

NSV-477
issue 20 days
from date Com. receives
notice all effects have
been notified or
upon rec. of waiver.

MAIL OFFICE 000

NO DEC 14 AM 9 31

W. M. GALLAWAY

INVESTMENTS

~~XXXXXXXXXXXX~~ 101-2 Petroleum Plaza Bldg.

FARMINGTON, NEW MEXICO 87401

505 - 325-6771

December 11, 1970

West Kutzy - P.C.

Mr. A. L. Porter, Jr.
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

I am enclosing a plat of a proposed well location and acreage dedication on the Pictured Cliffs Formation in Section 28, 29N, 13W. I am asking for a non-standard location due to the topography of the surface. I own the rights down through the Pictured Cliffs Formation in this section and the other 160 acre dedications in this section, being Callow #3, #4 and #5, which are producing wells. I have sketched their location on another exhibit enclosed herewith. In addition, I am enclosing a topo map of the Farmington south area.

I will appreciate your consideration on the application since I would prefer to drill this well in 1970.

I am sending Mr. Arnold a copy of the plat and other exhibits to keep him informed in this matter.

Thank you for your consideration on the above.

Very truly yours,

W M Gallaway

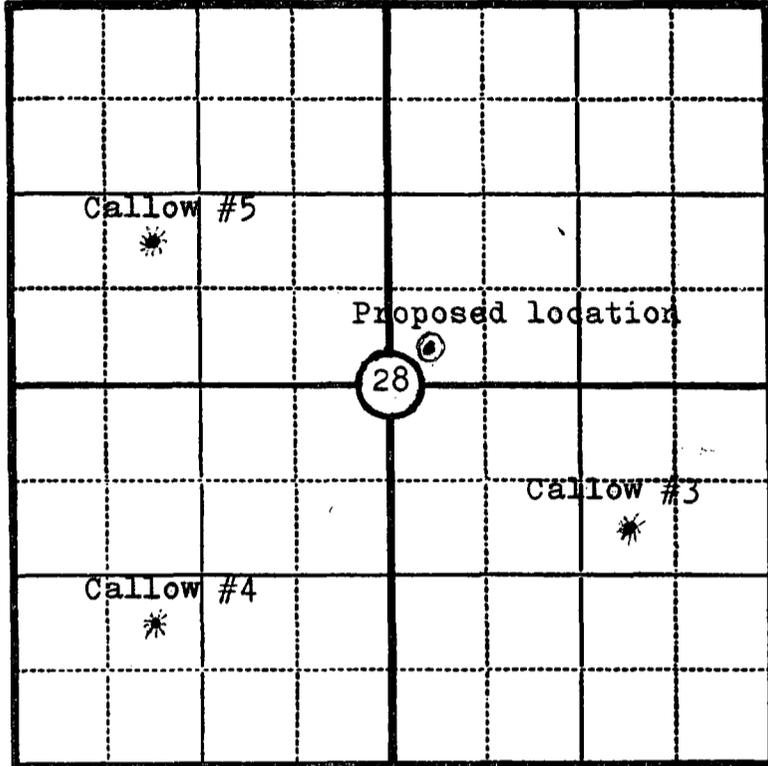
W. M. Gallaway

WMG:ji
Encs.

cc: Mr. Emery Arnold
Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

Company W. M. GALLAWAY
 Lease Callow Well No. 6-A
 Sec. 28, T. 29 N, R. 13 W, San Juan Co.
 Location 2340' FNL, 2420' FEL
 Elevation 5747

West Kutzy - P.C.



Scale—4 inches equal 1 mile.

NEW MEXICO OIL CONSERVATION COMMISSION
 WELL LOCATION AND ACERAGE DEDICATION PLAT

All distances must be from the outer boundaries of the Section

Operator W. M. GALLAWAY Lease Callow Well No. 6-A
 Unit Letter G Section 28 Township 29 NORTH Range 13 WEST County SAN JUAN
 Actual Footage Location of Well: 2340 feet from the NORTH line or 2420 feet from the EAST line
 Ground Level Elev. 5747.0 Producing Formation _____ Feet _____ Dedication Acreage _____ Acres

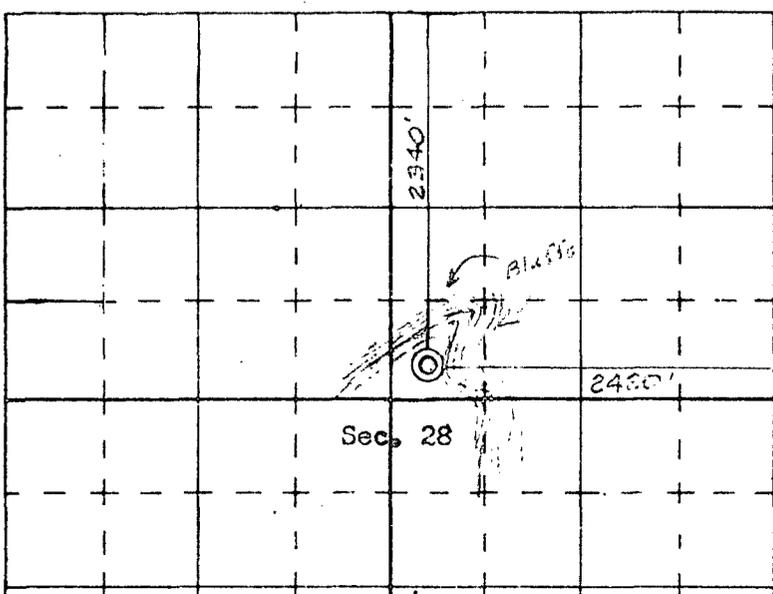
- Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
- If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
- If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes," type of consolidation _____
 If answer is "no," list the owners and tract descriptions which have actually consolidated. (Use reverse side of this Form if necessary) _____
 No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non standard unit, eliminating such interests, has been approved by the Commission.

CERTIFICATION

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

Name _____
 Position _____
 Company _____
 Date _____

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



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

All distances must be from the outer boundaries of the Section

Operator: W. M. GALLAGHER Lease: Callow Well No: 6-A

Unit Letter: G Section: 28 Township: 29 NORTH Range: 13 WEST County: SAN JUAN

Actual Footage Location of Well: 2340 feet from the NORTH line and 2420 feet from the EAST line

Ground Level Elev: 5747.0 Producing Formation: _____ Pool: _____ Dedication Acreage: _____ Acres

1. Outline the acreage dedicated to the subject well by colored pencil or hatchure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?
 Yes No If answer is "yes," type of consolidation _____

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

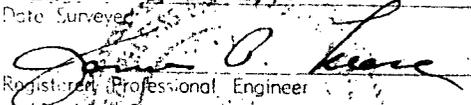
No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non standard unit, eliminating such interests, has been approved by the Commission.

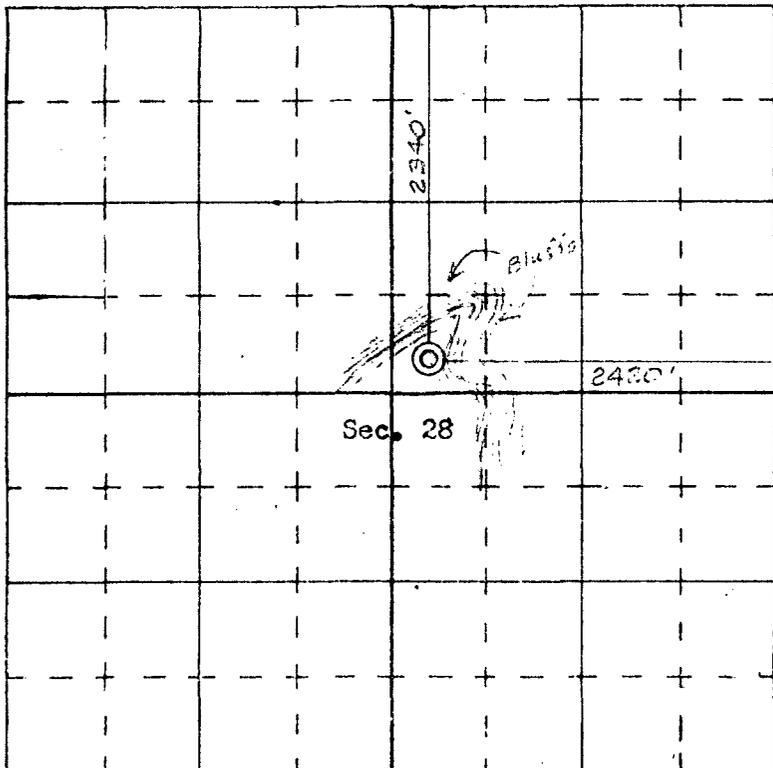
CERTIFICATION

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

Name: _____
 Position: _____
 Company: _____
 Date: _____

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

Date Surveyed: 11 December, 1970

 Registered Professional Engineer
 and/or Land Surveyor
JAMES P. LEESE
1463
 Certificate No.



SCALE—4 INCHES EQUALS 1 MILE

W. M. GALLAWAY
INVESTMENTS
~~XXXXXXXXXX~~ 101-2 Petroleum Plaza Bldg.
FARMINGTON, NEW MEXICO 87401
505-325-6771

December 21, 1970

70 DEC 21 09



Mr. A. L. Porter, Jr.
Post Office Box 2088
Santa Fe, New Mexico 87501

Dear Mr. Porter:

This is with reference to my letter of December 11, 1970 and my application for a non-standard location in the Northeast Quarter of Section 28, 29N, 13W. In connection with this application I am enclosing a letter from Aztec Oil and Gas Company and one from Pan American Petroleum, as well as a Lease Operating Agreement where Tenneco has assigned me the rights I hold in the area.

Should you need anything for approval other than the enclosed documents, please let me know by collect telephone, 505-325-6771, and you may speak with either myself or my secretary, Mrs. Jo Ipock.

Thank you for your consideration on the above.

Yours very truly,



W. M. Gallaway

WMG:ji
Encs.

cc: Mr. Emery Arnold
Oil Conservation Commission
1000 Rio Brazos Road
Aztec, New Mexico 87410

W. M. GALLAWAY
INVESTMENTS
~~KNOX HAYES~~ 101-2 Petroleum Plaza Bldg.
FARMINGTON, NEW MEXICO 87401
505 - 325-6771

December 14, 1970

Aztec Oil and Gas Company
2600 West Main Street
Farmington, New Mexico

Gentlemen:

As an offset holder of rights through the Pictured Cliffs formation, I am asking that you approve my proposed well, being the Callow 6-A, 2340' FNL and 2430' FEL, in the North-west Quarter of Section 28, 29N, R13W, San Juan County, New Mexico. This location is irregular due to the topography as shown on the attached plat and this permission is needed for the New Mexico Oil and Gas Commission.

Please indicate your acceptance on the copy of this letter and return to me.

Thank you for your consideration on the above.

Yours very truly,


W. M. Gallaway

WMG:ji

Enc.

ACCEPTED this 21 day of
December, 1970.

AZTEC OIL & GAS COMPANY

BY 

W. M. GALLAWAY

INVESTMENTS

~~XXXXXXXXXX~~

101-2 Petroleum Plaza Bldg.

FARMINGTON, NEW MEXICO 87401

505 - 825.6771

December 14, 1970

MAIL ROOM

70 DEC 22 AM 09

Pan American Petroleum Company
501 Airport Drive
Farmington, New Mexico

Gentlemen:

As an offset holder of rights through the Pictured Cliffs formation, I am asking that you approve my proposed well, being the Callow 6-A, 2340' FNL and 2430' FEL, in the Northwest Quarter of Section 28, 29N, R13W, San Juan County, New Mexico. This location is irregular due to the topography as shown on the attached plat and this permission is needed for the New Mexico Oil and Gas Commission.

Please indicate your acceptance on the copy of this letter and return to me.

Thank you for your consideration on the above.

Yours very truly,



W. M. Gallaway

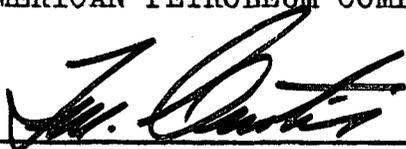
WMG:ji

Enc.

ACCEPTED this 18 day of
December, 1970.

PAN AMERICAN PETROLEUM COMPANY

BY



PAN AMERICAN PETROLEUM CORPORATION

SECURITY LIFE BUILDING

DENVER, COLORADO 80202

DISTRICT SUPERINTENDENTS
W. M. JONES
T. M. CURTIS

PRODUCING DEPARTMENT
H. T. HUNTER
DIVISION PRODUCTION
MANAGER

December 18, 1970

File: AMR-2379-986.511

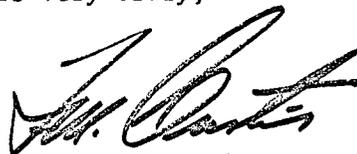
Re: Location Exception
W. M. Gallaway-Callow #6A
San Juan County, New Mexico

Mr. W. M. Gallaway
101-2 Petroleum Plaza Building
Farmington, New Mexico 87401

Dear Sir:

Attached hereto is our approved copy of your letter dated December 14, 1970, indicating Pan American's approval of your nonstandard location for a Pictured Cliffs well to be located 2340' FNL, 2430' FEL Section 28-T29N-R13W.

Yours very truly,



Attachment

LEASE OPERATING AGREEMENT

USA - New Mexico - 0468126

THIS AGREEMENT, made and entered into this 19th day of August, 1970, by and between TENNECO OIL COMPANY, P. O. Box 2410, Denver, Colorado, 80201, a Delaware corporation, and BIG CHIEF DRILLING COMPANY, P. O. Box 14837, Oklahoma City, Oklahoma, (hereinafter collectively called "Lessee"), and W. M. GALLAWAY, ^{101-2 Petroleum Plaza Bldg.,} ~~2708 Sunset Avenue,~~ Farmington, New Mexico, (hereinafter called "Operator");

W I T N E S S E T H , T H A T :

Pursuant to prior agreement, the parties hereto covenant, contract and agree as follows:

1. Grant of Operating Rights. Lessee does hereby grant and convey to Operator all of Lessee's right, title and interest in and to the exclusive right to explore, drill and operate for, produce and market oil, gas and related hydrocarbons from the lands described on Exhibit "A" attached hereto under and by virtue of the oil and gas lease or leases, and any extensions or renewals thereof, described in said Exhibit "A", but only insofar as said lease or leases cover rights above the base of the Pictured Cliffs formation, which rights in and under said lands are, for convenience, referred to hereinafter as "Subject Acreage", together with a like interest in and to the other rights and privileges granted by said oil and gas lease(s) as to Subject Acreage.

For the same consideration, Lessee does hereby BARGAIN, SELL, TRANSFER, CONVEY, ASSIGN AND DELIVER unto Operator, all of Lessee's interest in and to all wells completed in and producing from Subject Acreage and all of Lessee's interest, in and to all personal property and equipment in or appurtenant to said wells.

2. Lessee's Reservations. Lessee reserves and retains:

(a) Record title to the oil and gas lease or leases above described;

(b) All wells located on the above described lands which are completed in formations and strata which are below the base of the Pictured Cliffs formation, together with all personal property, equipment and machinery which is in and/or appurtenant to said wells;

(c) All rights other than those specifically hereby conveyed, together with the rights of ingress and egress in, to, upon, across and from said property and the right to use the surface thereof for all purposes permitted by the above described lease(s) and the right to drill through the formations conveyed hereunder for the purpose of discovering and producing oil, gas and other minerals from the premises as to all depths which are below the Subject Acreage; provided, however, that all operations of Lessee shall be conducted in such a manner so as not to interfere unreasonably with or hamper Operator in any present or future operations conducted by Operator in or upon the Subject Acreage.

3. Operator's Covenants. Operator covenants and agrees:

(a) To observe, confirm and comply with the terms, provisions, conditions and covenants, express or implied, of the oil and gas lease(s) above described and of any Unit Agreement, Joint Operating Agreement, Unit Operating Agreement, Assignment or contract to which the lease(s) (insofar as the Subject Acreage is concerned) may be subject, and all laws, rules, regulations and orders, both State and Federal, applicable to the ownership and enjoyment of the operating rights herein transferred; and

(b) To pay and bear, unless otherwise herein provided to the contrary, all royalties, overriding royalties, production payments and other interests or obligations payable out of or measured by the oil and gas produced from the Subject Acreage; and

(c) At such time as any well completed on Subject Acreage which is capable of producing is not produced and at any time production from such a well ceases for any reason, to give promptly to Lessee notice of such fact; and

(d) Before commencing drilling operations on the Subject Acreage, to furnish and thereafter maintain a general lease bond if such bond is required or permitted to be furnished by Operator; and

(e) To indemnify and save Lessee harmless from all claims, debts, demands, liens and any liability of whatsoever kind, character or nature arising out of or resulting from any act or omission of Operator; and

(f) To conduct its operations in and on the lands subject to this Agreement in such a manner as not to interfere unreasonably with or hamper any present or future operations by Lessee in and on said lands; and

(g) In connection with the performance of work under this Lease Operating Agreement, Operator agrees to comply with all provisions of Section 202 (1) to (7) inclusive, of Executive Order 11246 (30 F.R. 12319) which are incorporated by reference in this agreement;

(h) To plug and abandon all wells in and on Subject Acreage which are not to be produced and to restore the surface around same to its natural condition, all in accordance with the terms of the applicable lease(s) and the rules and regulations of any governmental agency or authority having jurisdiction;

(i) To file this Agreement for approval in the proper office of the Bureau of Land Management within Ninety (90) days from the date hereof.

4. Default by Operator. In the event Operator fails to comply timely with any provision or condition of this Agreement, or if Operator fails to comply with any express or implied covenant or condition of the above described lease(s), or if Operator fails to comply with any law, rule, or regulation or order pertaining thereto, or if Operator fails to conduct the operations contemplated by this Agreement in a prudent and workmanlike manner, Operator shall be deemed to be in default hereunder. In any such event or events, Lessee shall give Operator written notice of the existence of such default or defaults. If the lessor under any of the above described lease(s) gives Operator notice of the existence of any such defaults, said notice by the lessor shall be deemed a notice by the Lessee pursuant to the terms hereof. Operator shall have ten (10) days from the receipt of said notice in which to correct and remedy such default or defaults to the satisfaction of the Lessee hereunder or the lessor, as the case may be. If, within said ten (10) day period, Operator fails or refuses to remedy or

correct such default or defaults or to commence to remedy the same and thereafter diligently prosecute such efforts to final completion, this Agreement shall, at the option of Lessee, terminate and in such case all rights conveyed hereunder shall immediately thereupon revert to Lessee; however, such a reversion shall not relieve or release Operator from any liability or obligation previously incurred. Operator, in such event, shall upon request of Lessee execute a suitable and recordable instrument which will evidence such reversion of interest. If Operator remedies such default or defaults to the satisfaction of Lessee as above provided, Lessee, upon written request by Operator, will advise Operator, in writing, that such default or defaults have been satisfactorily corrected. In the event that Operator fails or refuses to remedy any such default or defaults as hereinabove provided, and this Agreement terminates, if Operator at that time has producing wells on the Subject Acreage, Lessee may purchase said wells and the material and equipment therein, thereon or used in connection therewith, by paying to Operator the salvage value thereof. Time is expressly made the essence of this provision and the same shall be capable of specific performance.

5. Minimum Royalties, Rentals, Renewals and Relinquishments.

Lessee shall endeavor to make proper and timely payment of any minimum royalties and delay rentals that may become due and payable under the terms of the said leases; however, Lessee shall never be liable for any mistake, oversight, clerical error or inadvertent failure to make or in making such payments. After paying any such sum, Lessee shall bill Operator, who agrees promptly to reimburse Lessee in an amount equal to One-half (1/2) of such payments insofar as such payments are applicable to the above described lands. If either Lessee or Operator elect not to pay any rentals, apply for any extension or renewal of the above described lease or leases, or otherwise maintain such lease(s), such party shall give the other party written notice of such election at least Thirty (30) days before the due date for payment of rental, filing the application for extension or renewal or other event. If Operator notifies Lessee of such election, Operator agrees, upon written request by Lessee delivered to Operator within Ten (10) days from the giving of the original notice, to execute and deliver to Lessee a release and

relinquishment of this Lease Operating Agreement, insofar as it covers the lands described in said notice to Lessee, free and clear of any rights, liens or encumbrances created by, through or under Operator. If the Lessee notifies Operator of such election, Lessee agrees, upon written request of Operator delivered to Lessee within Ten (10) days from the giving of the original notice, to assign to Operator all of its right, title and interest in and to the above described lease or leases, insofar as the same are described in said notice, without warranty, express or implied, and without any restriction or reservation as to depth. If neither Lessee nor Operator desire to maintain such lease(s) in force, same shall be relinquished, surrendered, allowed to terminate, reassigned, etc. as the case may be.

6. Taxes. All taxes attributable to the rights hereunder assigned to Operator shall be paid by Operator, and if such taxes are assessed in the name of Lessee, Operator agrees promptly to reimburse Lessee upon being billed therefor by Lessee in the event that Lessee must make such a payment. All taxes, if any, attributable to Lessee's retained rights shall be paid by Lessee.

7. Release by Operator. Operator shall have the right to release and surrender this Lease Operating Agreement as to all or any part of the Subject Acreage at any time while Operator is not in default under any of the provisions hereof, and Operator shall, after giving notice of such release or surrender to Lessee, thereupon be relieved of all further obligations hereunder. Nothing contained herein shall be construed to relieve Operator from any liability or obligation incurred prior to such release.

8. Term. This Agreement, unless sooner terminated pursuant to the provisions hereof, shall remain in force and effect so long as the oil and gas leases above described or any extension or renewal thereof remain in force and effect as to the Subject Acreage.

9. Notices. All notices required to be given hereunder shall be given in writing by prepaid registered or certified mail or by telegram and shall be addressed to each of the respective parties at their addresses shown herein. Any party hereto may change its address for service of notice by

notifying the other party hereto of such change in writing.

10. Negation of Partnership. It is not the intention of the parties hereto to create the relationship of a partnership, agency, joint venture, mining partnership or any other such entity, and no act done by any of the parties hereto shall operate to create such a relationship. The rights, duties, liabilities and obligations of the parties hereto shall be several and not joint or collective.

11. 1970 Taxes. As of the effective date hereof, 1970 taxes attributable to the interest in the above described leases, land, equipment and personal property assigned hereby shall be prorated between the parties as follows:

Lessee: 2/3
Operator: 1/3

12. Successors and Assigns. It is agreed that all of the terms, provisions and conditions hereof shall constitute covenants running with the leases and lands covered hereby and shall extend to and be binding upon the parties hereto, their administrators, heirs, personal representatives, successors and assigns.

THIS AGREEMENT is made by Lessee and accepted by Operator without representations or warranties of any nature and shall be effective from and after September 1, 1970, at 7:00 A.M., local time where the property is located, and all hydrocarbons produced from or allocated to the interest assigned hereby prior to said date shall remain the property of Lessee and shall be sold for the account of the Lessee at the prices prevailing at the field where produced on said date for products of like quality and quantity.

IN WITNESS WHEREOF, this instrument is executed this 19th day of August, 1970.

TENNECO OIL COMPANY

By: L. L. Parish *GAH*
L. L. Parish
Attorney-In-Fact *lev*

ATTEST:

George L. M. Husted
Assistant Secretary

BIG CHIEF DRILLING COMPANY

By: Ammit F. Smith
Vice President

LESSEE

W. M. Galloway
W. M. GALLOWAY

OPERATOR

(Faint, illegible text)

STATE OF COLORADO X
X ss.
CITY & COUNTY OF DENVER X

The foregoing instrument was acknowledged before me this 9th
day of September, 1970, by L. L. Parish as Attorney-In-Fact on
behalf of TENNECO OIL COMPANY.

Witness my hand and official seal.

Geraldine A. Attherton
Notary Public

My commission expires:

My Commission expires July 28, 1973

STATE OF OKLAHOMA X
X ss.
COUNTY OF OKLAHOMA X

The foregoing instrument was acknowledged before me this 14
day of September, 1970, by DENNIS F. SMITH,
Vice President of BIG CHIEF DRILLING COMPANY, a
Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.

Virginia E. Hagstrom
Notary Public

My commission expires:

March 21, 1971

STATE OF NEW MEXICO X
X ss.
COUNTY OF SAN JUAN X

The foregoing instrument was acknowledged before me this 21st
day of September, 1970, by W. M. GALLAWAY.

Witness my hand and official seal.

Jo Jack
Notary Public

My commission expires:

July 15, 1972

EXHIBIT "A"

to Lease Operating Agreement dated August 19, 1970

<u>TOC NO.</u>	<u>LESSOR & SERIAL NO.</u>	<u>EFFECTIVE DATE</u>	<u>LAND DESCRIPTION</u>
32,495	USA - New Mexico - 0461826	4/1/48	NE/4, NW/4 NW/4, S/2 NW/4, S/2 Sec. 27, All Sec. 28, N/2 Sec. 33, T-29-N, R-13-W, N.M.P.M., San Juan County, New Mexico.

----- E N D O F E X H I B I T -----