a) of the Internal Revenue Code of 1954, to be excluded from the application of all of the provisions of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954. If the income tax laws of the state or states in which the property covered hereby is located contain, or may hereafter contain, provisions similar to those contained in the Subchapter of the Internal Revenue Code of 1954 above referred to under which a similar election is permitted, each of the parties agrees that such election shall be exercised. Each party authorizes and directs the Operator to execute such an election or elections on its behalf and to file the election with the proper governmental office or agency. If requested by the Operator so to do, each party agrees to execute and join in such an election.

Operator shall render for ad valorem taxation all property subject to this agreement which by law should be returned for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Operator shall bill all other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If any tax assessment is considered unreasonable by Operator, it may at its discretion protest such valuation within the time and manner prescribed by law, and it may at its discretion prosecute, or not prosecute, the protest to a final determination. When any such protested valuation shall have been finally determined, Operator shall pay the assessment for the joint account, together with interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

26. INSURANCE

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where the operations are being conducted. Operator shall also carry or provide insurance for the benefit of the joint account of the parties as may be outlined in Exhibit "B" attached to and made a part hereof. Operator shall require all contractors engaged in work on or for the Unit Area to comply with the Workmen's Compensation Law of the State where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event Automobile Public Liability Insurance is specified in said Exhibit "B", or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for operator's fully owned automotive equipment.

27. CLAIMS AND LAWSUITS

If any party to this contract is sued on an alleged cause of action arising out of operations on the Unit Area, or on an alleged cause of action involving title to any lease or oil and gas interest subjected to this contract, it shall give prompt written notice of the suit to the Operator and all other parties.

The defense of lawsuits shall be under the general direction of a committee of lawyers representing the parties, with Operator's attorney as Chairman. Suits may be settled during litigation only with the joint consent of all parties. No charge shall be made for services performed by the staff attorneys for any of the parties, but otherwise all expenses incurred in the defense of suits, together with the amount paid to discharge any final judgment, shall be considered costs of operation and shall be charged to and paid by all parties in proportion to their then interests in the Unit Area. Attorneys, other than staff attorneys for the parties, shall be employed in lawsuits involving Unit Area operations only with the consent of all parties; if outside counsel is employed, their fees and expenses shall be considered Unit Area expense and shall be paid by Operator and charged to all of the parties in proportion to their then interests in the Unit Area. The provisions of this paragraph shall not be applied in any instance where the loss which may result from the suit is treated as an individual loss rather than a joint loss under prior provisions of this agreement, and all such suits shall be handled by and be the sole responsibility of the party or parties concerned.

Damage claims caused by and arising out of operations on the Unit Area, conducted for the joint account of all parties, shall be handled by Operator and its attorneys, the settlement of claims of this kind shall be within the discretion of Operator so long as the amount paid in settlement of any one claim does not exceed thirty-five hundred (\$3500.00) dollars and, if settled, the sums paid in settlement shall be charged as expense to and be paid by all parties in proportion to their interests in the Unit Area.

28. FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all possible diligence to remove the force majeure as quickly as possible.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure" as here employed shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental restraint, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

29. NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, shall, unless otherwise specifically provided, be given in writing by United States mail or Western Union Telegram, postage or charges prepaid, and addressed to the party to whom the notice is given at the

addresses listed on Exhibit "A". The originating notice to be given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed and the time for such party to give any notice in response thereto shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid. Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to all other parties.

30. OTHER CONDITIONS, IF ANY, ARE:

A. Unleased oil and gas interests shall be subject to the terms and provisions of this agreement only for the term set out in Exhibit "D".

If the assigning party or parties under any applicable section in this agreement shall be the owner or owners of an unleased oil and gas interest, such party or parties shall execute an oil and gas lease in lieu of an assignment as therein provided, using in so doing, the form of lease attached hereto as Exhibit "D" which lease shall be for a primary term of One (1) year from the date of execution thereof and so long thereafter as oil or gas or either of them is produced from said land by the lessee in paying quantities.

B. Title failure or loss of a lease or unleased oil and gas interest, shall not relieve any party from paying its proportionate share as herein provided of the cost of (1) drilling, testing, completing and equipping or plugging and abandoning the test well, or (2) operations then being conducted on a well in the Unit Area, provided it has previously agreed to participate in said test well or operations.

C. The signature page of this agreement and the Exhibit "A" hereto show the names of some owners of mineral and leasehold interests who are being force pooled under rules of the New Mexico Oil Conservation Commission and who will probably not join in the execution of this agreement. With respect to the cost and expense of drilling, testing, completing, equipping and operating and/or plugging and abandoning the test well it is understood and agreed that the parties to this agreement will carry in accordance with the Order of said Commission and in proportion to their respective interests in the Unit Area the cost and expense attributable to the interests of the owners who do not elect to become parties hereto. In the event the test well is completed as a producer said parties will proportionably carry said cost and expense (and share in the production) attributable to the interests of said owners until payout of the well and the penalty prescribed by said Commission has been recovered and, after the well has paid out, will proportionably carry said cost and expense which would otherwise fall on the Operator. When the parties to this agreement have been fully ascertained, the Exhibit "A" will be amended to show the carried interests.

D. In the absence of an actual engineering survey conducted on the ground it shall be deemed by each of the parties to this agreement that said party's interest in the Unit Area is correctly shown in Exhibit "A", subject to the provisions hereof.

E. After the date of this agreement and until the commencement of the test well, each of the parties hereto may acquire additional mineral or leasehold interests in the Unit Area for its own account and its interest as shown in Exhibit "A" shall be changed accordingly. After commencement of the test well should any party to this agreement acquire a mineral or leasehold interest in the Unit Area all of the other parties hereto shall be notified promptly and shall each have the right to participate in the ownership thereof by paying to the party who acquired the interest its proportionate share of the acquisition cost which shall be in proportion to the interest held (including carried interest, if any) at that time by said party in the Unit Area. Each party receiving such notice shall have 15 days after being furnished with all pertinent information pertaining thereto (including title data and cost and expense of such acquisition) within which to notify the acquiring party of its separate election to participate, and failure of a party receiving such notice to so notify the acquiring party shall constitute an election not to participate. If some but less than all of said parties elect to participate in the purchase of a mineral or

leasehold interest it shall be owned by the parties who elect to participate therein in a ratio based upon the relationship of each participating party's respective percentage of participation (including carried interest) in the Unit Area to the aggregate of the percentages of participation in the Unit Area of all said parties participating in the purchase of the interest. Each party who participates in the purchase of a mineral or leasehold interest shall be given a proper conveyance of its proportionate interest therein by the acquiring party and the Exhibit "A" shall be amended accordingly.

F. Notwithstanding anything herein to the contrary, if any party hereto shall, subsequent to the date of this agreement, create an overriding royalty, production payment, net proceeds interest, carried interest, or any other interest out of its working interest (hereinafter called "subsequently created interest"), such subsequently created interest shall be specifically made subject to all the terms and provisions of this agreement. If said party from which such subsequently created interest is created (a) fails to pay when due its share of costs and expenses chargeable hereunder, and its share of production accruing hereunder is insufficient to cover such costs and expenses, or (b) elects to go non-consent under Section 12. hereof, or (c) elects to abandon a well under Section 16. hereof, elects to surrender a lease under Section 23. hereof, or otherwise withdraws from this agreement, the subsequently created interest shall be chargeable with a pro-rata portion of all costs and expenses hereunder in the same manner as if such subsequently created interest were a working interest, and Operator shall have the right to enforce against such subsequently created interest the lien and all other rights granted in Section 9. hereof for the purpose of collecting costs and expenses chargeable to the subsequently created interest.

G. In the performance of this agreement Operator and all parties hereto agree to comply fully with the non-discrimination provisions of Section 202 of Executive Order 11246 as amended which are hereby included in this agreement in the Supplement attached hereto. The Operator and all said parties shall also abide by the requirements of Executive Order 11701, Veterans Employment, which order is incorporated herein by reference.

H. Any gas produced from the Unit Area shall be governed by the provisions of Exhibit "E" attached hereto, notwithstanding anything herein contained (and in Section 13. in particular) to the contrary.

This agreement may be signed in counterpart, and shall be binding upon each party hereto that signs, whether or not all parties sign, and upon their heirs, successors, representatives and assigns, and shall be effective as of the date first hereinabove written.

CITIES SERVICE OIL COMPANY

By _____
Attorney-in-Fact

O P E R A T O R

By _____
R. C. BENNETT

BELCO PETROLEUM CORPORATION

ATTEST:

By _____
Secretary

By _____
President

By _____
E. C. Paine, Individually and as
Attorney-in-Fact for Tom R. and
Sallie Caviness, Aulton W. and
Frances L. Hefner

By Michael Grace
MICHAEL GRACE

By _____
R. G. BARTON, JR.

By _____
E. L. LATHAM, JR.

By _____
JOE DON COOK

By _____
DAN L. HANNIFIN

ATTEST:

CARLSBAD MUNICIPAL SCHOOLS DISTRICT NO. C.

By _____

By _____

STATE OF OKLAHOMA)
) SS
TULSA COUNTY)

Before me, _____, a Notary Public in and for said State and County on this _____ day of _____, 1974, personally appeared _____, to me known to be the identical person who executed the within and foregoing instrument as Attorney-in-Fact of Cities Service Oil Company, a corporation, and acknowledged to me that he executed the same as his free and voluntary act and deed and as the free and voluntary act and deed of said Cities Service Oil Company for the uses and purposes therein set forth.

My Commission Expires: _____

Notary Public

(NEW MEXICO INDIVIDUAL ACKNOWLEDGEMENT)

STATE OF Arizona)
) SS
COUNTY OF Coconino)

On this 13th day of January, 1975, before me personally appeared Michael J. Hase, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires: _____

Notary Public

Sept. 10 1975

(NEW MEXICO INDIVIDUAL ACKNOWLEDGEMENT)

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires: _____

Notary Public

(NEW MEXICO INDIVIDUAL ACKNOWLEDGEMENT)

STATE OF _____)
) SS
COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared _____, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate above written.

My Commission Expires: _____

Notary Public

Exhibit "A" - Part I - Attached to and made a part of Operating Agreement
dated September 20, 1974.

(1) LANDS SUBJECT TO CONTRACT (Unit Area):

E/2 of Section 18, Township 22 South, Range 27 East, Eddy County,
New Mexico.

(2) INTERESTS OF PARTIES IN UNIT AREA:

PARTY

NET ACRES

PERCENTAGE

Cities Service Oil Company	184.2061	57.6531
*Michael Grace	28.1873	8.8221
R. C. Bennett	54.7533	17.1368
*R. G. Barton, Jr. & E. L. Latham, Jr.	2.4578	.7692
Belco Petroleum	23.1466	7.2445
*Joe Don Cook	.1349	.0422
*Dan L. Hannifin	.1320	.0413
E. C. Paine	1.8707	.5855
Tom R. Caviness and Sallie L. Caviness	1.8707	.5855
Aulton W. Hefner and Frances L. Hefner	1.8706	.5855
*Carlsbad Municipal Schools, District No. C.	5.3000	1.6588
*Various Unleased Mineral Interests	<u>15.5777</u>	<u>4.8755</u>
	319.5077	100.0000

(3) LEASEHOLD AND MINERAL INTERESTS OF PARTIES:

(Shown in Part II of this Exhibit "A")

(4) ADDRESSES OF PARTIES TO WHICH NOTICES SHOULD BE SENT:

Cities Service Oil Company
P. O. Box 300
Tulsa, Oklahoma 74102
Attention: Manager of Land Department

Michael Grace
National Parks Highway
Carlsbad, New Mexico 88220

R. C. Bennett
102 Permian Building
Midland, Texas 79701

R. G. Barton, Jr. & E. L. Latham, Jr.
P. O. Box 978
Hobbs, New Mexico 88240

Belco Petroleum Corp.
Wilco Building
Midland, Texas 79701

Joe Don Cook
P. O. Box 159
Roswell, New Mexico 88201

Dan L. Hannifin
P. O. Box 182
Roswell, New Mexico 88201

*NOTE: Asterisk denotes owners of mineral and leasehold interests
being force pooled under rules of the New Mexico Oil Con-
servation Commission. This Exhibit "A" will be amended to
show the parties to this agreement and the carried interests,
when fully ascertained.

Exhibit "A" - Part I
Page 2.

E. C. Paine, Tom R. Caviness and Sallie L. Caviness,
Aulton W. Hefner and Frances L. Hefner
c/o E. C. Paine
Box 1718
Carlsbad, New Mexico 88220

Carlsbad Municipal Schools, District No. C.
103 W. Hagerman
Carlsbad, New Mexico 88220

Exhibit "A" - Part II - Schedule of Leasehold and Mineral Interests in E/2 Section 18-22S-17E, Eddy County, New Mexico.
Page 13.

Interests of owners not furnishing evidence of ownership and who probably will not become parties to this agreement.

<u>Owners</u>	<u>Net Acres</u>
Michael Grace	25.9111 (leasehold) 2.2762 (mineral)
R. G. Barton, Jr. and E. L. Latham, Jr.	2.4578 (leasehold)
Joe Don Cook	.1349 (mineral)
Dan L. Hannifin	.1320 (mineral)
Carlsbad Mun. Schools Dist. No. C.	5.3000 (mineral)
Various Unleased Mineral Interests (Under Town Lots)	15.5777 (mineral)

EXHIBIT "B"

attached to and made a part of Operating Agreement dated September 20, 1974.

INSURANCE

Operator shall also purchase or provide for the benefit of the parties hereto:

<u>Type of Coverage</u>	<u>Liability Limits of Not Less Than</u>
(a) Employers' Liability and extension of Workmen's Compensation and Employers' Liability to cover marine operations where applicable.	- \$100,000 each accident
(b) Comprehensive General Liability (excluding underground property damage but including operation of watercraft where applicable).	- Bodily Injury \$100,000 each person 300,000 each accident - Property Damage 100,000 each accident
(c) Comprehensive Automobile Liability	- Bodily Injury \$100,000 each person 300,000 each accident - Property Damage 100,000 each accident

It is further understood and agreed that the Operator is not a warrantor of the financial responsibility of the insurer with whom such insurance is carried, and that except for willful negligence, Operator shall not be liable to Non-operator for any loss suffered on account of the insufficiency of the insurance carried, or of insurer with whom carried. Operator shall not be liable to Non-operator for any loss accruing by reason of Operator's inability to procure or maintain the insurance above mentioned. Operator agrees that if at any time during the life of this agreement it is unable to obtain or maintain such insurance, it shall immediately notify Non-operator in writing of such fact.

EXHIBIT "C"

Attached to and made a part of Operating Agreement dated
September 20, 1974.

ACCOUNTING PROCEDURE (JOINT OPERATIONS)

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this "Accounting Procedure" is attached.
"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.
"Operator" shall mean the party designated to conduct the Joint Operations.
"Non-Operators" shall mean the nonoperating parties, whether one or more.
"Joint Account" shall mean the account showing the charges and credits accruing because of the Joint Operations and which are to be shared by the Parties.
"Parties" shall mean Operator and Non-Operators.
"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.
"Controllable Material" shall mean material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. Conflict with Agreement

In the event of a conflict between the provisions of this Accounting Procedure and the provisions of the agreement to which this Accounting Procedure is attached, the provisions of the agreement shall control

3. Statements and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of costs and expenses, for the preceding month. Such bills will be accompanied by statements reflecting the total charges and credits as set forth under Subparagraph C below:

4. Statements and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of costs and expenses, for the preceding month. Such bills will be accompanied by statements reflecting the total charges and credits as set forth under Subparagraph C below:

- Statement in detail of all charges and credits to the Joint Account.
- Statement of all charges and credits to the Joint Account, summarized by appropriate classifications indicative of the nature thereof.
- Statement of all charges and credits to the Joint Account summarized by appropriate classifications indicative of the nature thereof, except that items of Controllable Material and unusual charges and credits shall be detailed.

5. Payment and Advances by Non-Operators

Each Non-Operator shall pay its proportion of all such bills within fifteen (15) days after receipt thereof. If payment is not made within such time, the unpaid balance shall bear interest at the rate of twelve percent (12%) per annum or such maximum rate as permitted by law, whichever is the lesser, until paid.

6. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operators to protest or question the correctness thereof; provided however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of the Joint Property as provided for in Section VII.

7. Audits

A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided however, the making of an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Paragraph 6 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator.

II. DIRECT CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Delay or other rentals and royalties when such rentals and royalties are paid by Operator for the Joint Account of the Parties.

2. Labor

- Salaries and wages of Operator's employees directly engaged on the Joint Property in the conduct of the Joint Operations, and salaries or wages of technical employees who are temporarily assigned to and directly employed on the Joint Property.
- Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to the employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III; except that in the case of those employees only a pro rata portion of whose salaries and wages are chargeable to the Joint Account under Paragraph 1 of Section III, not more than the same pro rata portion of the benefits and allowances herein provided for shall be charged to the Joint Account. Cost under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III. If percentage assessment is used, the rate shall be based on the Operator's cost experience.
- Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's labor cost of salaries and wages chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.
- Reasonable personal expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and for which expenses the employees are reimbursed under Operator's usual practice.

3. Employee Benefits

Operator's current cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost; provided however, the total of such charges shall not exceed fifteen percent (15%) of Operator's labor costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.

4. Material

Material purchased or furnished by Operator for use on the Joint Property. So far as it is reasonably practical and consistent with efficient and economical operation, only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use; and the accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

- A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store or railway receiving point where like material is available, except by agreement with Non-Operators.
- B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store or railway receiving point, except by agreement with Non-Operators. No charge shall be made to Joint Account for moving Material to other properties belonging to Operator, except by agreement with Non-Operators.
- C. In the application of subparagraphs A and B above, there shall be no equalization of actual gross trucking costs of \$100 or less.

6. Services

- A. The cost of contract services and utilities procured from outside sources other than services covered by Paragraph 3 of this Section II and Paragraph 2 of Section III.
- B. Use and service of equipment and facilities furnished by Operator as provided in Paragraph 5 of Section IV.

7. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or any other cause, except to the extent that the damage or loss could have been avoided through the exercise of reasonable diligence on the part of Operator. Operator shall furnish Non-Operators written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

8. Legal Expense

All costs and expenses of handling, investigating and settling litigation or claims arising by reason of the Joint Operations or necessary to protect or recover the Joint Property, including, but not limited to, attorneys' fees, court costs, cost of investigation or procuring evidence and amounts paid in settlement or satisfaction of any such litigation or claims; provided, (a) no charge shall be made for the services of Operator's legal staff or other regularly employed personnel (such services being considered to be Administrative Overhead under Section III), except by agreement with Non-Operators, and (b) no charge shall be made for the fees and expenses of outside attorneys unless the employment of such attorneys is agreed to by Operator and Non-Operators.

9. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

10. Insurance Premiums

Premiums paid for insurance required to be carried on the Joint Property for the protection of the Parties.

11. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator for the necessary and proper conduct of the Joint Operations.

III. INDIRECT CHARGES

Operator may charge the Joint Account for indirect costs either by use of an allocation of district expense items plus a fixed rate for administrative overhead, and plus the warehousing charges, all as provided for in Paragraphs 1, 2, and 3 of this Section III OR by combining all three of said items under the fixed rate provided for in Paragraph 4 of this Section III, as indicated next below:

OPERATOR SHALL CHARGE THE JOINT ACCOUNT UNDER THE TERMS OF:

- ☐ Paragraphs 1, 2 and 3. (Allocation of district expense plus fixed rate for administrative overhead plus warehousing.)
- ☒ Paragraph 4. (Combined fixed rate)

1. District Expense

Operator shall charge the Joint Account with a pro rata portion of the salaries, wages and expenses of Operator's production superintendent and other employees serving the Joint Property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Operator's office located at or near _____ (or a comparable office if location changed), and necessary sub-offices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees if required, used in connection with the operations of the Joint Property and other properties in the same operating area. The expense of, less any revenue from, such facilities may, at the option of Operator, include depreciation of investment or a fair monthly rental in lieu of depreciation. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice.

2. Administrative Overhead

Operator shall charge administrative overhead to the Joint Account at the following rates, which charge shall be in lieu of the cost and expense of all offices of the Operator not covered by Paragraph 1 of this Section III, including salaries, wages and expenses of personnel assigned to such offices. Such charges shall be in addition to the salaries, wages and expenses of employees of Operator authorized to be charged as direct charges as provided in Paragraphs 2 and 8 of Section II.

WELL BASIS (RATE PER WELL PER MONTH)

Well Depth	DRILLING WELL RATE (Use Total Depth)	PRODUCING WELL RATE (Use Current Producing Depth)		
	Each Well	First Five	Next Five	All Wells Over Ten

The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting, or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in this Paragraph 2 of Section III, unless such cost and expense are agreed upon between Operator and Non-Operators as a direct charge to the Joint Account.

3. Operator's Fully Owned Warehouse Storing and Maintenance Expenses
(Describe fully the agreed procedure to be followed by the Operator.)
NONE

4. Combined Fixed Rates
Operator shall charge the Joint Account for the services covered by Paragraph 1, 2 and 3 of this Section III, the following fixed per well rates:

WELL BASIS (RATE PER WELL PER MONTH)

DRILLING WELLS	PRODUCTION ALL WELLS-ALL DEPTHS
\$1,536	\$216

Said fixed rate (shall) ~~(shall)~~ include salaries and expenses of production foremen.

5. Application of Administrative Overhead or Combined Fixed Rates
The following limitations, instructions and charges shall apply in the application of the per well rates as provided under either Paragraph 2 or Paragraph 4 of this Section III:
- Charges for drilling wells shall begin on the date each well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during the suspension of drilling operations for fifteen (15) or more consecutive days.
 - The status of wells shall be as follows:
 - Producing gas wells, injection wells for recovery operations, water supply wells utilized for water flooding operations and salt water disposal wells shall be considered the same as producing wells.
 - Wells permanently shut down but on which plugging operations are deferred shall be dropped from the well schedule at the time the shutdown is effected. When such a well is plugged a charge shall be made at the producing well rates.
 - Wells being plugged back, drilled deeper, converted to a source or input well, or which are undergoing any type of workover that requires the use of a drilling or workover rig shall be considered the same as drilling wells.
 - Temporarily shut-down wells, which are not produced or worked upon for a period of a full calendar month, shall not be included in the well schedule, provided however, wells shut in by governmental regulatory body shall be included in the well schedule only in the event the allowable production is transferred to some other well or wells on the Joint Property. In the event of a unit allowable, all wells capable of producing will be counted in determining the charge.
 - Gas wells shall be included in the well schedule if directly connected to a permanent sales outlet even though temporarily shut in due to overproduction or failure of purchaser to take the allowed production.
 - Wells completed in multiple horizons, in which the production is not commingled down hole, shall be considered as a producing well for each separately producing horizon.
 - The well rates shall apply to the total number of wells being drilled or operated under the agreement to which this Accounting Procedure is attached, irrespective of individual leases.
 - The well rates shall be adjusted on the first day of April of each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the preceding calendar year as shown by "The Index of Average Weekly Earnings of Crude Petroleum and Gas Production Workers" as published by the United States Department of Labor, Bureau of Labor Statistics. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.
6. For the construction of compressor plants, water stations, secondary recovery systems, salt water disposal facilities, and other such projects, as distinguished from the more usual drilling and producing operations, Operator in addition to the Administrative Overhead or Combined Fixed Rates provided for in Paragraph 2 and 4 of this Section III, shall charge the Joint Account with an additional overhead charge as follows:
- Total cost less than \$25,000, no charge.
 - Total cost more than \$25,000 but less than \$100,000, 5 % of total cost.
 - Total cost of \$100,000 or more, 5 % of the first \$100,000 plus 2 % of all over \$100,000 of total cost.
- Total cost shall mean the total gross cost of any one project. For the purpose of this Paragraph the component parts of a single project shall not be treated separately and the cost of drilling wells shall be excluded.
7. The specific rates provided for in this Section III may be amended from time to time by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. BASIS OF CHARGES TO JOINT ACCOUNT

Subject to the further provisions of this Section IV, Operator will procure all Material and services for the Joint Property. At the Operator's option, Non-Operator may supply Material or services for the Joint Property.

1. Purchases

Material purchased and service procured shall be charged at the price paid by Operator after deduction of all discounts actually received.

2. Material furnished from Operator's Warehouse or Other Properties

A. New Material (Condition "A")

- Tubular goods, two inch (2") and over, shall be priced on Eastern Mill base (i. e. Youngstown, Ohio; Lorain, Ohio; and Indiana Harbor, Indiana) on a minimum carload basis effective at date of movement and f. o. b. railway receiving point nearest the Joint Property, regardless of quantity. In equalized hauling charges, Operator is permitted to include ten cents (10c) per hundred-weight on all tubular goods furnished from his stocks in lieu of loading and unloading costs sustained.
- Other Material shall be priced at the current replacement cost of the same kind of Material, effective at date of movement and f. o. b. the supply store or railway receiving point nearest the Joint Property where Material of the same kind is available.
- The Joint Account shall not be credited with cash discounts applicable to prices provided for in this Paragraph 2 of Section IV.

B. Used Material (Condition "B" and "C")

- Material in sound and serviceable condition and suitable for reuse without reconditioning, shall be classified as Condition "B" and priced at seventy-five per cent (75%) of the current price of new Material.
- Material which cannot be classified as Condition "B" but which,
 - After reconditioning will be further serviceable for original function as good secondhand Material (Condition "B"), or
 - Is serviceable for original function but substantially not suitable for reconditioning, shall be classified as Condition "C" and priced at fifty per cent (50%) of current new price.
- Obsolete Material or Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use. Material no longer suitable for its original purpose but usable for

some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose.

(4) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at prices specified in Paragraphs 1 and 2 of this Section IV because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in procuring such Material, in making it suitable for use, and in moving it to the Joint Property, provided, that notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within 10 days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

5. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of equipment and facilities at rates commensurate with cost of ownership and operation. Such rates shall include cost of maintenance, repairs, other operating expense, insurance, taxes, depreciation and interest on investment not to exceed six per cent (6%) per annum, provided such rates shall not exceed those currently prevailing in the immediate area within which the Joint Property is located. Rates for automotive equipment shall generally be in line with the schedule of rates adopted by the Petroleum Motor Transport Association, or some other recognized organization, as recommended uniform charges against Joint Property operations. Rates for laboratory services shall not exceed those currently prevailing if performed by outside service laboratories. Rates for trucks, tractors and well service units may include wages and expenses of operator.

B. Whenever requested, Operator shall inform Non-Operators in advance of the rates it proposes to charge.

C. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.

V. DISPOSAL OF MATERIAL

The Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus Condition "A" or "B" Material. The disposition of surplus Controllable Material, not purchased by Operator, shall be subject to agreement between Operator and Non-Operators, provided Operator shall dispose of normal accumulations of junk and scrap Material either by transfer or sale from the Joint Property.

1. Material Purchased by the Operator or Non-Operators

Material purchased by either the Operator or Non-Operators shall be credited by the Operator to the Joint Account for the month in which the Material is removed by the purchaser.

2. Division in Kind

Division of Material in kind, if made between Operator and Non-Operators, shall be in proportion to the respective interests in such Material. The Parties will thereupon be charged individually with the value of the Material received or receivable. Proper credits shall be made by the Operator in the monthly statement of operations.

3. Sales to Outsiders

Sales to outsiders of Material from the Joint Property shall be credited by Operator to the Joint Account at the net amount collected by Operator from vendee. Any claim by vendee related to such sale shall be charged back to the Joint Account if and when paid by Operator.

VI. BASIS OF PRICING MATERIAL TRANSFERRED FROM JOINT ACCOUNT

Material purchased by either Operator or Non-Operators or divided in kind, unless otherwise agreed to between Operator and Non-Operators shall be priced on the following basis:

1. New Price Defined

New price as used in this Section VI shall be the price specified for New Material in Section IV.

2. New Material

New Material (Condition "A"), being new Material procured for the Joint Property but never used, at one hundred per cent (100%) of current new price (plus sales tax if any).

3. Good Used Material

Good used Material (Condition "B"), being used Material in sound and serviceable condition, suitable for reuse without reconditioning:

A. At seventy-five per cent (75%) of current new price if Material was charged to Joint Account as new, or

B. At sixty-five per cent (65%) of current new price if Material was originally charged to the Joint Account as secondhand at seventy-five percent (75%) of new price.

4. Other Used Material

Used Material (Condition "C"), at fifty per cent (50%) of current new price, being used Material which:

A. Is not in sound and serviceable condition but suitable for reuse after reconditioning, or

B. Is serviceable for original function but not suitable for reconditioning.

5. Bad-Order Material

Material (Condition "D"), no longer suitable for its original purpose without excessive repair cost but usable for some other purpose at a price comparable with that of items normally used for such other purpose.

6. Junk Material

Junk Material (Condition "E"), being obsolete and scrap Material, at prevailing prices.

7. Temporarily Used Material

When the use of Material is temporary and its service to the Joint Property does not justify the reduction in price as provided for in Paragraph 3 B of this Section VI, such Material shall be priced on a basis that will leave a net charge to the Joint Account consistent with the value of the service rendered.

VII. INVENTORIES

The Operator shall maintain detailed records of Material generally considered controllable by the Industry.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, inventories shall be taken by Operator of the Joint Account Material, which shall include all such Material as is ordinarily considered controllable. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator, who shall in that event furnish Non-Operators with a copy thereof.

2. Reconciliation and Adjustment of Inventories

Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be jointly determined by Operator and Non-Operators. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable to Non-Operator only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

EXHIBIT "B"

Attached to and made a part of Operating Agreement

OIL AND GAS LEASE

Commence
AGREEMENT, Made and entered into this 20th day of September, 19 74

by and between _____

Party of the first part, hereinafter called lessor (whether one or more) and _____

Part _____ of the second part, hereinafter called lessee.

WITNESSETH, That the said lessor, for and in consideration of One and No/100 (\$1.00)-----
DOLLARS, cash in hand paid, receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of
lessee to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease and let unto said lessee, for
the sole and only purpose of mining and operating for oil and gas, and laying pipe lines, and building tanks, power stations and structures thereon to
produce, save and take care of said products, all that certain tract of land situated in the County of _____

State of _____ described as follows, to-wit:

It is agreed that this lease shall remain in full force for a term of one (1) year from this date, and as long there-
after as oil or gas, or either of them, is produced from said land by the lessee, in paying quantities:

In consideration of the premises the said lessee covenants and agrees:

1st. To deliver to the credit of the lessor, free of cost, in the pipe line to which lessee may connect his wells, the equal
one-eighth (1/8th) _____ part of all oil produced and saved from the leased premises.

2nd. To pay lessor for gas (including distillate and/or condensate) from each well where gas only is found the equal
one-eighth (1/8th) _____ of the gross proceeds at the
prevailing market rate, for all gas (including distillate and/or condensate) used off the premises, said payments to be made monthly and lessor to have
gas free of cost from any such well for all stoves and all inside lights in the principal dwelling house on said land during the same time by making his
own connections with the well at his own risk and expense.

3rd. To pay lessor for gas produced from any oil well and used off the premises, or for the manufacture of casing-head gasoline, _____
one-eighth (1/8th) _____ of the proceeds at the prevailing market rate for the gas used, for the
time during which such gas shall be used, said payments to be made monthly.

4th. Lessor reserves the right to take in kind or separately dispose its share of the production provided herein.

Where gas from a well capable of producing gas only is not sold or used, Lessee may, within thirty (30) days after such
well is shut in, pay or tender to Lessor, as royalty, One dollar (\$1.00) per net mineral acre subject to this lease, and if such
payment or tender is made, it will be considered that gas is being produced from said land by Lessor in paying quantities for the
period of one (1) year from the date such well is shut in. Thereafter, on or before the anniversary date such well is shut in,
Lessor may make like payments on an annual basis to Lessor and it will be considered that gas is being produced from said land by
Lessor in paying quantities during the annual period for which such payment is made.

Lessee is granted the right and power to pool or unitize all, or part of the lands covered hereby with adjoining or
contiguous lands in order to form a unit, or units, for the production of oil and/or gas when said units are necessary to conform
with regular spacing patterns, or to produce a full allowable where such spacing pattern or allowables are established by State,
Federal or other regulatory bodies. All lands so pooled into a unit, or units, shall be treated for all purposes, except the
payment of royalties on production from the pooled unit, as if said lands were included in this lease. If production is found on
the pooled lands, it shall be treated as if production is had from this lease, whether the well, or wells be located on the
lands covered by this lease or not. Any well drilled on any such unit shall be considered as a well hereunder. In lieu of the
royalties elsewhere herein specified, Lessor shall receive on production from a unit, only such portion of the royalties stipu-
lated herein as the portion of the above-described lands placed in said unit bears, on an acreage basis, to the total lands so
pooled or unitized in the particular unit involved. In the event any of the lands covered hereby are so pooled or unitized,
Lessor shall furnish Lessee a certified copy of the pooling instrument filed of record, together with the recording data thereof,
on or before the expiration date of this lease.

Lessee hereby agrees to drill all wells necessary to prevent drainage from offsets on adjoining lands.

Lessee shall promptly supply Lessor, at the above address, photostatic or certified copies of any instruments filed of record pertaining to this lease, together with the recording data thereon.

If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties herein provided shall be paid the lessor only in the proportion which his interest bears to the whole and undivided fee, and the signing of this agreement shall be binding on each of the above named parties who sign, regardless of whether it is signed by any of the other parties.

Lessee shall have the right to use, free of cost, gas, oil, and water produced on said land for its operation thereon, except water from wells of lessor.

When requested by lessor, lessee shall bury his pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises, without the written consent of the lessor.

Lessee shall pay for damages caused by its operations to timber, growing crops and any water supply located in or on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and remove casing.

If the lessee shall commence to drill a well within the term of this lease or any extension thereof, the lessee shall have the right to drill such well to completion with reasonable diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with the like effect as if such well has been completed within the term of years herein first mentioned.

Upon termination of this lease, lessee agrees to properly plug and abandon all wells located on said land drilled under the terms of this lease and to leave the surface of said lands clear and free of any debris and in substantially the same condition as of the date of this lease.

If the estate of either party hereto is assigned, and the privilege of assigning in whole or in part is expressly allowed, the covenants hereof shall extend to their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land or assignment of royalties shall be binding on the lessee until after the lessee has been furnished with a written transfer or assignment or a true copy thereof.

This lease is executed without warranty of title either express or implied.

By: (An Exhibit - Not for Signature) _____

(ACKNOWLEDGEMENT TO BE ADDED)

SUPPLEMENT

EQUAL EMPLOYMENT OPPORTUNITY PROVISION

During the performance of this contract, the Operator (meaning and referring separately to each party hereto) agrees as follows:

- (1) The Operator will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. The Operator will take affirmative action to ensure that applicants are employed, and that employees are treated during employment without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training including apprenticeship. The Operator agrees to post in conspicuous places, available to employees and applicants for employment notices to be provided setting forth the provisions of this non-discrimination clause.
- (2) The Operator will, in all solicitations or advertisements for employees placed by or on behalf of the Operator, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.
- (3) The Operator will send to each labor union or representative of workers with which Operator has a collective bargaining agreement or other contract or understanding, a notice to be provided, advising the said labor union or workers' representatives of the Operator's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
- (4) The Operator will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.
- (5) The Operator will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to Operator's books, records, and accounts by the administering agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.
- (6) In the event of the Operator's non-compliance with the non-discrimination clauses of this contract or with any of the said rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and the Operator may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.
- (7) The Operator will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The Operator will take such action with respect to any subcontract or purchase order as the administering agency may direct as a means of enforcing such provisions including sanctions for non-compliance: Provided, however, that in the event the Operator becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the administering agency, the Operator may request the United States to enter into such litigation to protect the interests of the United States.

Operator acknowledges that Operator may be required to file Standard Form 100 (EEO-1) promulgated jointly by the Office of Federal Contract Compliance, the Equal Employment Opportunity Commission and Plans for Progress with the appropriate agency within 30 days of the date of contract award if such report has not been filed for the current year and otherwise comply with or file such other compliance reports as may be required under Executive Order 11246, as amended and Rules and Regulations adopted thereunder.

Operator further acknowledges that Operator may be required to develop a written affirmative action compliance program as required by the Rules and Regulations approved by the Secretary of Labor under authority of Executive Order 11246 and supply each other party hereto with a copy of such program if so requested.

CERTIFICATION OF NONSEGREGATED FACILITIES

By entering into this contract, the Operator certifies that Operator does not and will not maintain or provide for Operator's employees any segregated facilities at any of Operator's establishments, and that Operator does not and will not permit Operator's employees to perform their services at any location, under Operator's control, where segregated facilities are maintained. The Operator agrees that a breach of this certification is a violation of the Equal Opportunity clause in this contract. As used in this certification, the term "segregated facilities" means, but is not limited to, any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, or national origin, because of habit, local custom, or otherwise. Operator further agrees that (except where Operator has obtained identical certifications from proposed contractors and subcontractors for specific time periods) Operator will obtain identical certifications from proposed contractors and subcontractors prior to the award of contracts or subcontracts exceeding \$10,000 which are not exempt from the provisions of the Equal Opportunity clause; that Operator will retain such certifications in Operator's files and that Operator will forward the following notice to such proposed contractors and subcontractors (except where the proposed contractors or subcontractors have submitted identical certifications for specific time periods): Notice to prospective contractors and subcontractors of requirement for certifications of nonsegregated facilities. A Certificate of Nonsegregated Facilities must be submitted prior to the award of a contract or subcontract exceeding \$10,000 which is not exempt from the provisions of the Equal Opportunity clause. The certification may be submitted either for each contract and subcontract or for all contracts and subcontracts during a period (i.e., quarterly, semiannually, or annually).

Exhibit "E" - Attached to and made a part of Operating Agreement dated September 20, 1974.

GAS STORAGE AND BALANCING AGREEMENT

The parties to the Operating Agreement to which this gas storage agreement is attached own the working interest in the gas rights underlying the Unit Area covered by such agreement in accordance with the percentages of participation as set forth in Exhibit "A" to the Operating Agreement.

In accordance with the terms of the Operating Agreement, each party hereto has the right to take its share of gas produced from the Unit Area and market the same. In the event any of the parties hereto is not able to market its share of gas or has contracted to sell its share of gas produced from the Unit Area to a purchaser which is unable at any time while this agreement is in effect to take the share of gas attributable to the interest of such party, the terms of this storage agreement shall automatically become effective.

During the period or periods when any party hereto has no market for its share of gas produced from the Unit Area, or its purchaser is unable to take its share of gas produced from the Unit Area, the other parties shall be entitled to produce each month one hundred percent (100%) of the allowable gas production assigned to such Unit by the New Mexico Oil Conservation Commission and shall be entitled to take and deliver to its or their purchaser all of such gas production; however, no party shall be entitled to take or deliver to a purchaser gas production in excess of three hundred percent (300%) of its current share of the volumes capable of being delivered or of the allowable gas production if assigned thereto by the New Mexico Oil Conservation Commission unless that party has gas in storage. All parties hereto shall share in and own the liquid hydrocarbons recovered from such gas by lease equipment in accordance with their respective interests and subject to the Operating Agreement to which this gas storage agreement is attached, but the party or parties taking such gas shall own all of the gas delivered to its or their purchaser. Each party unable to market its share of the gas produced shall be credited with gas in storage equal to its share of the gas produced under this agreement, less its share of gas used in lease operations, vented or lost.

Each party taking gas shall furnish the Operator a monthly statement of gas taken. The Operator will maintain a current account of the gas balance between the parties and will furnish all parties hereto monthly statements showing the total quantity of gas taken and/or sold by each party and the monthly and accumulative over and under delivered of each party.

Each party producing and/or delivering gas to its purchaser shall pay any and all production taxes due on such gas.

At all times while gas is produced from the Unit Area, each party hereto will make settlement with the respective royalty owners to whom they are each accountable, just as if each party were taking or delivering to a purchaser its share, and its share only, of such gas production. Each party hereto agrees to hold each other party harmless from any and all claims for royalty payments asserted by royalty owners to whom each party is accountable.

After notice to the Operator, any party at any time may begin taking or delivering to its purchaser its share of the gas produced from the Unit Area. In addition to its share, each party, including the Operator, until it has recovered its gas in storage and balanced the gas account as to its interest, shall be entitled to take or deliver to a purchaser a volume of gas equal to fifty percent (50%) of the overproduced party or parties' share of gas produced from the Unit Area. If two or more parties are entitled to fifty percent (50%) of the overproduced party or parties' share of gas produced, they shall divide such fifty percent (50%) in accordance with their percentage of participation in the Unit.

Should production of gas be discontinued before the gas account is balanced, a monetary settlement will be made between the underproduced and overproduced parties. In making such settlement, each overproduced party shall remit to the Operator an amount of money that such party received for its overproduction.

less taxes theretofore paid, and for a volume of gas equal to its overproduction. As to gas sold in interstate commerce, the price basis shall be the rate collected, which is not subject to possible refund, as provided by the Federal Power Commission pursuant to final order or settlement applicable to the gas sold, plus any additional collected amount which is not ultimately required by said Commission to be refunded, such additional collected amount to be accounted for at such time as final determination is made with respect thereto. The Operator shall distribute the total of such amounts among the underproduced parties in the proportion that the underproduction of each bears to the underproduction of all parties.

Nothing herein shall be construed to deny any party the right, from time to time, to produce and take or deliver to its purchaser the full well stream for a period not to exceed seventy-two (72) hours to meet the deliverability test required by its purchaser. Each party shall, at all times, use its best efforts to regulate its takes and deliveries from said Unit so that said Unit will not be shut in for overproducing the allowable or for cancellation of allowable because of underproducing the allowable assigned thereto by the state regulatory body.

The provisions of this agreement shall be applied to each well and/or formation completion as if each well or formation completion were a separate well and covered by a separate but identical gas storage and balancing agreement and shall be and remain in force and effect for a term concurrent with the term of the Unit Operating Agreement between the parties.

This agreement shall become effective in accordance with its terms and shall remain in force and effect as long as the Operating Agreement to which it is attached remains in effect, and shall inure to the benefit of and be binding upon the parties hereto, their successors, legal representatives and assigns.



CITIES SERVICE OIL COMPANY

Tulsa, Oklahoma

INVOICE

ADDRESS CORRESPONDENCE TO:

CITIES SERVICE COMPANY
PROPERTY SERVICES MANAGER
EXPLORATION & PRODUCTION
BOX 300 TULSA, OK. 74102

TO: MICHAEL P GRACE
1141 E BETHANY HOME RD
PHOENIX ARIZONA 85014

MAKE PAYMENT TO:

CITIES SERVICE OIL CO
ATTENTION CASHIERS DEPT.
BOX 94357 TULSA, OK 74194

1

SHOW THIS INVOICE NO. ON CHECK

COUNTING PERIOD ▶ NOV 1976

OWNER NUMBER ▶ 4-036480

INVOICE DATE ▶ 12/20/76

INVOICE NUMBER ▶ 07-636030

E	COST CENTER	DESCRIPTION	W.I. DECIMAL	GROSS AMOUNT	AMOUNT
7	0-3000000	12/75 INV #0907			152.02
7	0-3000000	04/76 INV #0027			31.40
7	0-3000000	11/75 R/INV #6608			167.69-
7	0-3000000	03/76 INV #7727			111.92
7	0-3000000	07/75 INV #9731			827.63
7	0-3000000	03/75 INV #8995			17,791.22
7	0-3000000	08/76 INV #9147			128.85
7	0-3000000	10/76 INV #3720			46.11
7	0-3000000	04/75 INV #3247			39,188.98
7	0-3000000	06/75 INV #7551			2,810.88
7	0-3000000	10/75 INV #6443			11.07
7	0-3000000	01/75 INV #6871			8,006.87
7	0-3000000	07/76 INV #6888			40.42
7	0-3000000	02/76 INV #5442			163.62
7	0-3000000	05/75 INV #5371			9,319.45
7	0-3000000	09/75 INV #4186			3,531.07
7	0-3000000	07/76 INV #4614			58.34
7	0-3000000	09/76 INV #1420			124.81
7	0-3000000	03/75 INV #1117			6,670.70
7	0-3000000	06/75 INV #1915			3,127.62
7	0-3000000	05/76 INV #2322			24.53
7	0-3000000	01/76 INV #3166			104.01
		PRIOR BALANCE			92,105.84 **
0	7-3088530	EXP	.0882210	712.94	62.90
51	7-3088530	AD VALOREM TAX			12.02
		COST CENTER SUBTOTAL			74.92 *
		CURRENT INVOICE AMOUNT			74.92 **
		TOTAL BALANCE DUE			92,180.76 ***

EXHIBIT 4B

REFER TO COST CENTER NO. & INVOICE NO. IN ALL CORRESPONDENCE



CITIES SERVICE OIL COMPANY

Tulsa, Oklahoma

INVOICE

ADDRESS CORRESPONDENCE TO:

CITIES SERVICE COMPANY
PROPERTY SERVICES MANAGER
EXPLORATION & PRODUCTION
BOX 300 TULSA, OK. 74102

TO: MICHAEL P GRACE

FOR NON CONSENT PARTIES
1141 E BETHANY HOME RD
PHOENIX ARIZONA 85014

MAKE PAYMENT TO:

CITIES SERVICE OIL CO
ATTENTION CASHIERS DEPT.
BOX 94357 TULSA, OK 74194

SHOW THIS INVOICE NO. ON CHECK

ACCOUNTING PERIOD ► NOV 1976

OWNER NUMBER ► 4-036481

INVOICE DATE ► 12/20/76

INVOICE NUMBER ► 07-636031

CE	COST CENTER	DESCRIPTION	W.I. DECIMAL	GROSS AMOUNT	AMOUNT
7	0-3000000	08/75 INV #1916			146.10
7	0-3000000	12/75 INV #0908			7.10
7	0-3000000	04/76 INV #0028			1.47
7	0-3000000	11/75 R/INV #8689			7.83-
7	0-3000000	03/76 INV #7728			5.23
7	0-3000000	06/75 INV #7552			131.29
7	0-3000000	01/75 INV #6872			374.02
7	0-3000000	07/76 INV #6889			1.89
7	0-3000000	03/75 INV #8996			831.07
7	0-3000000	08/76 INV #9148			6.02
7	0-3000000	07/76 INV #4615			2.72
7	0-3000000	05/75 INV #5372			435.33
7	0-3000000	09/75 INV #4187			164.95
7	0-3000000	10/75 INV #6444			.53
7	0-3000000	02/76 INV #5443			7.65
7	0-3000000	09/76 INV #1421			5.83
7	0-3000000	05/76 INV #2323			1.14
7	0-3000000	03/75 INV #1118			311.60
7	0-3000000	01/76 INV #3167			4.86
7	0-3000000	04/75 INV #3248			1,830.60
7	0-3000000	07/75 INV #9732			38.67
7	0-3000000	10/76 INV #3721			2.25
		PRIOR BALANCE			4,302.49 **
0	7-3088530	EXP	.0041210	712.94	2.94
1	7-3088530	AD VALOREM TAX			.57
		COST CENTER SUBTOTAL			3.51 *
		CURRENT INVOICE AMOUNT			3.51 **
		TOTAL BALANCE DUE			4,306.00 ***

REFER TO COST CENTER NO. & INVOICE NO. IN ALL CORRESPONDENCE

CITIES SERVICE COMPANY

FOR THE ACCOUNT

CITIES SERVICE OIL C ANY

Cities Service Building
Tulsa, Oklahoma 74102

OPERATOR'S STATEMENT OF EXPENDITURES

ACCOUNTING PERIOD

NOVEMBER 1976

PAGE

1

COPIES

NAME OR DESCRIPTION

COST CENTER NUMBER

AUXILIARY
COST CENTER

15

TRACY B

LEASE

7-3088530-6

SCE	REFERENCE	ACCOUNT	DESCRIPTION	AMOUNT
		7607.	CONTRACT LABOR	
24	13076103	7607.1	WELL CPER 1.0/ 33.0X 2340.00	70.91
				70.91 *
				70.91 *
		7617.	LUB & ANTIFREEZE	
		.1	OPERATING EXPENSE	5.51
				5.51 *
				5.51 *
		7657.	SERVICE CO. CHARGES	
		.2	MAINTENANCE EXPENSE	358.49
				358.49 *
				358.49 *
		7767.	JI ADM OVERHEAD	
18	07C01400	7767.1	NOV PRUD CVHD - 1 WELLS AT 278.03	278.03
				278.03 *
				278.03 *
			TOTAL THIS COST CENTER - EXPENSE	712.94 **

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

9:10 Am
FRANCES M. WILCOX
Clerk of the District Court

W. E. WALLING and ODESSA
WALLING, his wife,

Plaintiffs,

v.

MICHAEL P. GRACE, II, and
CORINNE GRACE, his wife; and
ATLANTIC RICHFIELD COMPANY,
A Corporation,

Defendants.

No. CV-77-56

C O M P L A I N T

Plaintiffs for their claim for relief state:

1. On 6 July 1966, W. E. Walling and his wife, Odessa Walling, executed an oil and gas lease in favor of Sinclair Oil and Gas Company, covering the following described lands:

Township 22 South, Range 26 East, N.M.P.M.,
Section 24: The SW $\frac{1}{4}$, SAVE AND EXCEPT a one-half
interest in Lots 5, 6, 7, 8, 9, 10 and 19, and
a full interest in Lots 20, 21, 22, and 23, all
of said Lots being shown on a plat of Walling
Heights, recorded in Volume 3 of Maps, page 145,
Eddy County, New Mexico, being 118 acres, more or
less.

A copy of said lease is attached hereto as Plaintiff's Exhibit "1".

2. Sinclair Oil and Gas Company merged or otherwise combined with Atlantic Richfield Company, which then became the owner of said lease. Atlantic Richfield Company then assigned the lease to Michael P. Grace, II, and Corinne Grace. A copy of this assignment of said lease is attached hereto and identified as Plaintiff's Exhibit No. "2". The lands covered by said lease and other lands were pooled into a unit of 320 acres, consisting of the entire South $\frac{1}{2}$ of Section 24, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico. Michael P. Grace, II, and Corinne Grace became the operators of this 320 acre unit.

3. A producing well, known as "Grace Atlantic No. 1" was drilled in the SE $\frac{1}{4}$ of said section and completed in 1973. The operators have at all times material had charge of the operation of the pooled unit and have sold the gas produced therefrom to El Paso Natural Gas Company and have received payment

1 therefor.

2 4. The defendants Grace as operators of the pooled unit paid the
3 royalties due and payable from such production to the plaintiffs up through
4 March of 1976. Defendants Grace have not paid the plaintiffs any of the
5 royalties due and payable since 1 April 1976, although said well has been
6 producing regularly, and El Paso Natural Gas has been receiving the gas pro-
7 duced therefrom and has paid defendants Grace for the gas received by it.
8 Plaintiffs are entitled to their proportionate share of such gas proceeds from
9 1 April 1976. Plaintiffs' proportionate share is 4.5629% as royalty of the
10 proceeds of production from said well.

11 5. Plaintiffs are informed and believe that defendants Grace have con-
12 verted all of the proceeds from said sale of gas, including the royalty payments
13 due to plaintiffs, to their own use and benefit. Such conversion of plain-
14 tiffs' money has been willful, oppressive, unlawful, malicious, and fraudulent,
15 and with a total disregard of the terms and covenants of the lease and to
16 the rights of these plaintiffs.

17 6. Defendants Grace have departed from the State of New Mexico. Their
18 whereabouts cannot be determined and plaintiffs are unable to communicate with
19 them. Defendants Grace have not provided adequate skilled personnel to oper-
20 ate said well and as a result, the production from said well has diminished and
21 the ultimate recovery from said well will be less than it should be had the
22 defendants Grace operated the same as prudent operators. This has resulted in
23 waste in that large quantities of gas have been irreparably lost, all to
24 plaintiffs' damage.

25 7. Defendant Atlantic Richfield Company is the owner of a one-eighth
26 overriding royalty under said well as well as other rights and privileges, all
27 as shown on Plaintiffs' Exhibit "2". The rights of defendant Atlantic Richfield
28 Company are subordinate to those of the plaintiffs in that their rights are
29 carved out of the lease granted by plaintiffs.

30 8. The defendants Grace by reason of the foregoing have breached the
31 covenants of said oil and gas lease. The failure to pay the royalties under
32 this lease constitutes a failure of consideration of an executory contract,

1 entitling the plaintiffs to declare a rescission thereof. The said breach
2 of covenants by non-payment of royalty has operated a fraud upon plaintiffs,
3 and amounts to a taking of their properties without just compensation. For
4 such reasons, plaintiffs do hereby rescind, revoke and cancel said lease.

5 9. Plaintiffs are entitled to an accounting and payment of royalty for
6 gas sold from 1 April 1976.

7 10. The royalties from the gas sold to El Paso Natural Gas Company from
8 1 April 1976 to the present date constitute an open account payable to plain-
9 tiffs, and they are entitled to interest thereon according to law, together
10 with costs and attorney's fees, as provided by Section 18-1-37, N.M.S.A. 1953.


11 WHEREFORE, Plaintiffs pray:

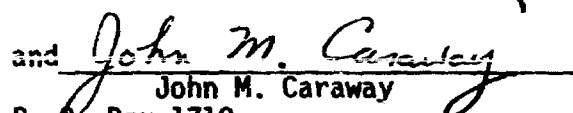
12 1. For judgment cancelling said oil and gas lease executed by W. E.
13 Walling and his wife, Odessa Walling, on 6 July 1966, to Sinclair Oil and
14 Gas Company.

15 2. For an accounting from defendants Grace and a Judgment for the sums
16 found due, together with interest, reasonable attorney's fees, and costs.

17 3. For punitive damages from defendants Grace in the sum of \$50,000.00.

18 McCORMICK and FORBES

19 By 
20 Don G. McCormick

21 and 
22 John M. Caraway
23 P. O. Box 1718
24 Carlsbad, New Mexico 88220
25 Attorneys for Plaintiffs.
26
27
28
29
30
31
32

THE AGREEMENT was made this 21st day of June 1917 between the County of San Diego California

W.E. WALLING and wife, GESSA WALLING

at Biggsville, Texas

SINGMASTER OIL & GAS COMPANY

The following described had to WIFE _____, _____, New Haven, Conn.

Summit 22 North, Range 26 East, N.M.P.M.

Section 2b: The Southwest Quarter (SW/4), S4WE AND EIGHT a one-half interest in Lots 5,6,7,8,9,10 and 19, and a full interest in Lots 20,21,22, and 23, all of said Lots being shown on a Plat of Walling Heights, recorded in Volume 3 of Maps, page 1145, Bddy County, New Mexico, to which reference is hereby made for complete description.

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 118 acres, whether it actually contains more or less.

[illegible][illegible]

Walford State

Welforth, Texas

[illegible][illegible][illegible][illegible][illegible][illegible]

Summed the day and year first above written.

VERBOD

Olson
Olson Walling

374-2/

STATE OF TEXAS

County of ROCKWELL

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 1st day of July 1966 by M.R. Walling and wife Odessa Walling

My Commission expires 6-1-67 [Signature]
Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____ Notary Public

STATE OF NEW MEXICO,

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____ Notary Public

STATE OF _____

County of _____

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

My Commission expires _____ 19____ Notary Public

ON LAND ITS LEASE
NEW MEXICO
COUNTY OF _____
I, the undersigned, a Notary Public for the State of New Mexico, do hereby certify that the foregoing was filed for record in the public records of the County of _____, New Mexico, on this _____ day of _____, 19____, and that the same is a true and correct copy of the original as the same appears to me.

STATE OF NEW MEXICO,

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____ 19____, at _____, New Mexico, by _____, President of _____, a corporation organized under the laws of the State of _____, and duly authorized to execute the same.

My Commission Expires _____ Notary Public

STATE OF _____

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this _____ day of _____ 19____, at _____, _____, by _____, President of _____, a corporation organized under the laws of the State of _____, and duly authorized to execute the same.

My Commission Expires _____ Notary Public

PARTIAL ASSIGNMENT OF OIL AND GAS LEASES

For sufficient consideration, receipt of which is hereby acknowledged, and subject to the reservations, terms and conditions hereinafter set forth, ATLANTIC RICHFIELD COMPANY, a corporation, herein after called "Assignor", does hereby sell, transfer and assign unto MICHAEL P. GRACE, II and CORINNE GRACE of Carlsbad, New Mexico, hereinafter called "Assignee" (whether one or more), all of Assignor's right, title and interest in and to Oil and Gas Leases described and set forth in Exhibit A attached hereto and made a part hereof for all purposes, INSOFAR AND ONLY INSOFAR as said leases cover rights from the surface of the ground to a subsurface depth of 13,090 feet and ONLY INSOFAR as said leases cover the oil, gas and associated hydrocarbons, there being excepted and reserved to Assignor all other rights and all other minerals not specifically mentioned and included herein.

TO HAVE AND TO HOLD to Assignee and the heirs and assigns of Assignee for a period of ninety (90) days from date hereof and as long thereafter as oil or gas is produced in paying quantities from the assigned premises or premises with which the assigned premises may be pooled. This Assignment is made without warranty of title, either express or implied.

There is hereby reserved and excepted to Assignor, its successors and assigns, an overriding royalty of $\frac{1}{8}$ of $\frac{8}{8}$ of all oil and gas produced from said land under the terms of said lease or extensions or renewals thereof, to be delivered into tanks or pipeline, free and clear of all cost of development and operation, except that such interest shall bear its own gross production taxes. If said leases cover less than the full interest in said land or if Assignor owns less than the full interest in said leases (excepting only any

overriding royalty or similar burden heretofore created), such overriding royalty herein reserved shall be proportionately reduced to accord with the interest actually covered by said leases and the interest therein owned by Assignor.

The Assignment and the overriding royalty retained herein is subject to the formation of a unit consisting of all of the $S\frac{1}{2}$ of Section 24, Township 22 South, Range 26 East, N.M.P.M., for the production of gas from the Morrow Formation.

This Assignment is made in accordance with and subject to the further terms, conditions and provisions of that certain Farmout Agreement by and between the parties dated May 17, 1971, as amended, and all terms of which are incorporated herein by reference, and in the event of conflict between this Assignment and said Farmout Agreement, the provisions of said latter agreement shall prevail.

EXECUTED AND EFFECTIVE as of March 29, 1973.

ATLANTIC RICHFIELD COMPANY

By *J. L. Smith*
Attorney-In-Fact
ASSIGNOR

*JS
Lub
MD*

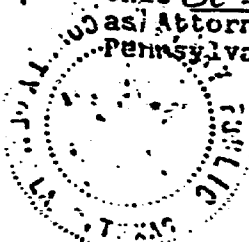
Michael P. Grace II
Michael P. Grace, II

Corinne Grace
Corinne Grace
ASSIGNEE

THE STATE OF TEXAS

COUNTY OF MIDLAND

The foregoing instrument was acknowledged before me
 this 30th day of April, 1973, by S. L. SMITH
 as Attorney In Fact on behalf of ATLANTIC RICHFIELD COMPANY, a
 Pennsylvania corporation.



Yvonne Brooks
 Notary Public in and for
 Midland County, Texas

My Commission Expires: June 1, 1975

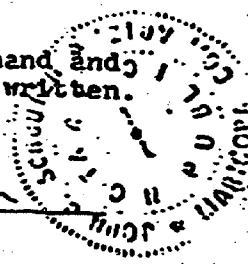
THE STATE OF ARIZONA

COUNTY OF MARICOPA

On this 6th day of JULY, 1973,
 before me personally appeared MICHAEL P. GRACE, II and wife,
 CORINNE GRACE, to me known to be the persons described in and
 who executed the foregoing instrument, and acknowledged that
 they executed the same as their free act and deed.

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

John J. Schuster
 Notary Public



My Commission Expires:

My Commission Expires Mar. 20, 1976

EXHIBIT A

ASSIGNMENT OF OIL AND GAS LEASES FROM ATLANTIC RICHFIELD COMPANY
TO MICHAEL P. GRACE, II AND CORRINE GRACE, DATED
MARCH 29, 1973

That certain Lease between W. E. Walling, et ux, Lessor, and Sinclair Oil & Gas Company, Lessee, dated July 6, 1966, recorded in Book 169 at Page 542 of the Records of Eddy County, New Mexico, covering the following described lands in Eddy County, New Mexico:

Township 22 South, Range 26 East, N.M.P.M. Section 24: The Southwest Quarter (SW/4), SAVE AND EXCEPT a one-half interest in Lots 5, 6, 7, 8, 9, 10 and 19, and a full interest in Lots 20, 21, 22, and 23, all of said Lots being shown on a Plat of Walling Heights, recorded in Volume 3 of Maps, page 145, Eddy County, New Mexico, to which reference is hereby made for complete description; and containing 118 acres, more or less.

That certain Lease between J. N. Nelson, et ux, Lessor, and Sinclair Oil & Gas Company, Lessee, dated July 20, 1966, recorded in Book 169 at Page 544 of the Records of Eddy County, New Mexico, covering the following described lands in Eddy County, New Mexico:

Lots 5, 6, 7, 8, 9, 10 and 19 in Walling Heights, a Sub Division of part of the SW/4 of Section 24, Township 22 South, Range 26 East, N.M.P.M.; and containing 5 acres, more or less.

That certain Lease between James L. Woods, et ux, Lessor, and Sinclair Oil & Gas Company, Lessee, dated July 23, 1966, recorded in Book 169 at Page 548 of the Records of Eddy County, New Mexico, covering the following described lands in Eddy County, New Mexico:

Lot 19 in Walling Heights, a Sub Division of part of the SW/4 of Section 24, Township 22 South, Range 26 East, N.M.P.M.; and containing .72 acres, more or less.

That certain Lease between James E. Smith, et ux, Lessor, and Sinclair Oil & Gas Company, Lessee, dated August 31, 1966, recorded in Book 169 at Page 550 of the Records of Eddy County New Mexico, covering the following described lands in Eddy County, New Mexico:

Lots 5, 6, 7, 8, 9, 10 and 19 in Walling Heights, a Sub Division of part of the SW/4 of Section 24, Township 22 South, Range 26 East, N.M.P.M.; and containing 10 acres, more or less.

That certain Lease between Jack L. Ingram, et ux, Lessor, and Sinclair Oil & Gas Company, Lessee, dated September 1, 1966, recorded in Book 169 at Page 579 of the Records of Eddy County, New Mexico, covering the following described lands in Eddy County, New Mexico:

The South 208' of east 208' of Lot 22, Walling Heights Subdivision of SW/4 of Section 24, Township 22 South, Range 26 East, N.M.P.M.; and containing 1 acre, more or less.

That certain Lease between Millard P. Rose, et ux, Lessor, and Sinclair Oil & Gas Company, Lessee, dated August 12, 1966, recorded in Book 169 at Page 575 of the Records of Eddy County, New Mexico, covering the following described lands in Eddy County, New Mexico:

Lot 23 in Walling Heights, a Sub Division of part of the SW/4 of Section 24, Township 22 South, Range 26 East, N.M.P.M.; and containing 5.7 acres, more or less.

That certain Lease between Jack Ingram, et ux, Lessor, and Sinclair Oil & Gas Company, Lessee, dated September 1, 1966, recorded in Book 169 at Page 571 of the Records of Eddy County, New Mexico, covering the following described lands in Eddy County, New Mexico:

Lots 20, 21 and 22 (SAVE AND EXCEPT the South 208 Feet of the East 208 Feet) in Walling Heights, a Sub Division of part of the SW/4 of Section 24, Township 22 South, Range 26 East, N.M.P.M.; and containing 16.6 acres, more or less.

That certain Lease between E. W. Douglass, et ux, Lessor, and Michael P. Grace, Lessee, dated July 14, 1971, recorded in Book 83 at Page 629 of the Records of Eddy County, New Mexico, covering the following described lands in Eddy County, New Mexico:

Lots 5, 6, 7, 8, 9 and 10 of the Walling Heights Subdivision of the SW/4 of Section 24, Township 22 South, Range 26 East, N.M.P.M.

There is included in the assigned premises all lease amendments, extensions and renewals of any of said leases.

-2-

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 11th day of July 1973 at 11:30 o'clock A.M. and duly recorded in Book 1104 Page 63 of the Records of Eddy County, New Mexico.

GERALDINE MAHAFFEY, County Clerk
By Curt C. Boyle Deputy

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

FILED FEB 23 1977 IN MY
9:40 am OFFICE
FRANCES M. WILCOX
Clerk of the District Court

BIG WEST DRILLING COMPANY, a
corporation,

Plaintiff,

vs.

MICHAEL P. GRACE II, CORINNE
GRACE, LEROY SUMRULD, surviving
partner of the Partnership of
Newsom and Sumruld; NEWSOM AND
SUMRULD, a partnership, VANN
TOOL COMPANY, a Corporation,
EMPLOYMENT SECURITY COMMISSION
OF NEW MEXICO; IRVING RAPAPORT,
d/b/a FOUR CORNERS EXPLORATION
COMPANY; E. S. GREAR; CLAUDE
MCCAUSLAND; I & W, INC., a
corporation, H. O. McCARTY and
MARGE McCARTY, d/b/a A & M DRILLING
COMPANY; SHERMAN POWER TONGS, INC.,
a corporation, EDDINS-WALCHER
COMPANY, a corporation; ORMSBEE
DEVELOPMENT COMPANY, a corporation,
and All Unknown Claimants of
Interest in the Premises Adverse
to the Plaintiffs.

Defendants.

No. CV-77-68

COMPLAINT

COMES NOW the Plaintiff, Big West Drilling Company, and for
its claim for relief against the Defendants, states:

1. The lands involved in this action are situated wholly
within Eddy County, New Mexico.
2. (a) Upon information and belief, Defendants Michael P.
Grace II and Corinne Grace are nonresidents of the State of New
Mexico and are so situated that service of process cannot be had
upon said Defendants within the jurisdiction of this Court so
that it is necessary that substituted or constructive service of
process be had upon said Defendants. The Defendants are within
the class of persons contemplated in N.M. Stat. Ann. section

21-3-16 by virtue of the transaction of business within the State of New Mexico and are, therefore, subject to the jurisdiction of this Court by personal service of process outside the State of New Mexico. Plaintiff has made due and diligent search and inquiry to ascertain the residences and whereabouts of said Defendants, but has been unable to do so, except that it has discovered the following last known address of said Defendants:

1141 East Bethany Home Road
Phoenix, Arizona 85104

(b) Defendant LeRoy Sumruld, surviving partner of the partnership of Newsom and Sumruld; Newsom and Sumruld, a partnership; Vann Tool Company, a corporation; Irving Rapaport, d/b/a Four Corners Exploration Company; E. S. Grear; Claude McCausland; I & W, Inc., a corporation; H. O. McCarty and Marge McCarty, d/b/a A & M Drilling Company; Sherman Power Tongs, Inc., a corporation; Eddins-Walcher Company, a corporation; and Ormsbee Development Company, a corporation, are subject to service of process in the State of New Mexico.

(c) Defendant, Employment Security Commission of New Mexico is an agency of the State of New Mexico and is subject to service of process within the State of New Mexico.

(d) Plaintiff further alleges that there may be unknown persons claiming some lien, interest or title to the premises and adverse to Plaintiff. Plaintiff has made due and diligent search and inquiry to ascertain their names, residences and whereabouts but has been unable to obtain such information, and therefore said persons are joined as Defendants herein under the designation of "All Unknown Claimants of Interest in the Premises Adverse to the Plaintiff.

3. This foreclosure proceeding is subject to all valid royalties and overriding royalty interests of legal record which are prior in time to Plaintiff's mortgage.

4. On June 7, 1976, Defendants Michael P. Grace II and Corinne Grace made and delivered to Plaintiff their certain Promissory Note (Exhibit "A") in the principal amount of \$270,000.00 with interest thereon at the rate of 7% per annum until maturity.

5. In order to secure payment of the indebtedness evidenced by the Promissory Note, said Defendants made, executed and delivered to Plaintiff their certain Mortgage Deed (Exhibit "B") dated June 7, 1976, covering the properties described in Exhibit "C" attached hereto. Said Mortgage Deed was recorded in the office of the County Clerk of Eddy County, New Mexico, on June 7, 1976, in Book 280, page 267.

6. Defendant LeRoy Sumruld, surviving partner of the partnership of Newsom and Sumruld, and Defendant Newsom and Sumruld, a partnership, claim an interest in the subject lands by virtue of a judgment lien, recorded February 23, 1976, Book 133, page 880. Said judgment lien is in the amount of \$49,514.88 at the interest rate of 6% per annum.

7. Defendant Vann Tool Company, a corporation, claims an interest in the subject lands by virtue of a judgment lien recorded July 26, 1976, Book 138, page 192, in the amount of \$42,420.98 at the interest rate of 12% per annum.

8. Defendant Employment Security Commission of the State of New Mexico claims an interest in the subject lands by virtue of the following instruments:

- (1) Warrant of Levy and Lien, recorded August 3, 1976, Book 138, page 351, in the amount of \$5,062.00.
- (2) Warrant of Levy and Lien recorded November 24, 1976, Book 140, page 848, in the amount of \$6,325.63.

9. Defendant Irving Rapaport, d/b/a Four Corners Exploration Company, claims an interest in the subject property by virtue of a judgment lien recorded September 9, 1976, Book 139, page 99, in

the amount of \$36,716.92 at an interest rate of 6% per annum. Said judgment lien has been released to the extent of \$10,000.00 by virtue of a Partial Release of Judgment, dated September 7, 1976, recorded Book 139, page 100.

10. Defendant, E. S. Grear claims an interest in the subject property by virtue of a judgment lien, recorded September 14, 1976, Book 139, page 202, in the amount of \$1,347.65 at an interest rate of 6% per annum.

11. Defendant Claude McCausland claims an interest in the subject property by virtue of a judgment lien recorded September 14, 1976, Book 139, page 203, in the amount of \$2,995.18 at an interest rate of 6% per annum.

12. Defendant I & W, Inc., claims an interest in the subject property by virtue of a judgment lien recorded October 4, 1976, Book 139, page 685, in the amount of \$3,469.59 at an interest rate of 6% per annum.

13. Defendants H. O. McCarty and Marge McCarty, d/b/a A & M Drilling Company, claim an interest in the subject property by virtue of a judgment recorded November 18, 1976, Book 140, page 763, in the amount of \$12,000.00.

14. Defendant Sherman Power Tongs, Inc., claims an interest in the subject property by virtue of a judgment lien recorded December 22, 1976, Book 141, page 534, in the amount of \$2,063.34 at an interest rate of 12% per annum.

15. Defendant Eddins-Walcher Company claims an interest in the subject property by virtue of a judgment lien, recorded January 17, 1977, Book 141, page 1037, in the amount of \$6,301.45 at an interest rate of 6% per annum.

16. Defendant Ormsbee Development Company claims an interest in the subject property by virtue of a judgment lien recorded January 31, 1977, Book 142, page 300, in the amount of \$218,600.00 at an interest rate of 6% per annum.

17. Defendants Michael P. Grace II and Corinne Grace have defaulted under the terms and conditions of said Promissory Note and Mortgage Deed in that they have failed to pay, as the same matured, certain installments of principal and interest, said installments being in default in excess of 20 days, and by reason thereof, Plaintiff has, and hereby does, elect to accelerate the maturity date of the entire indebtedness evidenced by the aforesaid Promissory Note. As of the date hereof, said Defendants are justly indebted, jointly and severally, to the Plaintiff in the principal sum of \$149,395.93, together with interest at the rate of 7% per annum from March 1, 1977, until paid.

18. It has been necessary to place the Promissory Note in the hands of the undersigned attorneys for collection and, therefore, Plaintiff is entitled to recover attorney's fees in the amount of \$14,939.59, being 10% of the unpaid principal and accrued interest as provided by the terms of the Promissory Note and Mortgage Deed.

19. Plaintiff is the lawful owner and holder of the Promissory Note and Mortgage Deed described above, and said Mortgage Deed constitutes a valid first lien upon the real estate hereinabove described. The Defendants have or claim to have some interest in or claim upon the above described real estate, which interests or claims are subsequent, inferior and subject to the lien of Plaintiff's Mortgage Deed.

20. Plaintiff's Mortgage Deed provides that in the event foreclosure proceedings are instituted, Plaintiff is entitled to have a receiver appointed by the Court to take possession and control of the real property covered by said Mortgage Deed and hereinabove described, and to collect the rents and profits thereof. There is located upon said real property certain gas wells and it is necessary that a receiver be appointed by this

Court in order to provide for the proper care and maintenance of said wells and to attend to the royalty payments and proceeds thereof.

21. Among other things, said Mortgage Deed provides that in the event the lien thereof is foreclosed, the redemption period after judicial sale shall be three months in lieu of nine months.

WHEREFORE, Plaintiff prays judgment as follows:

1. That Plaintiff have and recover judgment, jointly and severally, of and from the Defendants, Michael P. Grace II and Corine Grace, for the principal sum of \$149,395.93, together with interest on the principal indebtedness and accrued interest at the rate of 7% per annum from March 1, 1977, until paid, and the additional sum of \$14,939.59 as attorney's fees, and for all costs and expenses incurred herein.

2. That Plaintiff's Mortgage Deed be declared and established as the valid first lien upon the above described property, superior to any right, title, claim or interest of any party hereto, or any one claiming by, through or under them; that the lien of Plaintiff's Mortgage Deed be foreclosed and that the lands described hereinabove be ordered sold as provided by law in the practice of this court in such cases made and provided; that a Special Master be appointed to make sale of said lands; that the proceeds of said sale be applied first in discharge of the costs of this action and of the foreclosure sale, including costs of receivership and the receiver's fee, then to the satisfaction of Plaintiff's judgment after said sale; and if said sale fails to bring the amount of Plaintiff's judgment and costs of sale, costs of action and costs of receivership, that Plaintiff have judgment against the Defendants Michael P. Grace II and Corinne Grace for any deficiency; and that any party to this action be permitted to purchase at such foreclosure sale and any purchaser

be allowed into immediate possession of said property; and that the redemption period after foreclosure sale be declared to be three months in lieu of nine months.

3. That a receiver be appointed by this court to take possession and control of the real property hereinabove described, said receiver to be authorized to rent or lease said property and to collect the rents, royalties and proceeds thereof and be further authorized to attend to the proper care and maintenance of said property, the amounts, if any, so collected by such receiver to be applied, under direction of the court, first to the payment of any expenditures by said receiver for care and maintenance of said property, and then to the payment of the judgment to be rendered in favor of the Plaintiff herein.

4. That the Defendants, and each of them, be barred, foreclosed and forever estopped from having or claiming any lien upon, right to or title in said property, save and except the right of redemption as provided in the judgment of this Court.

5. That Plaintiff have such other and further relief as the Court may deem just and proper.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By Paul W. Schaner
(P. O. Box 10
Roswell, New Mexico

PROMISSORY NOTE

\$270,000.00

Albuquerque, New Mexico
June 7, 1976

The undersigned, for value received, promise to pay to the order of Big West Drilling Company at 1714 Commerce Building, Fort Worth, Texas 76102 the sum of Two Hundred Seventy Thousand and No/100 Dollars (\$270,000.00) with interest thereon at the rate of seven percent (7%) per annum from June 1, 1976 until paid, and ten percent (10%) additional on principal and interest if this note is placed in the hands of an attorney for collection or if collected through probate, bankruptcy or insolvency proceedings. All delinquent interest shall bear interest the same as principal.

The principal of this note shall be paid in fourteen (14) installments, inclusive of interest, the first installment being due and payable on or before July 1, 1976, and the final installment being due and payable on or before August 1, 1977, all in accordance with the amortization schedule appended hereto as Exhibit "A".

If any default be made in the payment of installments provided for herein and not corrected within twenty (20) days after written notice to Kroll, Levy, Baron & Feinstein, P.C., 600 Fifth Avenue, New York, New York 10020, sent certified mail, return receipt requested, then at the option of the Holder, this note shall mature and all sums due hereunder shall immediately become due and payable. The makers hereof waive presentment, demand, protest and notice of dishonor and reserve the right to make any prepayments of the full indebtedness without penalty.

Michael P. Grace II
Michael P. Grace II

Corinne Grace
Corinne Grace

EXHIBIT "A"

MICHAEL P. & CORINNE GRACE

FIRST MORTGAGE NOTE

	<u>PAYMENTS</u>	<u>PRINCIPAL</u>	<u>7 1/2</u> <u>INTEREST</u>	<u>BALANCE</u>
6-1-76				\$270,000.00
1. 7-1-76	\$15,000.00	\$13,425.00	\$1,575.00	\$256,575.00
2. 8-1-76	15,000.00	13,503.31	1,496.69	243,071.69
3. 9-1-76	15,000.00	13,582.08	1,417.92	229,489.61
4. 10-1-76	15,000.00	13,661.31	1,338.69	215,828.30
5. 11-1-76	25,000.00	23,741.00	1,259.00	192,087.30
6. 12-1-76	25,000.00	23,879.49	1,120.51	168,207.81
7. 1-1-77	25,000.00	24,018.79	981.21	144,189.02
8. 2-1-77	25,000.00	24,158.90	841.10	120,030.12
9. 3-1-77	20,000.00	19,299.82	700.18	100,730.30
10. 4-1-77	20,000.00	19,412.41	587.59	81,317.89
11. 5-1-77	20,000.00	19,525.65	474.35	61,792.24
12. 6-1-77	20,000.00	19,639.55	360.45	42,152.69
13. 7-1-77	20,000.00	19,754.11	245.89	22,398.58
14. 8-1-77	22,529.24	22,398.58	130.66	-0-

EXHIBIT "A"

**MORTGAGE DEED
SECURITY AGREEMENT AND FINANCING STATEMENT**

MICHAEL P. GRACE II and CORINNE GRACE, his wife, whose address is 1141 East Bethany Home Road, Phoenix, Arizona 85014, hereinafter called "Mortgagor", for consideration paid, grants to BIG WEST DRILLING COMPANY, a Texas corporation, whose address is 1714 Commerce Building, Fort Worth, Texas 76102, hereinafter called "Mortgagee", the oil, gas and mineral interests and real property owned by Mortgagor in lands situated in Eddy County, New Mexico, described on Exhibit "A" attached hereto and made a part hereof, together with any oil, gas and minerals that may be allocated to said described lands.

With mortgage covenants.

This mortgage secures the performance of the following obligation: A promissory note of even date in the principal sum of \$270,000.00 with interest at 7% per annum, payable in 14 monthly installments.

The Mortgagor, to further secure the payment of the indebtedness hereby secured, hereby transfers, assigns and sets over to the Mortgagee all of the Mortgagor's interest in the proceeds of the sale of the oil, gas, casinghead gas and other minerals produced or to be produced from the property hereby mortgaged, upon and subject to the following terms and conditions:

(a) This instrument shall be and constitute full and complete authority to or for any purchasers of any of the oil, gas or casinghead gas produced from said property or to any other person liable therefor to make payment to the Mortgagee of the Mortgagor's proportionate part of the proceeds of such sales, and to the extent of any payment so made, such purchaser or other person making such payment shall be released and discharged from any further liability therefor to the Mortgagor or to the Mortgagor's successors in interest.

EXHIBIT "B"

(b) Such proceeds, when received by Mortgagee, shall be applied first to the payment of accrued interest and the balance to the principal of the indebtedness due Mortgagee.

(c) Mortgagor hereby gives Mortgagee the full right, power and authority to execute any transfer order or other instrument or to do any act or thing necessary to accomplish the transfer and assignment provided herein, whether the same be done in the name of Mortgagee or by Mortgagee as attorney-in-fact for Mortgagor.

Provided, however, that despite anything herein to the contrary, the assignment and transfer to Mortgagee provided herein shall be operative only to the extent of \$15,000.00 per month for the first four months, then at the rate of \$25,000.00 per month for the next four months, and at the rate of \$20,000.00 per month for the remaining six months, until or unless Mortgagor is in default under the terms of said promissory note or hereunder, and upon such default Mortgagee may give written notice to any purchaser of said minerals or to any other person liable for the payment thereof, sending a copy of said notice to Mortgagor and thereupon the above transfer and assignment shall be in force and effect to the full extent of Mortgagor's interest in said proceeds.

This mortgage is upon the statutory mortgage condition for the breach of which it is subject to foreclosure as provided by law. Upon filing a complaint for foreclosure and after twenty (20) days written notice to Kroll, Levy, Baron & Feinstein, P. C., 600 Fifth Avenue, New York, New York 10020 sent certified mail, return receipt requested, a receiver may be appointed to take charge and possession of the mortgaged premises, and to hold possession until the foreclosure sale thereof or until the indebtedness hereby secured is fully paid and to receive all rents, profits and income derived from said real property, which shall be applied to the indebtedness less the cost and expenses of the receivership.

Pursuant to Article 24-2-19.1 of the New Mexico Statutes, 1953,
the redemption period hereunder shall be limited to three months.

This instrument shall also constitute a Security Agreement
and a Financing Statement under the New Mexico Uniform Commercial
Code. The addresses of the parties are stated hereinabove.

The terms and covenants hereof shall be binding upon the par-
ties hereto, their heirs, successors and assigns.

EXECUTED this 7 day of June, 1976.

Michael P. Grace II
Michael P. Grace II

Corinne Grace
Corinne Grace
Mortgagor

BIG WEST DRILLING COMPANY
By: [Signature]
Vice President
Mortgagee and Secured Party

STATE OF New Mexico)
COUNTY OF Bernalillo) ss

The foregoing instrument was acknowledged before me this 7th
day of June, 1976 by Michael P. Grace II and Corinne Grace, his wife.

My Commission Expires:

August 1, 1979

[Signature]
Notary Public

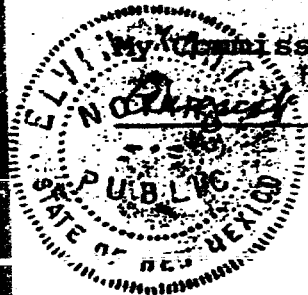


EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT
CERTAIN MORTGAGE DEED - SECURITY AGREE-
MENT AND FINANCING STATEMENT FROM MICHAEL
P. GRACE II AND CORINNE GRACE, HIS WIFE,
TO BIG WEST DRILLING COMPANY, A TEXAS
CORPORATION, DATED JUNE , 1976.

TRACT A - White Baby Well #1 and the lease(s) committed thereto
for the production of oil and gas from the leasehold
estates arising under and by virtue of the following
described oil and gas lease(s) covering the following
described property, to-wit:

A-1 That certain Oil and Gas Lease bearing number K-4540
from the State of New Mexico as Lessor to Corinne Grace
as lessee, dated November 17, 1964, and covering the
following described lands in Eddy County, New Mexico,
to-wit:

Township 24 South, Range 26 East, NMPM

Section 16: NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$
S $\frac{1}{2}$ SE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$

* A-2

That certain Oil and Gas Lease bearing number L-3652
from the State of New Mexico as Lessor to Pennzoil
Company, dated October 21, 1969, and covering the
following described lands in Eddy County, New Mexico,
to-wit:

Township 24 South, Range 26 East, NMPM

Section 16: NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

* A-3

That certain Oil and Gas Lease bearing number L-1110
from the State of New Mexico as Lessor to Pennzoil
Company, dated August 20, 1968, and covering the
following described lands in Eddy County, New Mexico,
to-wit:

Township 24 South, Range 26 East, NMPM

Section 16: NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$

together with all oil or gas pipelines thereon, all
fixtures, machinery, tools, equipment and appliances
used or employed in maintaining, equipping or operating
for oil and gas purposes and all appurtenances thereto,
located on the above described lands in Tract A.

TRACT B - Cueva Unit Well #1 and the lease(s) committed thereto
for the production of oil and gas from the leasehold
estate arising under and by virtue of the following
described oil and gas lease(s) covering the following
described property to-wit:

* As to Tracts A2 and A3, Mortgagors make no mortgage covenants
until assignments are received from Penzoil Company, and then only
to the extent of the interest acquired.

B-1 That certain Oil and Gas Lease bearing number K-4399 from the State of New Mexico as Lessor to Jake Ramon as Lessee, dated September 15, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 23 South, Range 26 East, NMPM

Section 6: E $\frac{1}{2}$

B-2 That certain Oil and Gas Lease bearing number K-4534 from the State of New Mexico as Lessor to Corinne Grace as Lessee, dated November 17, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 23 South, Range 26 East, NMPM

Section 6: NW $\frac{1}{4}$

B-3 That certain Oil and Gas Lease bearing number K-4535 from the State of New Mexico as Lessor to Corinne Grace as Lessee, dated November 17, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 23 South, Range 26 East, NMPM

Section 6: SW $\frac{1}{4}$

B-4 That certain Oil and Gas Lease bearing number K-4533 from the State of New Mexico as Lessor to Corinne Grace as Lessee, dated November 17, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 22 South, Range 26 East, NMPM

Section 31: W $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{2}$ SW $\frac{1}{4}$

B-5 That certain Oil and Gas Lease bearing number L-1901 from the State of New Mexico as Lessor to Michael P. Grace as Lessee, dated December 17, 1968, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 22 South, Range 26 East, NMPM

Section 31: E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{2}$ SW $\frac{1}{4}$

together with all oil or gas pipelines thereon, all fixtures, machinery, tools, equipment and appliances used or employed in maintaining, equipping or operating for oil and gas purposes and all appurtenances thereto, located on the above described lands in Tract B.

77482

STATE OF NEW MEXICO
COUNTY OF EDDY

JUN 7 1976 IN MY
OFFICE

1:20 o'clock P. M.
RED BRANCH, Co. Clerk

STATE OF NEW MEXICO, County of Eddy, ss I hereby certify that this instrument was
filed for record on the 7 day of June 1976 at 4:20 o'clock P. M. and
duly recorded in book 280, page 267 of the Records of *Montezuma*
Mildred Branch, County Clerk

By *James D. Davis* Deputy

EXHIBIT "A"

TRACT A - White Baby Well #1 and the lease(s) committed thereto for the production of oil and gas from the leasehold estates arising under and by virtue of the following described oil and gas lease(s) covering the following described property, to-wit:

A-1 - That certain Oil and Gas Lease bearing number K-4540 from the State of New Mexico as Lessor to Corinne Grace as Lessee, dated November 17, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 24 South, Range 26 East, N.M.P.M.

Section 16: NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$,
NW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ NE $\frac{1}{4}$

A-2 - That certain Oil and Gas Lease bearing number L-3652 from the State of New Mexico as Lessor to Pennzoil Company, dated October 21, 1969, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 24 South, Range 26 East, N.M.P.M.

Section 16: NW $\frac{1}{4}$ NE $\frac{1}{4}$, NE $\frac{1}{4}$ SE $\frac{1}{4}$

A-3 - That certain Oil and Gas Lease bearing number L-1110 from the State of New Mexico as Lessor to Pennzoil Company, dated August 20, 1968, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 24 South, Range 26 East, N.M.P.M.

Section 16: NE $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ SW $\frac{1}{4}$

together with all oil or gas pipelines thereon, all fixtures, machinery, tools, equipment and appliances used or employed in maintaining, equipping or operating for oil and gas purposes and all appurtenances thereto, located on the above described lands in Tract A.

TRACT B - Cueva Unit Well #1 and the lease(s) committed thereto for the production of oil and gas from the leasehold estate arising under and by virtue of the following described oil and gas lease(s) covering the following described property to-wit:

B-1 - That certain Oil and Gas Lease bearing number K-4399 from the State of New Mexico as Lessor to Jake Hamon as Lessee, dated September 15, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 23 South, Range 26 East, N.M.P.M.

Section 6: E $\frac{1}{2}$

EXHIBIT "C"

B-2 - That certain Oil and Gas Lease bearing number K-4534 from the State of New Mexico as Lessor to Corinne Grace as Lessee, dated November 17, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 23 South, Range 26 East, N.M.P.M.

Section 6: NW $\frac{1}{4}$

B-3 - That certain Oil and Gas Lease bearing number K-4535 from the State of New Mexico as Lessor to Corinne Grace as Lessee, dated November 17, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 23 South, Range 26 East, N.M.P.M.

Section 6 : SW $\frac{1}{4}$

B-4 - That certain Oil and Gas Lease bearing number K-4533 from the State of New Mexico as Lessor to Corinne Grace as Lessee, dated November 17, 1964, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 22 South, Range 26 East, N.M.P.M.

Section 31: W $\frac{1}{2}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$

B-5 - That certain Oil and Gas Lease bearing number L-1901 from the State of New Mexico as Lessor to Michael P. Grace as Lessee, dated December 17, 1968, and covering the following described lands in Eddy County, New Mexico, to-wit:

Township 22 South, Range 26 East, N.M.P.M.

Section 31: E $\frac{1}{2}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$

together with all oil or gas pipelines thereon, all fixtures, machinery, tools, equipment and appliances used or employed in maintaining, equipping or operating for oil and gas purposes and all appurtenances thereto, located on the above described lands in Tract B.

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED MAR -1 1977 IN M:
440 PM OFFICE
FRANCES M. WILCOX
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

PARQUE FARMS, a partnership; DOROTHY S.
CARLSON; and LEONA STAGNER,
Plaintiffs,

v.

No. CV-77-81

MICHAEL P. GRACE, II, and CORINNE GRACE,
his wife; ATLANTIC RICHFIELD COMPANY, a
corporation; ORMSBEE DEVELOPMENT COMPANY,
a corporation; INGERSOLL RAND CORPORA-
TION; F. W. DAVIS, A.A.A. FISHING AND
RENTAL TOOL COMPANY, INC., and ELROY G.
ROELKE,
Defendants.

COMPLAINT

Plaintiffs, for their claim for relief, state:

1. They are the owners of an undivided 100 acres of oil, gas, and other
minerals lying in and under the hereinafter described 120 acres in the follow-
ing proportions, to-wit:

Pardue Farms, a partnership	-	40/120ths
Dorothy S. Carlson	-	40/120ths
Leona Stagner	-	20/120ths

2. On 29 June 1966, plaintiffs executed an oil and gas lease in favor of
Sinclair Oil & Gas Company covering the following described lands, to-wit:

Township 22 South, Range 26 East

Section 24: W $\frac{1}{2}$ NE $\frac{1}{4}$; SE $\frac{1}{4}$ NE $\frac{1}{4}$

in Eddy County, New Mexico. Said lease was recorded in Book 171, page 524 of
the Oil and Gas Records of Eddy County, New Mexico, and a copy of the same is
attached hereto as Exhibit 1.

3. Sinclair Oil & Gas Company merged or otherwise combined with the
defendant Atlantic Richfield Company, which then became the owner of said lease.
On 23 September 1972, Atlantic Richfield Company assigned said lease to the
defendants Grace. A copy of this Assignment is attached hereto and marked as

1 plaintiffs' Exhibit 2. The lands covered by said lease and other lands were
2 pooled into a unit of 320 acres consisting of the entire North half of Section
3 24, Township 22 South, Range 26 East, Eddy County, New Mexico, and the defen-
4 dants Grace became the operators of said unit.
5

6 4. A producing well known as Grace Go-Po-Go No. 2 was drilled on said
7 unit and completed before the expiration of the lease. The operators have at
8 all times material hereto had charge of the operation of the pooled unit and
9 have sold the gas therefrom to Transwestern Pipeline Company and have received
10 payment therefor.

11 5. The defendants Grace, as operators of the pooled unit, paid the
12 royalties due plaintiffs under the terms of said lease through December 1975.
13 Between 1 January 1976 and 1 July 1976, the defendants Grace have made partial
14 payments to the plaintiffs, but have failed and refused to pay the full royalties
15 due plaintiffs and have paid them nothing whatsoever since 1 July 1976. Said
16 well has been producing regularly and Transwestern Pipeline Company has been re-
17 ceiving the gas produced therefrom and has paid defendants Grace for the gas
18 received by it.
19

20 6. Plaintiffs are entitled to their proportionate share of the gas pro-
21 ceeds that remain unpaid.
22

23 7. Plaintiffs are informed and believe that defendants Grace have con-
24 verted all of the proceeds of the sale of said gas, including the royalty pay-
25 ments due to plaintiffs, to their own use and benefit. Such conversion of
26 plaintiffs' money has been wilfull, oppressive, unlawful, malicious and fraudu-
27 lent and with a total disregard of the terms and covenants of the lease and to
28 the rights of these plaintiffs.

29 8. Defendants Grace have departed from the State of New Mexico, their
30 whereabouts cannot be determined, and plaintiffs are unable to communicate with
31 them. Defendants Grace have not provided adequate skilled personnel to operate
32 said well and as a result, the production from said well has diminished and the

1 ultimate recovery from the said well will be less than it should be had the
2 defendants Grace operated the same as prudent operators. This has resulted in
3 waste in that large quantities of gas have been irreparably lost, all to
4 plaintiffs' damage.

5
6 9. Defendant Atlantic Richfield Company is the owner of a one-eighth
7 overriding royalty under said well, as well as other rights and privileges; all
8 as shown in plaintiffs' Exhibit 2. The rights of defendant Atlantic Richfield
9 Company are subordinate to those of the plaintiffs in that their rights are
10 carved out of the lease granted by plaintiffs.

11
12 10. The defendants Grace, by reason of the foregoing, have breached the
13 covenants of said oil and gas lease. The failure to pay the royalties under
14 this lease constitutes the failure of consideration of an executory contract
15 entitling the plaintiffs to declare rescission thereof. Said breach of the
16 covenants by nonpayment of royalty has operated a fraud upon plaintiffs and
17 amounts to a taking of their properties without just compensation. For such
18 reasons, plaintiffs do hereby revoke, rescind and cancel said lease.

19
20 11. Plaintiffs are entitled to an accounting and payment of royalty that
21 is now delinquent. The royalties from the gas sold to Transwestern Pipeline
22 Company constitute an open account payable to plaintiffs and they are entitled
23 to interest thereon according to law, together with costs and attorneys' fees as
24 provided in Section 18-1-37, N.M.S.A. 1953.

25
26 12. The defendants Grimsbee Development Company, Ingersoll Rand Corpora-
27 tion, F. W. Davis, A.A.A. Fishing and Rental Tool Company, Inc., and Elroy G.
28 Roelke, claim a lien upon said lease by reason of a Mortgage-Security Agreement,
29 Assignment of Production and Financing Statement executed by the defendants
30 Grace in favor of those defendants on 22 November 1976 and recorded in Book 283,
31 page 640 of the Mortgage Records of Eddy County, N. M. All claims of the defen-
32 dants named in this paragraph are subject and inferior to the claim and title of

1 the plaintiffs.

2 WHEREFORE, Plaintiffs pray:

3 1. For judgment cancelling the lease executed by plaintiffs to Sinclair
4 Oil & Gas Company on 29 June 1966.

5 2. For an accounting from defendants Grace and a judgment for the sums
6 found due, together with interest, reasonable attorneys' fees, and costs.

7 3. For punitive damages from the defendants Grace in the sum of \$25,000.
8

9 McCORMICK and FORBES

10
11 By Don G. McCormick
12 Don G. McCormick

13 John M. Caraway
14 John M. Caraway

15 Attorneys for Plaintiffs
16 P. O. Box 1718
17 Carlsbad, N. M. 88220
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STATE OF NEW MEXICO,

County of Eddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30 day of June

1966 by Ruce D. Pardue, Farmer, in Pardue Farms, a Partnership, on behalf of
said Partnership.

My Commission expires June 8 1968

John B. Walker
Notary Public

STATE OF NEW MEXICO,

County of Eddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30 day of June

1966 by Dorothy Sigart Carlson

My Commission expires June 8 1968

John B. Walker
Notary Public

STATE OF NEW MEXICO,

County of Eddy

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 30 day of June

1966 by Leona Starnes, widow

My Commission expires June 8 1968

John B. Walker
Notary Public

STATE OF

County of

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

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

19 _____ by _____

My Commission expires _____ 19 _____

Notary Public

By John B. Walker
Deputy
From the Notary Public's Office, Eddy Co., N. M.

John B. Walker
County Clerk

I hereby certify that this instrument was filed for
record on the _____ day of _____
A. D. 1966 at _____ o'clock _____ m., and
was duly recorded in Book 121 at Page 524
of the records of said County.

STATE OF NEW MEXICO
COUNTY OF Eddy

Term _____

Section _____, Township _____, Range _____

No. of Acres _____

Date _____

STATE OF NEW MEXICO

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

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

by _____, President

of _____ corporation

on behalf of said corporation.

My Commission Expires _____ Notary Public

STATE OF _____

County of _____

CORPORATION ACKNOWLEDGMENT (New Mexico Short Form)

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

by _____, President

of _____ corporation

on behalf of said corporation.

My Commission Expires _____ Notary Public

PARTIAL ASSIGNMENT OF OIL AND GAS LEASE

For sufficient consideration, receipt of which is hereby acknowledged, and subject to the reservations, terms and conditions hereinafter set forth, ATLANTIC RICHFIELD COMPANY, a corporation, hereinafter called "Assignor", does hereby sell, transfer and assign unto MICHAEL P. GRACE, II and CORINNE GRACE of Carlsbad, New Mexico, hereinafter called "Assignee" (whether one or more), all of Assignor's right, title and interest in and to Oil and Gas Leases covering premises situated in Eddy County, New Mexico, to-wit:

1. A lease from H. G. Peveler, et ux, as Lessor, to Sinclair Oil & Gas Company, as Lessee, dated June 29, 1966, recorded in Vol. 169, Page 540, of the Records of Eddy County, New Mexico, INSOFAR as said lease covers the NE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 24, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico;

2. A lease from Pardue Farms, as Lessor, to Sinclair Oil & Gas Company, as Lessee, dated June 29, 1966, recorded in Vol. 171, Page 524, of the Records of Eddy County, New Mexico, INSOFAR as said lease covers the W $\frac{1}{2}$ of the NE $\frac{1}{4}$ and the SE $\frac{1}{4}$ of the NE $\frac{1}{4}$ of Section 24, Township 22 South, Range 26 East, N.M.P.M., Eddy County, New Mexico,

and further INSOFAR AND ONLY INSOFAR as said leases cover and pertain to the rights from the surface of the ground to a depth of 13,012 feet below the surface, hereby reserving to Assignor all rights in other formations and depths not specifically assigned.

TO HAVE AND TO HOLD to Assignee the heirs and assigns of Assignee for a period of ninety (90) days from date hereof and as long thereafter as oil or gas is produced in paying quantities from the assigned premises or premises with which the assigned

premises are pooled. This Assignment is made without warranty of title, either express or implied.

There is hereby reserved and excepted to Assignor, its successors and assigns, an overriding royalty of $1/8$ of $8/8$ of all oil and gas produced from said land under the terms of said leases or extensions or renewals thereof, to be delivered into tanks or pipeline, free and clear of all cost of development and operation, except that such interest shall bear its own gross production taxes. If said leases cover less than the full interest in said land or if Assignor owns less than the full interest in said leases (excepting only any overriding royalty or similar burden heretofore created), such overriding royalty herein reserved shall be proportionately reduced to accord with the interest actually covered by said leases or the interest therein owned by Assignor.

This Assignment and the overriding royalty retained herein shall be subject to the formation of a pooled unit consisting of the $N\frac{1}{2}$ of said Section 24 for the production of gas from the Morrow Formation.

This Assignment is made in accordance with and subject to the further terms, conditions and provisions of that certain Farmout Agreement by and between the parties dated June 25, 1971, as amended, all terms of which are incorporated herein by reference, and in the event of conflict between this Assignment and said Farmout Agreement, the provisions of said latter agreement shall prevail.

EXECUTED AND EFFECTIVE as of September 23, 1972.

ATLANTIC RICHFIELD COMPANY

By

J. I. Smith
Attorney In Fact

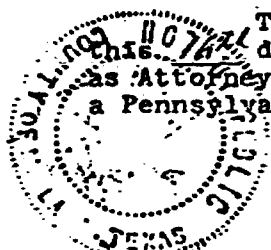
ASSIGNOR

Michael P. Grace II
Michael P. Grace, II

Corinne Grace
Corinne Grace
ASSIGNEE

THE STATE OF TEXAS I

COUNTY OF MIDLAND I



The foregoing instrument was acknowledged before me this 10th day of March, 1973, by S. L. SMITH as Attorney In Fact on behalf of ATLANTIC RICHFIELD COMPANY, a Pennsylvania corporation.

Yvonne Brooks
Notary Public in and for
Midland County, Texas

My Commission Expires:
June 1, 1973

THE STATE OF ARIZONA I

COUNTY OF MARICOPA I

On this 6th day of JULY, 1973, before me personally appeared MICHAEL P. GRACE, II and wife, CORINNE GRACE, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

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

John J. Schuch
Notary Public

My Commission Expires:
My Commission Expires Mar. 20, 1976

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 11 day of July 1973 at 11:30 o'clock AM, and duly recorded in Book 504 Page 50 of the Records of Miscellaneous
SIRALDINE MARAFLEY, County Clerk
By Mary K. [unclear] Deputy

D
 WITHIN THE DISTRICT COURT OF EDDY COUNTY
 NEW MEXICO
 FILED FOR RECORD
 2:40 PM
 FRANK M. WILSON
 Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY
 STATE OF NEW MEXICO

THE McDANIEL COMPANY, INC.)
)
 Plaintiff,)
)
 vs.)
)
 MICHAEL P. GRACE II and)
 CORINNE GRACE,)
)
 Defendants.)

NO. CV-77-85

COMPLAINT

Plaintiff for its cause of action against defendants
 states:

1. Plaintiff is a Texas corporation with its principal place of business at 711 Praetorian Building, Dallas, Texas, 75201. Defendants are non-residents of the State of New Mexico.
2. The subject matter of this cause of action was the transaction of business by the defendants within the State of New Mexico, within the meaning of § 21-3-16, N.M.S.A., 1953 Comp., as amended.
3. Defendants are indebted to plaintiff in the sum of \$254,436.43 for supplies and materials furnished by plaintiff to defendants from June, 1975 through December, 1975.
4. A. By written contract dated June 11, 1976, defendants agreed to pay plaintiff interest on the indebtedness at the rate of 1% per month.
 B. In the alternative, plaintiff is entitled to interest on said indebtedness at the rate of 6% per annum from January 1, 1976 until paid.

D

FILED
JUN 11 1976
CLERK OF DISTRICT COURT
EDDY COUNTY, NEW MEXICO

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

PL COMPANY, INC.

Plaintiff,

DEFENDANTS II and

Defendants.

NO. CV-77-85

COMPLAINT

Plaintiff for its cause of action against defendants

1. Plaintiff is a Texas corporation with its principal place of business at 711 Praetorian Building, Dallas, Texas, 75201. Defendants are non-residents of the State of New Mexico.

2. The subject matter of this cause of action was the transaction of business by the defendants within the State of New Mexico, within the meaning of § 21-3-16, N.M.S.A., 1953.

3. Defendants are indebted to plaintiff in the sum of \$254,436.43 for supplies and materials furnished by plaintiff to defendants from June, 1975 through December, 1975.

4. A. By written contract dated June 11, 1976, defendants agreed to pay plaintiff interest on the indebtedness

the alternative, plaintiff is entitled

the rate of 6% per annum

5. Plaintiff is entitled to a reasonable attorney fee as provided by § 18-1-37, N.M.S.A., 1953 Comp., as amended.

WHEREFORE, plaintiff prays judgment against defendants for the sum of \$254,436.43, interest thereon as provided by the contract or by law, a reasonable attorney fee and costs of this action.

LOSEE & CARSON, P.A.

By: 

A. J. Losee

P. O. Drawer 239
Artesia, New Mexico 88210

Attorneys for Plaintiff

MAR 21 1977 IN MY
OFFICE

6:55 PM
FRANCES M. WILCOX
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

DRESSER INDUSTRIES, INC.,
a Foreign Corporation,

Plaintiff,

v.

CORINNE GRACE,

Defendant.

No. CV-17-117

C O M P L A I N T

PLAINTIFF, for its claim of relief states:

1. Defendant owes Plaintiff \$7,000.00 according to the
account hereto annexed as Exhibit "A".

2. Plaintiff is entitled to reasonable attorney's fees as
set by the Court and interest pursuant to Section 50-6-3 of
N.M.S.A., 1953 Comp.

WHEREFORE, Plaintiff prays judgment against the Defendant
in the amount of \$7,000.00 plus interest, plus reasonable
attorney's fees, together with costs incurred.

MCCORMICK and FORBES

By Roger E. Yagbro
Roger E. Yagbro
P. O. Box 1718
Carlsbad, New Mexico 88220
Attorneys for Plaintiff

STATE OF TEXAS)
: ss.
COUNTY OF HARRIS)

J. R. Anders being duly sworn on oath,
states that he is the Asst. Credit Manager of DRESSER INDUS-
TRIES, INC., the Plaintiff herein; that he has read and under-
stands the foregoing Complaint and the matters and things therein
contained are true and correct to the best of his knowledge,
information and belief.

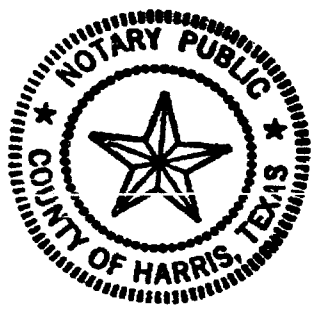
J. R. Anders

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SUBSCRIBED AND SWORN TO before me this _____ day of _____
1977.

My Commission Expires:
7/78

Debbie Davis
Notary Public
Harris County, Texas
Debbie Davis



DRESSER

Dresser Industries, Inc.

PO. BOX 8504, HOUSTON, TEXAS 77005

CUST NO.

JYCS00

IN ACCOUNT WITH

CORRINE GRACE
BOX 1416
CARLSBAD NEW MEX
88220

PAGE

01

DATE

02 28 77

RC1L

REFERENCE DATE	REFERENCE NUMBER	INVOICE NUMBER	IF INV	CHARGES	CREDITS	BALANCE
9-27-75	3542		R	7,000.00		
KEY NUMBER				DATE RECEIVED	DATE OF CHECK	NUMBER CHECK
						7,000.00

Exhibit "A"

SEND REMITTANCE (Not
Orders Or Correspondence)
To Address Nearest You.

P.O. BOX 166385
HOUSTON,
TEXAS 77212

P.O. BOX 91025
CHICAGO,
ILLINOIS 60690

P.O. BOX 3322
DALLAS,
TEXAS 75285

P.O. BOX 360743M
PITTSBURGH,
PA. 15251

P.O. BOX 54435
TERMINAL ANNEX
LOS ANGELES,
CALIFORNIA 90054

D
JUN 20 1977
10:35 AM
FRANCIS M. WILSON
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY

STATE OF NEW MEXICO

W. E. WALLING,
Plaintiff,
v.
EL PASO NATURAL GAS COMPANY,
a corporation, MICHAEL P.
GRACE, II, and CORINNE GRACE,
Defendants.

No. CV-77-221

C O M P L A I N T

Plaintiff for his claim for relief states:

1. Plaintiff is a resident of Lubbock, Texas.
2. Defendant El Paso Natural Gas Company is a corporation organized under the laws of the State of Delaware and authorized to do business in the State of New Mexico.
3. The defendants Michael P. Grace II and Corinne Grace are non-residents of the State of New Mexico and their whereabouts are unknown.
4. Plaintiff is the owner of a fractional interest in the oil, gas, and other minerals lying in and under the hereinafter described lands.
5. The defendants Grace are the owners of certain oil and gas leasehold interests under the following lands in Eddy County, New Mexico, to-wit:

S½ Section 24, Township 22 South, Range 26 East

The defendants Grace have heretofore drilled a gas well on said lands, said well being known as Grace Atlantic No. 1. The defendants Grace, or one of them, have been designated by the New Mexico Oil Conservation Commission as the operator of said well.

6. The defendants Grace as operators of said well have heretofore entered into contracts with defendant El Paso Natural Gas Company to sell all the gas produced from the said well to that company and at all times material hereto. El Paso Natural Gas Company has purchased said gas and disbursed to the defendants

1 Grace all of the proceeds of the same.

2 7. By virtue of the oil and gas lease covering plaintiff's mineral interest
3 in said land and the assignments thereof, plaintiff is entitled to receive as
4 royalty a percentage of the production or proceeds of production from said well
5 as follows:

6 4.5629%

7
8 8. Defendants Grace failed to pay the royalty due plaintiff for the months
9 of September, October, November, December 1976 and January, February, March,
10 April, May 1977. Plaintiff, pursuant to the provisions of the Oil and Gas
11 Products Lien Act Section 61-10-1 et seq., N.M.S.A. 1953, filed 4 Claims of Lien
12 in the Office of the County Clerk of Eddy County, New Mexico. Copies of all the
13 Claims of Lien are attached as Exhibits 1, 2, 3 and 4. Said liens were recorded
14 and also filed as Purchase Money Security Interests, as indicated on the copies
15 attached hereto.

16
17 9. Under the terms of the Oil and Gas Products Lien Act, the plaintiff has
18 a continuing purchase money security interest in and a lien upon his interest in
19 or share of the unpaid for production severed from a production unit, or the
20 proceeds of the product, if such unpaid for product has been sold by the first
21 purchaser. Plaintiff states on information and belief that the gas produced from
22 said well has now been sold by defendant, El Paso Natural Gas Company, and there-
23 fore, plaintiff has a lien upon the proceeds of the gas so sold to the extent of
24 his interest less any taxes levied by the State of New Mexico based on production
25 assessed against the royalty interest of plaintiff.

26
27 10. Under the terms of the Oil and Gas Products Lien Act, the defendants
28 Grace were the "operators" of said well, the defendant El Paso Natural Gas Com-
29 pany was the "First Purchaser", and the plaintiff occupies the position of
30 "Interest Owner".

31 11. Plaintiff has no knowledge as to who now possesses the proceeds of the
32

1 product so sold by defendant El Paso Natural Gas Company, and alleges on informa-
2 tion and belief that such proceeds may be in the possession of either or all of
3 the defendants or may be co-mingled to such an extent that they cannot be identi-
4 fied or traced. For such reason plaintiff is entitled to a judgment against all
5 defendants for the value of the severed products.
6

7 12. Defendants have failed and refused to account to plaintiff for the
8 amount of the production from said well for the months covered by said liens and
9 plaintiff does not know the price paid to defendants Grace by defendant El Paso
10 Natural Gas Company and all defendant should be required to account to plaintiff
11 for the same.

12 13. The Claims of Lien attached as Exhibits 1, 2, 3 and 4 were timely filed
13 Defendants Grace have established no regular period for payment of royalty and
14 sometimes pay the same several months late and often pay the same with worthless
15 checks.
16

17 14. Plaintiff is entitled to a reasonable attorney's fee for enforcing this
18 action and also for the costs of filing and recording the liens described above.

19 WHEREFORE, Plaintiff prays judgment against the defendants, jointly and
20 severally, for:

21 1. An accounting of the sums due plaintiff for the months covered by said
22 liens.

23 2. A money judgment for the sums found to be due plaintiff for his share of
24 production for said months.
25

26 3. For a reasonable attorney's fee of not less than \$7500.00 and for costs.
27

28 McCORMICK and FORBES

29 By

Don G. McCormick

P. O. Box 1718

Carlsbad, New Mexico 88220

Attorneys for Plaintiff
31
32

NOTICE OF CLAIM

NOTICE IS HEREBY GIVEN that W. E. Walling, whose address is 6014 Oxford, Lubbock, Texas 79413, owns an interest in the products severed from the Grace Atlantic Well No. 1 by Michael P. Grace II and Corinne Grace, which well is designated as Production Unit No. 14834 by the Oil and Gas Accounting Commission, and is located on the following lands in Eddy County, New Mexico:

S $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East, N.M.P.M.

The percentage interest of the claimant is 4.5629%.

Products severed from said production unit have been and are now, or may be taken, received and purchased by El Paso Natural Gas Company; and the above-named interest owner has a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period from 1 September 1976 at 7:00 a.m. to 1 November 1976 at 7:00 a.m. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimant herein is an "interest owner", Michael P. Grace II and Corinne Grace are "Operators" and El Paso Natural Gas Company is "First Purchaser."

DATED this 17th day of November 1976.

W. E. Walling
W. E. Walling

STATE OF TEXAS :

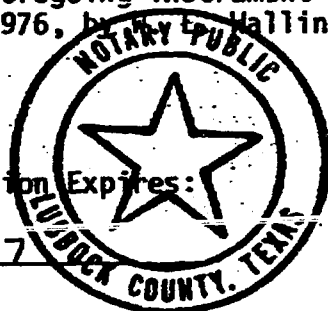
COUNTY OF Lubbock :

The foregoing instrument was acknowledged before me this 20th day of November 1976, by W. E. Walling.

Jim Bowen
Notary Public

My Commission Expires:

6-30-77



79739

STATE OF NEW MEXICO
COUNTY OF EDDY

FILED NOV 23 1976 IN MY OFFICE

At 2:05 o'clock P.M.
GERALDINE MAHAFFEY, Co. Clerk

Deputy

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 23 day of November 1976 at 2:05 o'clock P.M. and duly recorded in Book 140 Page 824 of the Records of Miscellaneous

GERALDINE MAHAFFEY, County Clerk
By Chari C. Boyer Deputy

NOTICE OF CLAIM

NOTICE IS HEREBY GIVEN that W. E. Walling, whose address is 6014 Oxford, Lubbock, Texas 79413, owns an interest in the products severed from the Grace Atlantic Well No. 1 by Michael P. Grace II and Corinne Grace, which well is designated as Production Unit No. 14834 by the Oil and Gas Accounting Commission, and is located on the following lands in Eddy County, New Mexico:

SW Section 24, Township 22 South, Range 26 East, N.M.P.M.

The percentage interest of the claimant is 4.5629%.

Products severed from said production unit have been and are now, or may be taken, received and purchased by El Paso Natural Gas Company; and the above-named interest owner has a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period from 1 November 1976 at 7:00 a.m. to 1 January 1977 at 7:00 a.m. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimant herein is an "interest owner", Michael P. Grace II and Corinne Grace are "Operators" and El Paso Natural Gas Company is "First Purchaser."

DATED this 1st day of February 1977.

W. E. Walling
W. E. Walling

STATE OF TEXAS :
COUNTY OF Lubbock:

The foregoing instrument was acknowledged before me this 2 day of February 1977, by W. E. Walling.

Mary Ann Jones
Notary Public

My Commission Expires:

June 1 - 1977

81017

STATE OF NEW MEXICO
COUNTY OF EDDY

FILED FEB -3 1977
At 2:50 o'clock P.M.
GERALDINE MAHAFFEY, Co. Cler
By _____ Deputy

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 3rd day of February 1977 at 2:50 o'clock P.M., and duly recorded in Book 142 page 442 of the Records of Miscellaneous
GERALDINE MAHAFFEY, County Clerk
By Emil C. Boyd Deputy

NOTICE OF CLAIM

NOTICE IS HEREBY GIVEN that W. E. Walling, whose address is 6014 Oxford, Lubbock, Texas 79413, owns an interest in the products severed from the Grace Atlantic Well No. 1 by Michael P. Grace II and Corinne Grace, which well is designated as Production Unit No. 14834 by the Oil and Gas Accounting Commission, and is located on the following lands in Eddy County, New Mexico:

S½ Section 24, Township 22 South, Range 26 East, N.M.P.M.

The percentage interest of the claimant is 4.5629%.

Products severed from said production unit have been and are now, or may be taken, received and purchased by El Paso Natural Gas Company; and the above-named interest owner has a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period from 1 January 1977 at 7:00 a.m. to 1 March 1977 at 7:00 a.m. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimant herein is an "interest owner", Michael P. Grace II and Corinne Grace are "Operators" and El Paso Natural Gas Company is "First Purchaser."

DATED this 7th day of April 1977.

W. E. Walling
W. E. Walling

STATE OF TEXAS :

COUNTY OF Lubbock:

The foregoing instrument was acknowledged before me this 8 day of April 1977, by W. E. Walling.

Notary Public

My Commission Expires:

June 1, 1977

81843

STATE OF NEW MEXICO
COUNTY OF EDDY

FILED APR 11 1977 IN MY OFFICE
At 1:10 o'clock P. M.
GERALDINE MAHAFFEY, Co. Cler
By Curt C. Boyd Deputy

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 11 day of April 1977 at 1:10 o'clock P. M. and duly recorded in Book 177 page 272 of the Records of Miscellaneous
GERALDINE MAHAFFEY, County Clerk
By Curt C. Boyd Deputy

NOTICE OF CLAIM

NOTICE IS HEREBY GIVEN that W. E. Walling, whose address is 6014 Oxford, Lubbock, Texas 79413, owns an interest in the products severed from the Grace Atlantic Well No. 1 by Michael P. Grace II and Corinne Grace, which well is designated as Production Unit No. 14834 by the Oil and Gas Accounting Commission, and is located on the following lands in Eddy County, New Mexico:

S $\frac{1}{2}$ Section 24, Township 22 South, Range 26 East, N.M.P.M.

The percentage interest of the claimant is 4.5629%.

Products severed from said production unit have been and are now, or may be taken, received and purchased by El Paso Natural Gas Company; and the above-named interest owner has a purchase money security interest in and lien upon such products and the proceeds thereof, to secure payment of the purchase price for the period from 1 March 1977 at 7:00 a.m. to 1 June 1977 at 7:00 a.m. under the provisions of the Oil and Gas Products Lien Act, Section 61-10-1, et seq, N.M.S.A., as amended.

Under the terms of said statute, the claimant herein is an "interest owner", Michael P. Grace II and Corinne Grace are "Operators" and El Paso Natural Gas Company is "First Purchaser."

DATED this 15 day of June 1977.

W. E. Walling
W. E. Walling

STATE OF TEXAS :

COUNTY OF :

The foregoing instrument was acknowledged before me this 15 day of June 1977, by W. E. Walling.

Notary Public

My Commission Expires:

82707

STATE OF NEW MEXICO
COUNTY OF EDDY

FILED JUN 17 1977 IN MY OFFICE
At 2:15 o'clock P. M.
GERALDINE MAHAFFEY, Co. Cler
By Cuni C. Boyd Deputy

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 17 day of June 1977 at 2:15 o'clock P. M., and duly recorded in Book 146 page 15 of the Records of Miscellaneous

GERALDINE MAHAFFEY, County Clerk
By Cuni C. Boyd Deputy

SHULER AND DIAMOND
ATTORNEYS AT LAW
304-B NORTH CANYON
CARLSBAD, NEW MEXICO 88220

IN THE DISTRICT COURT FOR EDDY COUNTY
STATE OF NEW MEXICO

JAMES R. COLEMAN, MONROE
SHIPMAN and CHESTER WALKER,

Plaintiffs,

VS.

MICHAEL P. GRACE, II and
CORINNE GRACE,

Defendants.

NO. CV-77-358
Complaint for Damage
to Livestock.

COMPLAINT

COMES NOW, the Plaintiffs JAMES R. COLEMAN, MONROE SHIPMAN and CHESTER WALKER, and for their cause of action allege as follows:

I

On or about March 20, 1977, Defendants MICHAEL P. GRACE and CORINNE GRACE, his wife, were the operators of a gas well, known as the No. 61 Grace Well, located on the N/2 of Section 11, Township 23 South, Range 26 East, N.M.P.M., said real estate owned by Dr. Robert A. Rubenstein of San Diego, California.

II

Said gas well was operated under a lease wherein Defendants were lessees. Under said lease Defendants had the exclusive right to possession of the land occupied by said well and Defendants were in sole and exclusive control of the well premises.

III

Plaintiff MONROE SHIPMAN is the holder of grazing rights on said land under a contract with Dr. Rubenstein.

IV

On or about March 20, 1977, Plaintiffs were joint owners of several head of cattle then grazing upon the hereinabove described real property, and specifically one mixed bred steer, one mixed bred cow and one registered charolais calf.

V

The Plaintiffs allege to the best of their knowledge and belief that on or about March 20, 1977, said cattle strayed onto the premises operated by the

Defendants for the reason that the premises was improperly fenced or not fenced at all. While on the premises the cattle drank surface water that was contaminated by surface waste (as defined in Section 65-3-3 NMSA) and were poisoned thereby and as a direct and proximate result expired.

VI

Plaintiffs further allege that Defendants were negligent in failing to adequately fence the premises operated as a gas well and that such negligence was the proximate cause of Plaintiffs loss.

VII

Plaintiffs further state and allege that the value of said cattle was One Thousand Five Hundred Fifty Dollars (\$1,550.00).

WHEREFORE, Plaintiffs pray judgment against Defendants as follows:

1. For the value of the property destroyed in the sum of Two Thousand Fifty Dollars (\$2,050.00);
2. For reasonable attorney's fees;
3. For costs of suit herein incurred; and
4. For such other and further relief as the Court may deem proper.

DATED: November 4, 1977.

MICHAEL TERRENCE MURPHY
Attorney for Plaintiffs

I, JAMES R. COLEMAN, Petitioner in the foregoing Complaint, state that I have read this Complaint and that the allegations contained herein are true and correct to the best of my knowledge and belief.

JAMES R. COLEMAN

STATE OF NEW MEXICO)
) ss.
COUNTY OF EDDY)

The foregoing instrument was acknowledged before me this 7th day of November, 1977, by JAMES R. COLEMAN, Petitioner in the foregoing Complaint.

ΑΥΤΑ ΔΕ ΔΙΔΩΤΕ

My commission expires:

February 23, 1978

**SHULER AND DIAMOND
ATTORNEYS AT LAW
304-B NORTH CANYON
CARLSBAD, NEW MEXICO 88220**

D
FIFTH JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY

FILED DEC 15 1977 IN MY
2:20 PM OFFICE
FRANCES M. WILCOX
Clerk of the District Court

IN THE DISTRICT COURT OF EDDY COUNTY
STATE OF NEW MEXICO

NEW MEXICO
STATE LABOR COMMISSIONER,
Plaintiff,

vs.

MICHAEL P. GRACE II and
CORINNE GRACE his wife
d/b/a GRACE OIL & GAS

Defendants,)

No. CV-77-386

C O M P L A I N T

COMES NOW the Plaintiff, by and through its attorney,
Thomas A. Rutledge, Assistant District Attorney, and for its
cause of action against the Defendant, Michael P. Grace II and
Corinne Grace his wife d/b/a Grace Oil & Gas, would state as
follows:

1. That Plaintiff is the duly appointed, qualified and
acting Labor Commissioner for the State of New Mexico; that the
Defendants were, at all times material hereto, the employers of
Robert L. Burke.
2. That this claim for wages and compensation owing ac-
cured in Eddy County, New Mexico.
3. That the Defendants, Michael P. Grace II and Corinne
Grace, his wife d/b/a Grace Oil and Gas are indebted to the
Plaintiff in the total sum of \$5,500.00 pursuant to a wage assign-
ment from Robert L. Burke a copy of said assignment is being at-
tached hereto as Exhibit "A" and incorporated herein by reference.
4. That despite Plaintiffs demand for payment, Defendants
have failed and refused to pay any or all of the outstanding wages
due and owing to Robert L. Burke and assigned to the Plaintiff
and the Defendants remain indebted to the Plaintiff in the sum
of \$5,500.00.
5. That Plaintiff files his action pursuant to Section
59-3-12 N.M.S.A. 1953 Comp.

WHEREFORE, Plaintiff prays the Court for Judgment against the Defendants, Michael P. Grace II and Corinne Grace, his wife, d/b/a Grace Oil & Gas, in the sum of \$5,500.00 together with such other and further relieve as the Court may deem necessary and proper in the premises.


THOMAS A. RUTLEDGE
Assistant District Attorney

FOR OFFICE USE ONLY

STATEMENT OF WAGE CLAIM AND ASSIGNMENT

CLAIM MADE AGAINST

I HEREBY CERTIFY THAT THIS IS A TRUE STATEMENT OF WAGES DUE ME TO THE BEST OF MY KNOWLEDGE AND BELIEF. I HEREBY ASSIGN MY CLAIM, EXPLAINED ABOVE, TO THE STATE LABOR COMMISSIONER FOR THE PURPOSE OF COLLECTION, TOGETHER WITH ANY LIENS, PENALTIES OR LIQUIDATED DAMAGES TO WHICH I MAY BE ENTITLED.

(YOUR SIGNATURE)

ACKNOWLEDGMENT

NOTARY PUBLIC

PLEASE COMPLETE REVERSE SIDE

PLEASE COMPLETE REVERSE SIDE
(CLAIM WILL NOT BE PROCESSED UNLESS FULL INFORMATION IS GIVEN)

PLEASE COMPLETE THREE (3) FORMS AND HAVE THEM NOTARIZED BEFORE SUBMISSION

INDEXED
DEMANDED

ARE YOU STILL WORKING FOR THIS EMPLOYER?..... YES X NO

IF NOT, DID YOU QUIT?..... NO X

WERE YOU DISCHARGED?..... NO X

IF SO, GIVE DATE _____

WERE WAGES DEMANDED?..... YES X NO

IF SO, GIVE DATE _____

NAME OF WITNESS _____
(IF MORE THAN ONE - LIST AT BOTTOM OF PAGE)

DID EMPLOYER GIVE YOU REASON FOR NOT PAYING?..... _____

IF SO, EXPLAIN: Advised through secretary
that no money was available

WAS WORK DONE UNDER UNION AGREEMENT?..... NO X

IF SO, HAS YOUR BUSINESS AGENT BEEN MADE AWARE OF THIS MATTER?..... _____

HAVE GRIEVANCE PROCEDURES UNDER UNION CONTRACT BEEN EXHAUSTED?..... _____

DID YOU WORK ON A CONSTRUCTION PROJECT BEING DONE FOR A STATE OR FEDERAL AGENCY (SUCH AS A SCHOOL, HIGHWAY, COURTHOUSE, DAM, UTILITIES, ETC.)?..... NO X

IF SO, GIVE NAME AND LOCATION OF PROJECT _____

WORK PERFORMED? CITY Grants COUNTY Valencia OUT-OF-STATE _____

PLACE WHERE HIRED? CITY Carlsbad STATE NM

WHILE WORKING FOR THIS EMPLOYER, WERE YOU A FULL-TIME STUDENT?..... YES _____ NO _____

APPROXIMATE NUMBER OF OTHER PART FULL-TIME STUDENTS THAT WORKED WITH YOU 6-7

OTHER REMARKS OR NOTATIONS:

I RESIGNED FROM
GRACE CO. ~ DEC. 15 1974

[Signature]

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that
this instrument was filed for record on the 7 day of Nov.
1974 at 1:15 o'clock P.M., and duly recorded in Book 150
Page 213 of the Records of Miss Callahan
GERALDINE MAHAFFEY, County Clerk
By Christine

IN THE DISTRICT COURT OF EDDY COUNTY JUDICIAL DISTRICT
STATE OF NEW MEXICO
COUNTY OF EDDY
STATE OF NEW MEXICO

CLARY'S WELL SERVICE, INC.,)
a Texas Corporation,)

Plaintiff,)

vs.)

MICHAEL P. GRACE, II, and)
CORRINE GRACE, his wife,)

Defendants.)

FILED SEP 29 1978 IN MY
11:05am OFFICE D
FRANCES M. WILCOX
Clerk of the District Court

NO. CV-78-358

COMPLAINT

COMES NOW the Plaintiff, and respectfully states:

1. Plaintiff is a Texas corporation with its principal place of business in Kermit, Winkler County, Texas.
2. Defendants Michael P. Grace, II, and Corrine Grace are husband and wife, and have jointly and severally engaged in the business of drilling oil and gas wells in Eddy County, New Mexico; both have secreted themselves from the State of New Mexico in order to avoid service of process as a result of numerous suits for failure to pay debts due and owing as evidenced by the court records of the District Court of Eddy County, New Mexico. The Plaintiff is entitled to service of process pursuant to the long-arm statute of the State of New Mexico, at any location which either or both of the Defendants may be found.
3. That Plaintiff supplied the Defendants labor, services and equipment used and consumed in the drilling of two gas wells known as Livingston Ridge unit well No. 1Y/Unit L and Kuklah Baby No. 1, both located in Eddy County, New Mexico. The total value of labor, services and material supplied was \$48,766.44 and the Plaintiff has been paid \$10,000 of that amount, leaving a balance of \$38,766.44.

4. That the labor, services and materials supplied by Plaintiff to the Defendants was on open account as evidenced by the ledger cards attached hereto as Exhibit "A," and incorporated herein as if fully set forth.

5. That Plaintiff is entitled to judgment jointly and severally against the Defendants in the amount of \$36,766.44 on open account, together with interest.

6. That Plaintiff has found it necessary to employ the legal services of Fostel & Finney of Kermit, Winkler County, New Mexico and Matkins and Martin, Eddy County, Carlsbad, New Mexico in order to collect the debt due and owing it by the Defendants and is entitled to an award of a reasonable attorney's fee for the services rendered by both firms, plus interest thereon as allowed by law.

7. That the Defendants obtained the labor, services and materials under false pretenses, that they would pay for the same where in truth and fact neither had any intention of paying for said labor, services or materials as evidenced by a pattern of conduct carried on by said parties while conducting their oil and gas drilling business in Eddy County, New Mexico. That said labor, services and materials were obtained by the Defendants with the intent to defraud Plaintiff and as a result of the intentional act of the Defendants in defrauding Plaintiff, the Plaintiff is entitled to an award of punitive damages in the amount of \$100,000, plus interest as allowed by law from the date of judgment.

WHEREFORE, Plaintiff prays that the Court enter judgment against the Defendants jointly and severally in the amount of \$36,766.44, plus punitive damages of \$100,000, together with an award of a reasonable attorney's fee

for legal services rendered herein, plus costs, all of which shall earn interest at the rate of 8% per annum from the date of judgment until fully paid.

FOSTEL & FINNEY
Attorneys at Law
One Court Place
P. O. Box 1040
Kermit, Texas 79745

MATKINS & MARTIN

By W. T. Martin, Jr.
W. T. Martin, Jr.
P. O. Drawer N
Carlsbad, New Mexico 88220
Attorneys for Plaintiff

STATE OF TEXAS)
 : ss.
COUNTY OF WINKLER)

GEORGE LUTHER CLARY, being first duly sworn upon his oath deposes and says:

He is the President of Clarys Well Service, Inc., Plaintiff herein; he has read the above and foregoing Complaint and knows the matters and things contained therein are true and correct to the best of his knowledge, information and belief.

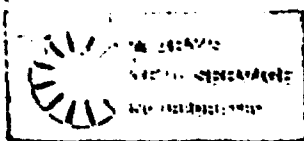
George Luther Clary
George Luther Clary

SUBSCRIBED AND SWORN to before me this 25th day of September, 1978.

Judy Riley
Notary Public
JUDY RILEY

My commission expires:

3-30-80



clary's well service, inc.

BOX 885

PHONE 586-2462

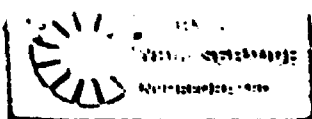
KERMIT, TEXAS 79745

TO: Grace Oil CompanyBox 1418Carlsbad, New Mexico 88220

1-19-76

LEASE		CHARGE TO	
Kuklah Daby			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
76-033	1	5,000	
1-1-76	Tkt # 1228 Road to lease. Make fluid level run. Shut down.		
	Double drum unit	8 hrs	\$23.00 \$104.00
	Road time	4 hrs	6.50 26.00
	Swab cups	2	9.00 18.00*
	OSR	1	5.25 5.25*
	Operator	12 hrs	8.50 102.00
	Derrickman	12 hrs	7.50 90.00
	Floorhands	24 hrs	7.25 174.00
		TAX	.93*
			\$600.18
1-2-76	Tkt # 1229 Road to lease. Make fluid level run. Shut down.		
	Double drum unit	8 hrs	\$23.00 \$104.00
	Road time	4 hrs	6.50 26.00
	Swab cups 2 7/8" 1.867 Bell	2	9.00 18.00*
	OSR Type CL 9/16"	1	5.25 5.25*
	Operator	12 hrs	8.50 102.00
	Derrickman	12 hrs	7.50 90.00
	Floorhands	24 hrs	7.25 174.00
		TAX	.93*
			\$600.18
1-3-76	Tkt # 1230 Stand-by time.		
	Double drum unit	8 hrs	\$23.00 \$104.00
	Operator	8 hrs	8.50 68.00
	Derrickman	8 hrs	7.50 60.00
	Floorhands	16 hrs	7.25 116.00
			\$428.00
1-5-76	Tkt # 1231 Road to Hobbs, to get permit. Road to Carlsbad. Make fluid level run. Rig down. Road unit to Kermit.		
	Double drum unit	8 hrs	\$23.00 \$104.00
	Road time	4 hrs	6.50 26.00
	Swab cups 2 7/8" Bell 1.867	2	9.00 18.00*
	OSR 9/16" Type CL	1	5.25 5.25*
	Operator	12 hrs	8.50 102.00
	Derrickman	12 hrs	7.50 90.00
	Floorhands	24 hrs	7.25 174.00
		TAX	.93*
			\$600.18
TOTAL			\$2,228.54

EXHIBIT "A", 21 pages



clary's well service, inc.

BOX 885

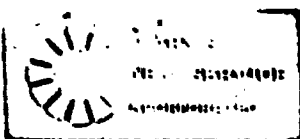
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

12-31-75

LEASE		CHARGE TO	
Kuliah Baby			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1292 Page 1	1	5,000	
12-16-75	Tkt # 17540 Road to Hobbs to get permit. Road to Livingston Ridge and get rig. Road to Carlsbad and rig up. Double drum unit Road time Operator Derrickman Floorhands		9½ hrs 4 hrs 13½ hrs 13½ hrs 27 hrs
			\$23.00 6.50 8.50 7.50 7.25
			\$218.50 26.00 114.75 101.25 195.75
			\$656.25
12-17-75	Tkt # 17541 Road to lease. Rig up to pull and run tubing. Pull out of hole and add 2 joints pipe and packer. Run pipe and packer back in hole. Set packer, nipple up and start swabbing. Shut well in, shut down. Double drum unit Tubing tongs Road time Wiper plate Operator Derrickman Floorhands		8 hrs 1 day 4 hrs 1 12 hrs 12 hrs 24 hrs
			\$23.00 55.00 6.50 15.00 8.50 7.50 7.25
			\$134.00 55.00 26.00 15.00 102.00 90.00 174.00
			\$646.00
12-18-75	Tkt # 17542 Road to lease. Run pipe and packer set packer, flange up, start swab. Double drum unit Tubing tongs Road time Wiper plate Operator Derrickman Floorhands		10½ hrs 1 day 4 hrs 1 14½ hrs 14½ hrs 29 hrs
			\$23.00 55.00 6.50 15.00 8.50 7.50 7.25
			\$241.50 55.00 26.00 15.00 123.25 103.75 210.25
			\$779.75
12-19-75	Tkt # 17543 Road to lease. Swab to pit. Double drum unit Road time Swab cups 2" OSR 5" 16 type CL Operator Derrickman Floorhands		9½ hrs 4 hrs 4 2 13½ hrs 13½ hrs 27 hrs
			\$23.00 6.50 8.00 5.25 8.50 7.50 7.25
			\$218.50 26.00 32.00* 10.50* 114.75 101.25 195.75
			TAX 1.70*
			\$700.45



clary's well service, inc.

BOX 885

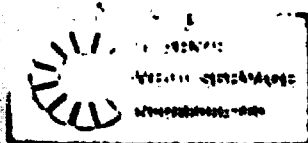
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

12-31-75

LEASE		CHARGE TO	
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
5-1702 Page 2	1	5,000	
2-20-75	Tkt # 17544 Road to lease. Swab to pit. Shut down.		
	Double drum unit	9 hrs	\$23.00
	Road time	4 hrs	6.50
	Swab cups 2" Bell	10	8.00
	OSR	4	5.25
	Operator	13 hrs	8.50
	Derrickman	13 hrs	7.50
	Floorhands	26 hrs	7.25
			TAX
			\$207.00
			26.00
			80.00*
			21.00*
			110.50
			97.50
			108.50
			4.04*
			\$734.54
2-21-75	Tkt # 17545 Road to lease. Swab to pit. Shutdown.		
	Double drum unit	8 hrs	\$23.00
	Road time	4 hrs	6.50
	Swab cups 2 3/8"	5	8.00
	OSR 9/16" Type CL	3	5.25
	Operator	12 hrs	8.50
	Derrickman	12 hrs	7.50
	Floorhands	24 hrs	7.25
			TAX
			\$184.00
			26.00
			50.00*
			15.75*
			102.00
			90.00
			174.00
			2.23*
			\$633.98
2-22-75	Tkt # 17546		
	Double drum unit	8 hrs	\$23.00
	Road time	4 hrs	6.50
	OSR 9/16" Type CL	3	5.25
	Operator	12 hrs	8.50
	Derrickman	12 hrs	7.50
	Floorhands	24 hrs	7.25
			TAX
			\$184.00
			26.00
			15.75*
			102.00
			90.00
			174.00
			.63*
			\$592.33
2-23-75	Tkt # 17547 Stand by.		
	Double drum unit	8 hrs	\$23.00
	Operator	8 hrs	8.50
	Derrickman	8 hrs	7.50
	Floorhands	16 hrs	7.25
			\$184.00
			60.00
			60.00
			116.00
			\$428.00



clary's well service, inc.

BOX 885

PHONE 586-2462

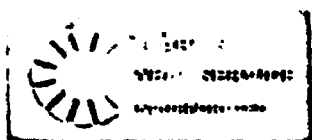
KERMIT, TEXAS 79745

TO: Graco Oil Company

12-31-75

CASE		CHARGE TO	
Oklahoma Baby			
VOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
5-1292 Page 3	1	5,000	
12-26-75	Tkt # 17548 Stand by.		
	Double drum unit	8 hrs	\$23.00
	Operator	8 hrs	8.50
	Derrickman	8 hrs	7.50
	Floorhands	16 hrs	7.25
			<u>116.00</u>
			\$428.00
12-27-75	Tkt # 17549 Road to lease. Open well to pit. Swab.		
	Double drum unit	8 hrs	\$23.00
	Road time	4 hrs	6.50
	OSR 9/16" Type CL	2	5.25
	Operator	12 hrs	8.50
	Derrickman	12 hrs	7.50
	Floorhands	24 hrs	7.25
			<u>174.00</u>
			TAX .42*
			\$506.92
12-29-75	Tkt # 17550 Road to lease. Blow well down. Swab to pit.		
	Double drum unit	8 hrs	\$23.00
	Road time	4 hrs	6.50
	Swab cups 2" 1.867 US	10	9.00
	OSR 9/16" Type CL	2	5.25
	Operator	12 hrs	8.50
	Derrickman	12 hrs	7.50
	Floorhands	24 hrs	7.25
			<u>174.00</u>
			TAX .42*
			\$680.52
12-30-75	Tkt # 1226 Road to lease. Blow well down. Swab to pit. Release packer.		
	Came out of hole. Shut down.		
	Double drum unit	9 hrs	\$23.00
	Tubing tongs	1 day	55.00
	Road time	4 hrs	6.50
	Swab cups 2 3/8" 1.867 Bell	10	9.00
	OSR 9/16" Type CL	2	5.25
	Wiper plate	1	15.00
	Operator	13 hrs	8.50
	Derrickman	13 hrs	7.50
	Floorhands	26 hrs	7.25
			<u>188.50</u>
			TAX .42*
			\$804.02

14



clary's well service, inc.

BOX 885

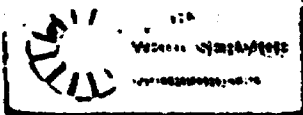
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

12-31-75

LEASE		CHARGE TO	
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
5-1292 Page 4	1	5,000	
2-31-75	Tkt # 1227 Road to lease. Rig up Go Wireline to set plug. Run packer and start swabbing. Double drum unit 9 hrs Tubing tongs 1 day Road time 4 hrs Swab cups 2 3/8" 1.867 Bell 10 OSR Type CL 9/16" 2 Wiper plate 1 Operator 13 hrs Derrickman 13 hrs Floorhands 26 hrs		\$23.00 55.00 6.50 9.00 5.25 15.00 8.50 7.50 7.25 TAX 4.02* \$804.02 TOTAL \$8,474.83



clary's well service, inc.

BOX 885

PHONE 586-2462

KERMIT, TEXAS 79745

905

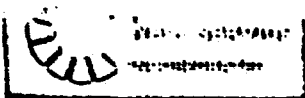
TO: Grace Oil Company

Box 1418

Carlsbad, New Mexico 88220

11-25-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1174 Page 1	1	13,000	
11-15-75	Tkt # 17435 Road to lease. Test packers and test tubing for soaks. Shut down. Double drum unit 10½ hrs Road time 4 hrs Operator 14½ hrs Derrickman 14½ hrs Floorhands 29 hrs		\$27.00 6.50 8.50 7.50 7.25 \$283.50 26.00 123.25 108.75 210.25 \$751.75
11-16-75	Tkt # 17436 Road to lease. Complete tests on packers and tubing. Shut down. Double drum unit 9½ hrs Road time 4 hrs Operator 13½ hrs Derrickman 13½ hrs Floorhands 13½ hrs		\$27.00 6.50 8.50 7.50 7.25 \$256.50 26.00 114.75 101.25 97.87 \$596.37
11-17-75	Tkt # 17437 Road to lease. Swab long string. Remove tree, install BOP. Start out of hole with short string. Double drum unit 10½ hrs Road time 4 hrs OSR 9/16" 2 Wiper plate 1 Operator 14½ hrs Derrickman 14½ hrs Floorhands 29 hrs		\$27.00 6.50 5.25 15.00 8.50 7.50 7.25 TAX \$283.50 26.00 10.50* 15.00 123.25 108.75 210.25 1.42* \$777.67
11-18-75	Tkt # 17438 Road to lease. Pull short string. Rig to pull long string. Unseat packer. Shut down. Double drum unit 10½ hrs Tubing tongs 1 day Road time 4 hrs Wiper plate 1 Operator 14½ hrs Derrickman 14½ hrs Floorhands 29 hrs		\$27.00 55.00 6.50 15.00 8.50 7.50 7.25 \$283.50 55.00 26.00 15.00 123.25 108.75 210.25 \$821.75



Crary's Well Service, Inc.

BOX 885

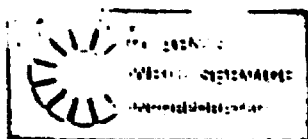
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

11-25-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1174 Page 2	1	13,000	
11-19-75	Tkt # 17439 Road to lease. Pull long string. Get ready to run long string back.		
	Double drum unit	12 hrs	\$27.00
	Tubing tongs	1 day	55.00
	Road time	4 hrs	6.50
	Wiper plate	1	15.00
	Operator	16 hrs	8.50
	Derrickman	16 hrs	7.50
	Floorhands	32 hrs	7.25
			232.00
			\$908.00
11-19-75	Tkt # 2076 Drove to location. Laid 10 jts tubing down for derrick. Ran tubing on Baker packer.		
	Double drum unit	5 hrs	\$27.00
	Roadtime	2 hrs	6.50
	Light plant	1	70.00
	Operator	7 hrs	8.50
	Derrickman	7 hrs	7.50
	Floorhands	14 hrs	7.25
	Pushor	1 day	105.00
			105.00
			\$536.50
11-20-75	Tkt # 2077 Completed running 2 7/8" tubing on packer.		
	Doubledrum unit	7 hrs	\$27.00
	Tubing tongs	1 day	55.00
	Road time	2 hrs	6.50
	Operator	9 hrs	8.50
	Derrickman	9 hrs	7.50
	Floorhands	18 hrs	7.25
			130.50
			\$531.50
11-20-75	Tkt # 17440 Road to lease. Finish going in hole. Space out and land. Remove BOP and install tree. Start swabbing.		
	Double drum unit	12 hrs	\$27.00
	Tubing tons	1 day	55.00
	Road time	4 hrs	6.50
	Wiper plate	1	15.00
	OSR 9/16" Type CL	2	5.25
	Operator	16 hrs	8.50
	Derrickman	16 hrs	7.50
	Floorhands	32 hrs	7.25
			232.00
			TAX
			.42*
			\$916.92



clary's well service, inc.

BOX 885

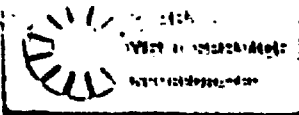
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

11-25-75

LEASE		CHARGE TO		
Livingston Ridge				
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.	
75-1174 Page 3	1	13,000		
DATE	DESCRIPTION	Rate Per Hr.	Total to date	
11-20-75	Tkt # 2078 Swabbed well. Doubledrum unit 5 hrs Road time 2 hrs OSR E E 3 Light plant 1 day Operator 7 hrs Derrickman 7 hrs Floorhands 14 hrs Pusher 1 day	\$27.00 6.50 5.25 70.00 8.50 7.50 7.25 105.00 TAX .63*	\$135.00 13.00 15.75* 70.00 59.50 52.50 101.50 105.00 \$552.00	
11-21-75	Tkt # 2079 Swabbed well. Dubble drum unit 7 hrs Roadtime 2 hrs Operator 9 hrs Derrickman 9 hrs Floorhands 18 hrs	\$27.00 6.50 8.50 7.50 7.25	\$189.00 13.00 76.50 67.50 130.50 \$476.50	
11-21-75	Tkt # 17441 Road to lease. Swab well. Shut down. Double drum unit 11 hrs Road time 4 hrs Swab cups 2 7/8" 4 OSR 9/16" Type CL 3 Operator 15 hrs Derrickman 15 hrs Floorhands 30 hrs	\$27.00 6.50 9.00 5.25 8.50 7.50 7.25 TAX 2.07*	\$297.00 26.00 36.00* 15.75* 127.50 112.50 217.50 \$834.32	
11-22-75	Tkt # 17442 Road to lease. Make fluid level run with swab. Rig Halliburton up to treat well. Packer gave way. Stopped job. Double drum unit 9 1/2 hrs Road time 4 hrs Swab cups 2 7/8" 2 OSR 9/16" Type CL 1 Operator 13 1/2 hrs Derrickman 13 1/2 hrs Floorhands 27 hrs	\$27.00 6.50 9.00 5.25 8.50 7.50 7.25 TAX .93*	\$256.50 26.00 18.00* 5.25* 114.75 101.25 195.75 \$718.43	



clary's well service, inc.

BOX 885

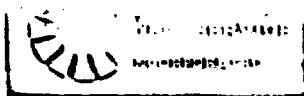
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

11-25-75

LEASE		CHARGE TO	
Livingston Ridgo			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1174 Page 4	1	13,000	
11-23-75	Tkt # 17443 Road to lease. Flow well to pit.		
	Double drum unit	9½ hrs	\$27.00 \$256.50
	Road time	4 hrs	6.50 26.00
	Operator	13½ hrs	8.50 114.75
	Derrickman	13½ hrs	7.50 101.25
	Floorhands	27 hrs	7.25 195.75
			<u>\$694.25</u>
TOTAL			\$9,119.84



C. O. Y. & SONS, INC.
BOX 885 PHONE 586-2462
KERMIT, TEXAS 79745

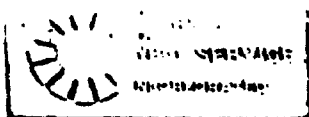
TO: **Grace Oil Company**

Box 1418

Carlsbad, New Mexico 88220

12-18-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1222	1	13,000	
DATE	DESCRIPTION		Amount (Net. 12)
12-7-75	Tkt # 17532 Road to lease. Swab to pit. Double drum unit 9½ hrs \$27.00 \$256.50 Road time 4 hrs 6.50 26.00 OSR 9/16" Type CL 1 5.25 5.25* Operator 13½ hrs 8.50 114.75 Derrickman 13½ hrs 7.50 101.25 Floorhands 27 hrs 7.25 195.75 TAX .21* \$699.71		
12-8-75	Tkt # 17533 Standby time. Waiting for well to pressure up. Double drum unit 8 hrs \$27.00 \$216.00 Operator 8 hrs 8.50 68.00 Derrickman 8 hrs 7.50 60.00 Floorhands 8 20 hrs 7.25 58.00 \$402.00		
12-9-75	Tkt # 17534 Road to lease. Blow well down. Run swab to bottom, using depthometer. Swab to pit. Shut down. Double drum unit 9½ hrs \$27.00 \$256.50 Road time 4 hrs 6.50 26.00 OSR 9/16" Type CL 2 5.25 10.50* Depthometer 3 Day Min. 25.00 25.00* Operator 13½ hrs 8.50 114.75 Derrickman 13½ hrs 7.50 101.25 Floorhands 27 hrs 7.25 195.75 TAX 1.42* \$731.17		
12-10-75	Tkt # 17535 Road to lease. Swab to pit. Double drum unit 8 hrs \$27.00 \$216.00 Road time 4 hrs 6.50 26.00 Operator 12 hrs 8.50 102.00 Derrickman 12 hrs 7.50 90.00 Floorhands 12 hrs 7.25 87.00 \$521.00		



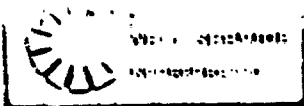
clary's well service, inc.

BOX 885 PHONE 586-2462
KERMIT, TEXAS 78745

TO: Grace Oil Company

12-18-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1222 Page 2	1	13,000	
12-11-75	Tkt # 17536 Road to lease. Blow well down. Swab to pit. Spot acid. Shut well in. Shut down.		
	Double drum unit	9½ hrs	\$27.00 \$256.50
	Road time	4 hrs	6.50 26.00
	OSR 9/16" Type CL	2	5.25 10.50*
	Operator	13½ hrs	8.50 114.75
	Derrickman	13½ hrs	7.50 101.25
	Floorhands	27 hrs	7.25 195.75
			TAX .42*
			\$705.17
12-12-75	Tkt # 17537 Road to lease. Blow well down. Swab to pit.		
	Double drum unit	8 hrs	\$27.00 \$216.00
	Road time	4 hrs	6.50 26.00
	Operator	12 hrs	8.50 102.00
	Derrickman	12 hrs	7.50 90.00
	Floorhands	2½ hrs	7.25 174.00
			\$608.00
12-13-75	Tkt # 17538 Road to lease. Blow well down. Swab to pit. Shut down.		
	Double drum unit	8 hrs	\$27.00 \$216.00
	Road time	4 hrs	6.50 26.00
	OSR 9/16" Type CL	2	5.25 10.50*
	Operator	12 hrs	8.50 102.00
	Derrickman	12 hrs	7.50 90.00
	Floorhands	24 hrs	7.25 174.00
			TAX .42*
			\$618.92
12-15-75	Tkt # 17539 Road to lease. Rig down, to move to Kukla Baby.		
	Double drum unit	8 hrs	\$27.00 \$216.00
	Road time	4 hrs	6.50 26.00
	Operator	12 hrs	8.50 102.00
	Derrickman	12 hrs	7.50 90.00
	Floorhands	24 hrs	7.25 174.00
			\$608.00
			TOTAL \$4,893.97



Jerry's Well Service, Inc.

BOX 885 PHONE 586-2462
KERMIT, TEXAS 79745

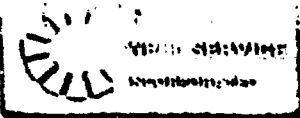
TO: Grace Oil Company

Box 1418

Carlsbad, N M 88220

11-21-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1153 Page 1	1	13,000	
11-7-75	Tkt # 16924 Road to lease. Rig GO up to perforate and log. Log shooting strip and shoot zone. Rig Go down. Shut down.		
	Double drum unit	10 hrs	\$27.00 \$270.00
	Road time	4 hrs	6.50 26.00
	Operator	14 hrs	8.50 119.00
	Derrickman	14 hrs	7.50 105.00
	Floorhands	28 hrs	7.25 203.00
			\$723.00
11-8-75	Tkt # 16925 Road to lease. Did not have complete down hole set up. Shut down.		
	Double drum unit	8 hrs	\$27.00 \$216.00
	Road time	4 hrs	6.50 26.00
	Operator	12 hrs	8.50 102.00
	Derrickman	12 hrs	7.50 90.00
	Floorhands	24 hrs	7.25 174.00
			\$608.00
11-9-75	Tkt # 17429 Road to lease. Start long string in hole. Tubing started flowing water. Bleed tubing off. Run 127 stands total. Shut down.		
	Double drum unit	10½ hrs	\$27.00 \$283.50
	Tubing tongs	1 day	55.00 55.00
	Road time	4 hrs	6.50 26.00
	Wiper plate	1	15.00 15.00
	Operator	14½ hrs	8.50 123.25
	Derrickman	14½ hrs	7.50 108.75
	Floorhands	29 hrs	7.25 210.25
			\$821.75
11-10-75	Tkt # 17430 Road to lease. Finish running 2 7/8". Space out. Rig up to run 2 1/16" Start running pipe and short string stinger. Shut down.		
	Double drum unit	10½ hrs	\$27.00 \$283.50
	Tubing tongs	1 day	55.00 55.00
	Road time	4 hrs	6.50 26.00
	Wiper plate	1	15.00 15.00
	Operator	14½ hrs	8.50 123.25
	Derrickman	14½ hrs	7.50 108.75
	Floorhands	29 hrs	7.25 210.25
			\$821.75



clary's well service, inc.

BOX 885

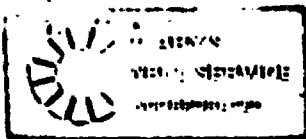
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

11-21-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1153 Page 2	1	13,000	
11-11-75	Tkt # 17431 Road to lease. Finish running 2 1/16". Set packers. Remove BOP. Install tree.		
	Double drum unit	1 1/2 hrs	\$27.00
	Tubing tongs	1 day	55.00
	Road time	4 hrs	6.50
	Wiper plate	1	15.00
	Operator	15 1/2 hrs	8.50
	Derrickman	15 1/2 hrs	7.50
	Floorhands	31 hrs	7.25
			<u>224.75</u>
			\$879.25
11-12-75	Tkt # 17433 Road to lease. Set packer and test. Displace hole with condensate. Flow back. Start swabbing. Shut down.		
	Double drum unit	10 1/2 hrs	\$27.00
	Road time	4 hrs	6.50
	Swab cups 2 7/8"	2	9.00
	OSR 9/16" Type CL	1	5.25
	Operator	14 1/2 hrs	8.50
	Derrickman	14 1/2 hrs	7.50
	Floorhands	29 hrs	7.25
			<u>TAX .93*</u>
			\$775.93
11-13-75	Tkt # 16821 Drove to location. Started swabbing long string. Found tight spot in 2 7/8" 6,500 ft down. Rigged up to swabbed 2 1/16" tubing. Shut down for day.		
	Double drum unit	12 hrs	\$27.00
	Road time	4 hrs	6.50
	Swab cups 1 3/4"	4	9.00
	OSR 9/16" Type CL	4	5.25
	Operator	16 hrs	8.50
	Derrickman	16 hrs	7.50
	Floorhands	32 hrs	7.25
			<u>TAX 2.28*</u>
			\$897.28
11-14-75	Tkt # 17434 Road to lease. Swab well to pit. Shut down.		
	Double drum unit	10 1/2 hrs	\$27.00
	Road time	4 hrs	6.50
	OSR 9/16"	2	5.25
	Operator	14 1/2 hrs	8.50
	Derrickman	14 1/2 hrs	7.50
	Floorhands	29 hrs	7.25
			<u>TAX .42*</u>



clary's well service, inc.

BOX 885

PHONE 586-2462

KERMIT, TEXAS 79745

918

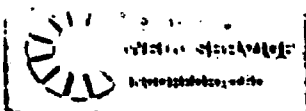
TO: Grace Oil Company

Box 1418

Carlsbad, N M 88220

12-10-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1203 Page 1	!	13,000	
11-24-75	Tkt # 17444 Road to lease. Blow well down. Swab well to pit. Shut down.		
	Double drum unit	10½ hrs	\$27.00 \$283.50
	Road time	4 hrs	6.50 26.00
	Swab cups 2 7/8"	8	9.00 72.00*
	OSR 9/16 Type CL	4	5.25 21.00*
	Operator	14½ hrs	8.50 123.25
	Derrickman	14½ hrs	7.50 108.75
	Floorhands	29 hrs	7.25 210.25
		TAX	3.72*
			\$848.47
11-25-75	Tkt # 17445 Road to lease. Blow well down. Swab to pit. Shut down.		
	Double drum unit	10½ hrs	\$27.00 \$283.50
	Road time	4 hrs	6.50 26.00
	Swab cups 2 7/8"	8	9.00 72.00*
	OSR 9/16 Type CL	4	5.25 21.00*
	Operator	14½ hrs	8.50 123.25
	Derrickman	14½ hrs	7.50 108.75
	Floorhands	29 hrs	7.25 210.25
		TAX	3.72*
			\$848.47
11-26-75	Tkt # 17446 Road to lease. Blow well. Swab to pit.		
	Double drum unit	10½ hrs	\$27.00 \$283.50
	Road time	4 hrs	6.50 26.00
	Swab cups 2 7/8"	8	9.00 72.00*
	OSR 9/16" Type CL	4	5.25 21.00*
	Operator	14½ hrs	8.50 123.25
	Derrickman	14½ hrs	7.50 108.75
	Floorhands	29 hrs	7.25 210.25
		TAX	3.72*
			\$848.47
11-28-75	Tkt # 17447 Road to lease. Swab well.		
	Double drum unit	10½ hrs	\$27.00 \$283.50
	Road time	4 hrs	6.50 26.00
	Swab cups 2 7/8"	8	9.00 72.00*
	OSR 9/16" Type CL	4	5.25 21.00*
	Operator	14½ hrs	8.50 123.25
	Derrickman	14½ hrs	7.50 108.75
	Floorhands	29 hrs	7.25 210.25
		TAX	3.72*



clary's well service, inc.

BOX 885

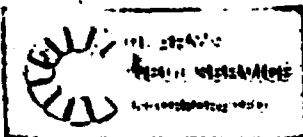
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

12-10-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1203 Page 2	1	13,000	
DATE	DESCRIPTION	Amount	Balance
11-29-75	Tkt # 17448 Road to lease. Swab well to pit. Double drum unit 10½ hrs \$27.00 \$283.50 Road time 4 hrs 6.50 26.00 Swab cups 2 7/8" 8 9.00 72.00* OSR 9/16 Type CL 4 5.25 21.00* Operator 14½ hrs 8.50 123.25 Derrickman 14½ hrs 7.50 108.75 Floorhands 29 hrs 7.25 210.25 TAX 3.72* \$848.47		
12-2-75	Tkt # 17450 Road to lease. Blow well down. Start swabbing to pit. Well came in. Flowed well to pit. Shut down. Double drum unit 8 hrs \$27.00 \$216.00 Road time 4 hrs 6.50 26.00 Swab cups 2 7/8" 4 9.00 36.00* OSR 9/16" Type CL 2 5.25 10.50* Operator 12 hrs 8.50 102.00 Derrickman 12 hrs 7.50 90.00 Floorhands 24 hrs 7.25 174.00 TAX 1.86* \$656.36		
12-3-75	Tkt # 17527 Road to lease. Swab and flow well to pit. Double drum unit 8 hrs \$27.00 \$216.00 Road time 4 hrs 6.50 26.00 Swab cups 2 7/8" 4 9.00 26.00* OSR 9/16" Type CL 2 5.25 10.50* Operator 12 hrs 8.50 102.00 Derrickman 12 hrs 7.50 90.00 Floorhands 24 hrs 7.25 174.00 TAX 1.86* \$656.36		
12-4-75	Tkt # 17529 Road to lease. Blow well down. Swab to pit. Shut down. Double drum unit 10½ hrs \$27.00 \$283.50 Road time 4 hrs 6.50 26.00 Swab cups 2 7/8" 2 9.00 18.00* OSR 9/16" Type CL 4 5.25 21.00* Operator 14½ hrs 8.50 123.25 Derrickman 14½ hrs 7.50 108.75 Floorhands 29 hrs 7.25 210.25 TAX 1.56* \$792.31		



clary's well service, inc.

BOX 885

PHONE 586-2462

KERMIT, TEXAS 79745

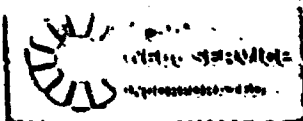
915

TO: Grace Oil Company

12-10-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
75-1203 Page 3	1	13,000	
12-5-75	Tkt # 17530 Road to lease. Swab to pit. Shut down.		
	Double drum unit	8 hrs	\$27.00
	Road time	4 hrs	6.50
	OSR 9/16" Type CL	2	5.25
	Operator	12 hrs	8.50
	Derrickman	12 hrs	7.80
	Floorhands	24 hrs	7.25
			TAX .42*
			\$216.00
			26.00
			10.50*
			102.00
			90.00
			174.00
			\$618.92
12-6-75	Tkt # 17531 Road to lease. Blow well down. Swab to pit.		
	Double drum unit	9 hrs	\$27.00
	Road time	4 hrs	6.50
	OSR 9/16" Type CL	2	5.25
	Operator	13 hrs	8.50
	Derrickman	13 hrs	7.50
	Floorhands	26 hrs	7.25
			TAX .42*
			\$243.00
			26.00
			10.50*
			110.50
			97.50
			188.50
			\$676.42
TOTAL			\$7,642.72

6.



clary's well service, inc.

BOX 885

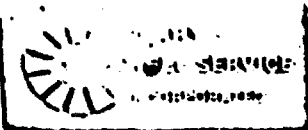
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil CompanyBox 1413Carlsbad, N. M. 88220

11-12-75

LEASE		CHARGE TO	
Vingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
5-1127	1	13,000	
1-4-75	Road to lease. Finish pulling short string out. Charge rams in D. O. P. Cot rigged to pull 2 7/8. Shut down. Tk. #16921.		
	Double drum unit	10 hrs	\$27.00
	Tubing tongs	1	55.00
	Road time	4 hrs	6.50
	Operator	14 hrs	8.50
	Derrickman	14 hrs	7.50
	Floorhands	28 hrs	7.25
			<u>\$270.00</u>
1-5-75	Tk #16922 Road to lease. Work tubing to release long string. Remove dual sonot hanger. Start out of hole. Shut down.		
	Double drum unit	10 1/2 hrs	\$27.00
	Tubing tongs	1	55.00
	Road time	4 hrs	6.50
	Wiper plate	1	15.00
	Operator	14 1/2 hrs	8.50
	Derrickman	14 1/2 hrs	7.50
	Floorhands	29 hrs	7.25
			<u>\$310.50</u>
1-6-75	Tk #16923 Road to lease. Finish pulling 2 7/8. Pull and lay down dual sucker assembly. Van Tool Co. perforated gun. Shut down.		
	Double drum unit	11 hrs	\$27.00
	Tubing tongs	1	55.00
	Road time	4 hrs	6.50
	Wiper plate	1	15.00
	Operator	15 hrs	8.50
	Derrickman	15 hrs	7.50
	Floorhands	30 hrs	7.25
			<u>\$297.00</u>
			<u>\$5361.75</u>
		TOTAL	



cla. j. well service, inc.

BOX 885

PHONE 586-2482

KERMIT, TEXAS 79745

917

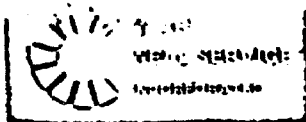
TO: Grace Oil Company

Box 1418

Carlsbad, N. M. 88220

11-12-75

LEASE		CHARGE TO		
Vinson Ridge				
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.	
1-1127	1	13,000		
DATE		DESCRIPTION	AMOUNT	TOTAL
1-31-75		Tkt # 16917 Road to lease. Rig up Jarrol to set plug in long string. Blow long string down. Shut down.		
		Double drum unit	8 hrs \$27.00	\$216.00
		Road time	4 hrs 6.50	26.00
		Operator	12 hrs 8.50	102.00
		Derrickman	12 hrs 7.50	90.00
		Floorhands	24 hrs 7.25	174.00
				\$608.00
-1-75		Tkt # 16918 Road to lease. Circulate tubing strings. Fill casing. Shut down.		
		Double drum unit	8 1/2 hrs \$27.00	\$229.50
		Road time	4 hrs 6.50	26.00
		Operator	12 1/2 hrs 8.50	105.25
		Derrickman	12 1/2 hrs 7.50	93.75
		Floorhands	25 hrs 7.25	181.25
				\$636.75
-2-75		Tkt # 16919 Road to lease. Bleed well off. Wait on water. Install GCP. Shut down.		
		Double drum unit	11 hrs \$27.00	\$297.00
		Road time	4 hrs 6.50	26.00
		Operator	15 hrs 8.50	127.50
		Derrickman	15 hrs 7.50	112.50
		Floorhands	30 hrs 7.25	217.50
				\$760.50
-3-75		Tkt # 16920 Road to lease. Finish Glanging up GCP. Release short string. Circulate oil off of casing. Start out of hole. Shut down.		
		Double drum unit	10 1/2 hrs \$27.00	\$283.50
		Road time	4 hrs 6.50	26.00
		Tubing tongs	1 day 55.00	55.00
		Uiper rubber	1 15.00	15.00
		2 1/16" Slips	1 set 37.50	37.50
		Operator	14 1/2 hrs 8.50	123.25
		Derrickman	14 1/2 hrs 7.50	103.75
		Floorhands	29 hrs 7.25	210.25
				\$859.25



clary's well service, inc.

BOX 885

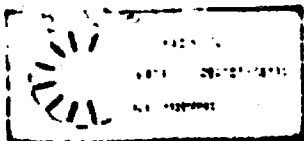
PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

11-6-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
5-1093 Page 1	1	13,000	
DATE	DATE OF SERVICE		DATE OF BILL
0-23-75	Tkt # 16909 Road to lease. Check pressures, swab long string Rig up Jarrel on short string. Swab long string. Shut down. Double drum unit 10½ hrs \$27.00 \$283.50 Road time 4 hrs 6.50 26.00 Swab cups 2½" Bell 6 1/4 9.00 54.00* OSR 9/16" Type CL 2 5.25 10.50* Operator 14½ hrs 8.50 123.25 Derrickman 14½ hrs 7.50 108.75 Floorhands 29 hrs 7.25 210.25 TAX 2.50* \$818.83		
0-24-75	Tkt # 16910 Road to lease. Swab long string down. Rig Jarrel up to pull plug out of long string. Double drum unit 12½ hrs \$27.00 \$337.50 Road time 4 hrs 6.50 26.00 Swab cups 2 7/8" 8 9.00 72.00* OSR 9/16" 4 5.25 21.00* Operator 16½ hrs 8.50 140.25 Derrickman 16½ hrs 7.50 123.75 Floorhands 33 hrs 7.25 239.25 TAX 3.72* \$963.47		
0-25-75	Tkt 16911 Road to lease. Rig up Jarrel to fish rod out of long string. Unable to catch rod. Shut down. Double drum unit 9½ hrs \$27.00 \$256.50 Road time 4 hrs 6.50 26.00 Operator 13½ hrs 8.50 114.75 Derrickman 13½ hrs 7.50 101.25 Floorhands 27 hrs 7.25 195.75 \$694.25		
0-26-75	Tkt # 16912 Road to lease. Swab fluid out of long string. Shut down. Double drum unit 8 hrs \$27.00 \$216.00 Road time 4 hrs 6.50 26.00 Swab cups 4 9.00 36.00* OSR 2 5.25 10.50* Operator 12 hrs 8.50 102.00 Derrickman 12 hrs 7.50 90.00 Floorhands 24 hrs 7.25 174.00 TAX 1.00* \$656.36		



INVOICE

clary's well service, inc.

BOX 885

PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

11-6-75

LEASE		CHARGE TO	
Livingston Ridge			
INVOICE NO.	WELL NO.	WELL DEPTH	YOUR ORDER NO.
6-1023 Page 2	1	13,000	
10-27-75	Tkt # 16913 Road to lease. Take gas samples. Rig Jarrel up to try to fire gun on end of short string. Try to open sleeve in long string. Shut down.		
	Double drum unit	11 hrd	\$27.00
	Road time	4 hrs	6.50
	Operator	15 hrs	8.50
	Derrickman	15 hrs	7.50
	Floorhands	30 hrs	7.25
			\$227.00
10-28-75	Tkt # 16914 Road to lease. Test well. Shut down.		
	Double drum unit	8 hrs	\$27.00
	Road time	4 hrs	6.50
	Operator	12 hrs	8.50
	Derrickman	12 hrs	7.50
	Floorhands	24 hrs	7.25
			\$216.00
10-29-75	Tkt # 16915 Test well. Standby.		
	Double drum unit	8 hrs	\$27.00
	Operator	8 hrs	8.50
	Derrickman	8 hrs	7.50
	Floorhands	16 hrs	7.25
			\$216.00
10-30-75	Tkt # 16916 Standby time.		
	Double drum unit	8 hrs	\$27.00
	Operator	8 hrs	8.50
	Derrickman	8 hrs	7.50
	Floorhands	16 hrs	7.25
			\$216.00
		TOTAL	\$5,441.41

clary's well service, inc.

BOX 885

PHONE 586-2462

KERMIT, TEXAS 79745

TO: Grace Oil Company

10-29-75

LEASE	CHARGE TO
INVOICE NO.	WELL NO.
WELL DEPTH	YOUR ORDER NO.
10-18-75	Tkt # 16905 Move in and rig up. Shut down.
Double drum unit	3
Operator	3 hrs
Derrickman	3 hrs
Floorhands	6 hrs
	\$27.00
	8.50
	7.50
	7.25
	\$81.00
	25.00
	22.50
	13.50
	\$172.50
10-20-75	Tkt # 16906 Road to lease. Rig up Jurrell to set plug. Shut down.
Double drum unit	8 hrs
Road time	4 hrs
Operator	12 hrs
Derrickman	12 hrs
Floorhands	24 hrs
	\$27.00
	6.50
	8.50
	7.50
	7.25
	\$216.00
	26.00
	102.00
	90.00
	174.00
	\$608.00
10-21-75	Tkt # 16907 Road to lease. Pull and redress bottom profile plug with Jarrel. Load tubing with water. Shut down.
Double drum unit	11 hrs
Road time	4 hrs
Operator	15 hrs
Derrickman	15 hrs
Floorhands	30 hrs
	\$27.00
	6.50
	8.50
	7.50
	7.25
	\$297.00
	26.00
	127.50
	112.50
	217.50
	\$700.50
10-22-75	Tkt # 16908 Road to lease. Fill casing and tubing. Bleed short string down. Fill short string. Shut down.
Double drum unit	10 1/2 hrs
Road time	4 hrs
Operator	14 1/2 hrs
Derrickman	14 1/2 hrs
Floorhands	29 hrs
	\$27.00
	6.50
	8.50
	7.50
	7.25
	\$293.50
	26.00
	123.25
	103.75
	216.25
	\$751.75
NOT COMPLETE	
TOTAL	
\$2,312.75	

STATE OF NEW MEXICO, County of Eddy, ss I hereby certify that this instrument was filed for record on the 30 day of April 1976 at 3:00 o'clock P.M. and duly recorded in book 135 page 897 of the Records of Texas

Witness my hand and seal, County Clerk

By John G. Delanda Deputy

8222 12

Amherst

AMHERST COLLEGE
LIBRARY
AMHERST, MASS.

2060 make
 approved
 for withstanding on the
 4x 15 is in the order
 for the project

DOCKET MAILED
 Date 10/16/78

Unit 16
 4x 16

Order
 10 (2-3150)
 (2x20)
 remaining

Remove 618-54 for
 2-1550
 on the project