

ACOI-1

**STIPULATION AND AGREEMENT**

This Stipulation and Agreement, entered into between the New Mexico Oil Conservation Division of the Energy, Minerals and Natural Resources Department of the State of New Mexico ("the Division") and GOLDEN OIL HOLDING CORPORATION, the subsidiary for New Mexico operations of Golden Oil Company, debtor in possession in Case No. 03-36974-H2-11 in the United State Bankruptcy Court for the Southern District of Texas, Houston Division (GOLDEN),

WITNESSETH:

Whereas:

- A. GOLDEN is the operator of the wells identified on Exhibit "A" attached hereto ("Inactive Wells").
- B. The Division and GOLDEN have entered into this agreement to resolve the inactive well issues.

Now, Therefore:

- 1. GOLDEN agrees and stipulates that each of the Inactive Wells has been inactive for a period of one year plus ninety (90) days, in the sense that (1) there has been no actual production of oil or gas therefrom during that period, and (2) there has been no injection of fluids into any such well pursuant to any Division-approved injection permit or order.
- 2. GOLDEN hereby agrees that it will cause each of the Inactive Wells (specifically described on Exhibits A) to be brought into compliance not later than December 31, 2004, by either (a) restoring such well to actual production, (b) causing same to be plugged and abandoned and the site thereof to be remediated in full compliance with Division Rule 202, or (c) causing same to be temporarily abandoned in compliance with Division Rule 203.
- 3. GOLDEN shall, beginning with the month of May 2004, cause a minimum of five (5) wells per month to be brought into compliance, including final plugging and abandonment of at least two (2) wells. If more than five wells are brought into compliance during any month, the wells in excess of the five required herein shall be credited to GOLDEN's obligation hereunder for succeeding months, provided that Golden is not then behind schedule in completing its four wells per month obligation. If more than one well is finally plugged and abandoned during any month, the wells in excess of the one required herein shall be credited to GOLDEN's plugging and abandonment obligation for succeeding months provided that Golden is not then behind schedule in completing its one well per month plugging obligation. In any event, all of

the Inactive Wells shall be brought into compliance by December 31, 2004. A well shall be considered to be in compliance when (a) all necessary work has been performed to bring the well into compliance; (b) all necessary reports have been filed with the appropriate district office of the Division and (c) in the case of a plugged well, GOLDEN has reported to the district office of the Division that the site is ready for final compliance inspection, or (d) in the case of a well restored to production, actual production has commenced.

4. Golden's Plan of Reorganization calls for assignment and transfer of operations to other parties of the wells on the 71 and 363 leases. If and when this transfer is effectuated, then the following plugging schedule shall be required in lieu of that set forth in Paragraph 3:

month	number of wells to be plugged	additional wells to be plugged or restored to production
May	1	5
June	2	1
July	1	1
August	2	1
September	1	1
October	2	1
November	1	
December	2	

All inactive wells must be restored to compliance by December 31, 2004

5. GOLDEN further agrees (a) to report monthly to the Division's Aztec district office on the progress made toward bringing the Inactive Wells into compliance, (b) to furnish to the Division's Aztec district office copies of all Sundry Notices filed with the United States Bureau of Land Management (BLM) with respect to each of the Inactive Wells, and (c) to immediately notify the Division in writing of any event which prevents or delays its performance pursuant to Paragraph 3.

6. GOLDEN further agrees that if any well it operates becomes non-compliant with OCD Rule 201 during the term of this agreement, such well will be restored to compliance, either by restoration of production, approved temporary abandonment, or plugging, not later than December 31, 2004.

7. GOLDEN further agrees to (1) promptly file Change of Operator forms to transfer operation of the wells it currently operates from Chace Oil Company to GOLDEN, (2) forthwith file all C-115s (Operator's Monthly Reports) and continue to file such reports when due, and (3) furnish copies of all sundry notices reporting compliance actions under this agreement to the Division's Aztec District Office, attn: Charlie Perrin.

8. GOLDEN agrees that, in the event of non-compliance, the terms of this agreement may be enforced by civil penalty pursuant to the provisions of the New Mexico Oil and Gas Act (NMSA 1978, Sections 70-2-1 through 70-2-38, as amended).

**This agreement is subject to Bankruptcy Court Approval pursuant to a motion under Fed. R. Bankr. P. 9019.**

In WITNESS WHEREOF the parties have executed this instrument to be effective as of May 1, 2003.

NEW MEXICO OIL CONSERVATION  
DIVISION

By   
Joanna Prukop, Acting Director

Robert Castillo  
ASD, Director

GOLDEN OIL HOLDING  
CORPORATION

By   
Robert F. McElroy

Its President

Exhibit A  
to Agreement between  
New Mexico Oil Conservation Division and  
Golden Oil Company

Operator	Well Name	API No.	Last Prod/Inj	Location	F N/S	F EW	Depth
CHACE OIL CO INC	CHACE APACHE 15 #002	30-043-20280	10-1995	I-20-23N-03W	1775S	990E	7486
CHACE OIL CO INC	CHACE APACHE 54 #002	30-043-20186	07-2002	H-34-23N-03W	1850N	900E	7328
CHACE OIL CO INC	CHACE APACHE 54 #003	30-043-20306	02-1996	O-34-23N-03W	990S	1850E	7380
CHACE OIL CO INC	CHACE APACHE 54 #004	30-043-20305	07-2002	C-34-23N-03W	990N	1650W	7467
CHACE OIL CO INC	CHACE APACHE 54 #007	30-043-20352	11-1995	K-34-23N-03W	1850S	1850W	7350
CHACE OIL CO INC	CHACE APACHE 54 #009	30-043-20541	01-1998	C-03-22N-03W	1000N	1850W	7232
CHACE OIL CO INC	CHACE APACHE 54 #010	30-043-20651	05-2001	I-03-22N-03W	1850S	990E	7145
CHACE OIL CO INC	CHACE APACHE 54 #011	30-043-20650	09-1996	K-03-22N-03W	1850S	1850W	7141
CHACE OIL CO INC	JICARILLA 363 #001	30-039-20598	04-2001	O-21-24N-04W	800S	1700E	7365
CHACE OIL CO INC	JICARILLA 363 #002	30-039-21824	09-2002	N-21-24N-04W	990S	1650W	7400
CHACE OIL CO INC	JICARILLA 70 #003	30-039-20580	05-2002	C-33-24N-04W	1080N	1590W	7242
CHACE OIL CO INC	JICARILLA 70 #005	30-039-22681	04-1999	C-27-24N-04W	790N	1850W	7461
CHACE OIL CO INC	JICARILLA 70 #007	30-039-21827	10-2000	I-27-24N-04W	1850S	790E	7500
CHACE OIL CO INC	JICARILLA 70 #008	30-039-21828	02-1994	K-27-24N-04W	1850S	1750W	7452
CHACE OIL CO INC	JICARILLA 70 #009	30-039-22682	07-1994	A-34-24N-04W	660N	660E	7500
CHACE OIL CO INC	JICARILLA 70 #012	30-039-22819	05-1996	I-34-24N-04W	1840S	800E	7450
CHACE OIL CO INC	JICARILLA 70 #014	30-039-22815	11-1992	I-33-24N-04W	1935S	675E	7367
CHACE OIL CO INC	JICARILLA 70 #015	30-039-22960	09-1997	O-34-24N-04W	775S	2175E	7450
CHACE OIL CO INC	JICARILLA 70 #016	30-039-23109	11-1998	P-34-24N-04W	530S	530E	7500
CHACE OIL CO INC	JICARILLA 70 #018	30-039-23205	11-1998	M-34-24N-04W	400S	400W	7410
CHACE OIL CO INC	JICARILLA 71 #002	30-039-20558	12-1995	K-03-23N-04W	1850S	1850W	3100
CHACE OIL CO INC	JICARILLA 71 #005	30-039-20528	02-1999	I-09-23N-04W	1740S	850E	3031
CHACE OIL CO INC	JICARILLA 71 #009	30-039-23024	09-1997	A-10-23N-04W	550N	330E	7655
CHACE OIL CO INC	JICARILLA 71 #012	30-039-23218	08-1996	C-10-23N-04W	710N	2015W	7615
CHACE OIL CO INC	JICARILLA 71 #016	30-039-23221	06-1997	N-03-23N-04W	665S	1925W	7563
CHACE OIL CO INC	JICARILLA 71 #020	30-039-23204	05-1999	B-10-23N-04W	517N	1913E	7570
CHACE OIL CO INC	JICARILLA 71 #028	30-039-23417	08-1999	I-09-23N-04W	2295S	950E	7330
CHACE OIL CO INC	JICARILLA 71 #029	30-039-23421	07-1996	L-10-23N-04W	1730S	940W	7448
CHACE OIL CO INC	JICARILLA 71 #034	30-039-23546	11-1998	M-10-23N-04W	660S	664W	7412
CHACE OIL CO INC	JICARILLA 71 #035	30-039-23535	08-1997	P-10-23N-04W	370S	780E	7655
CHACE OIL CO INC	JICARILLA 71 #038	30-039-23545	01-1995	K-09-23N-04W	1980S	1980W	7239
CHACE OIL CO INC	JICARILLA 71 #039	30-039-23547	02-2001	O-09-23N-04W	660S	1980E	7267
CHACE OIL CO INC	JICARILLA 71 #040	30-039-23543	12-2001	C-09-23N-04W	469N	1853W	7284
CHACE OIL CO INC	JICARILLA 71 #042	30-039-23733	04-2000	E-09-23N-04W	1785N	840W	7196

Exhibit A

to Agreement between  
New Mexico Oil Conservation Division and

Golden Oil Copany

Operator	Well Name	API No.	Last Prodn/Inj	Location	F N/S	F EW	Depth
CHACE OIL CO INC	JICARILLA TRIBAL 361 #004	30-039-23398	01-1998	P-04-23N-04W	459S	648E	7488
CHACE OIL CO INC	JICARILLA TRIBAL CONTRACT 47 #001	30-039-22859	07-2000	I-12-23N-04W	1850S	790E	7760
CHACE OIL CO INC	JICARILLA TRIBAL CONTRACT 47 #007	30-039-23301	11-1996	A-13-23N-04W	790N	790E	7610
CHACE OIL CO INC	JICARILLA TRIBAL CONTRACT 47 #008	30-039-23390	04-1999	B-11-23N-04W	380N	1650E	7555