

LEASE #2746

GISSLER #1

SW1/4 SE 1/4 of Section 11, T17S, R30E

EDDY COUNTY, NEW MEXICO

United States of America	.12500000 RI*
Leah F. Kennedy	.01750000 ORRI
Retha Maye Sharp, a widow	.00416666 ORRI
Lorld Glen Sharp	Without present interest.**
James Henry Sharp	Without present interest.**
Harold Howard Sharp	Without present interest.**
Elenora Frances Sharp	.00416667 ORRI
Eva Marie Walsh	.00416667 ORRI
Braille Institute Agency	.00231475 ORRI
Republic Bank Dallas and C.R. Mallison, Trustees of the Selma E. Andrews Trust under T/A dated 5/8/69	.00268525 ORRI
InterFirst Bank Dallas, N.A., Trsuttee of Sabine Royalty Trust	.00500000 ORRI
Mattie Mae Gissler	.01500000 ORRI
Elsie Gissler Kissinger	.00500000 ORRI
Carlisle Cravens	.00500000 ORRI
Marshall & Wirston, Inc.	.01000000 ORRI
Yates Brothers, a partnership	.02256940 ORRI
Maconda Brown O'Connor	.00309424 ORRI
Nancy Brown Negley	.00154712 ORRI
Isabel Brown Wilson	.00154712 ORRI
Louisa Stude Sarofim	.00154712 ORRI
Union Texas Petroleum Corporation	.23900470 WI
Yates Petroleum Corporation	.12187500 WI
Anne Burnett Tandy Testamentary Trust	.21851850 WI
R.F. Windfohr Testamentary Trust for the benefit of Anne Phillips (Now Anne W. Sowell)	.05994349 WI
Ollie L. Burnett Testamentary Trust	.03996233 WI
Anne W. Sowell	.01902968 WI
Yates Drilling Company	.02378710 WI
Abo Petroleum Corporation	.02378710 WI
Myco Industries, Inc.	.02378710 WI

* Lease provides a Schedule "C" sliding scale royalty based on average production for the calendar month per well per day, ranging on oil from 12.5% to 250% and ranging on gas, including casinghead gas, from 12-1/2% to 16-2/3%, with the minimum royalty of 12.5% on oil applying where such average production is not over 110 bbls. and the minimum 12-1/2% applying on gas where such average production is not over 5,000,000 cubic feet.

** Lorld Glen Sharp, James Henry Sharp and Harold Howard Sharp execute this division order without present interest as remaindermen and equal owners of an overriding royalty with a revenue interest of .00208333 included within the above overriding royalty credited to Retha Maye Sharp, life tenant, to authorize payment of said interest to Retha maye Sharp until further notice in writing from them.

BURNETT OIL CO., INC.

1500 INTERFIRST TOWER

801 CHERRY STREET

FORT WORTH, TEXAS 76102

(817) 332-5108

July 31, 1986

United States Department of the Interior
Bureau of Land Management
Carlsbad Resource Area Headquarters
P. O. Box 1778
Carlsbad, New Mexico 88220

Re: 3162.(06) of 5/1/86 and
application for Consent
of Off-lease storage of
of Gissler #1 (NM 2746)
Square Lake Field
Eddy Co., New Mexico

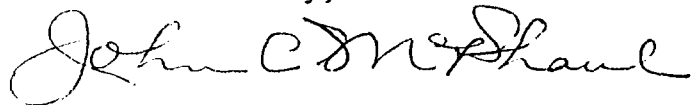
Gentlemen:

Please rescind your above referenced approval to commingle Gissler #1 (NM 2746) with Gissler "B" (NM 2748) lease as our statement that all interest ownership being common was found to be in error.

We now ask your approval of off-lease storage for Gissler #1 (NM 2746) in order to have a crude oil sales pipeline connection and a gas sales connection available for this lease. Instead of commingling Gissler #1 with the Gissler "B" lease (all production is from a common source of supply), we propose to divide the existing battery into two separate facilities, with no intercommunication in handling, separating, treating, measurement or storage of the hydrocarbons. The existing flowline to the Gissler "B" battery from Gissler #1 will be isolated to carry only Gissler #1's production. Attached is a sketch of existing sales facilities with proposed Gissler #1 facilities in red. We are sending all other interest owners our notice of intent to transport prior to measurement the production from this lease.

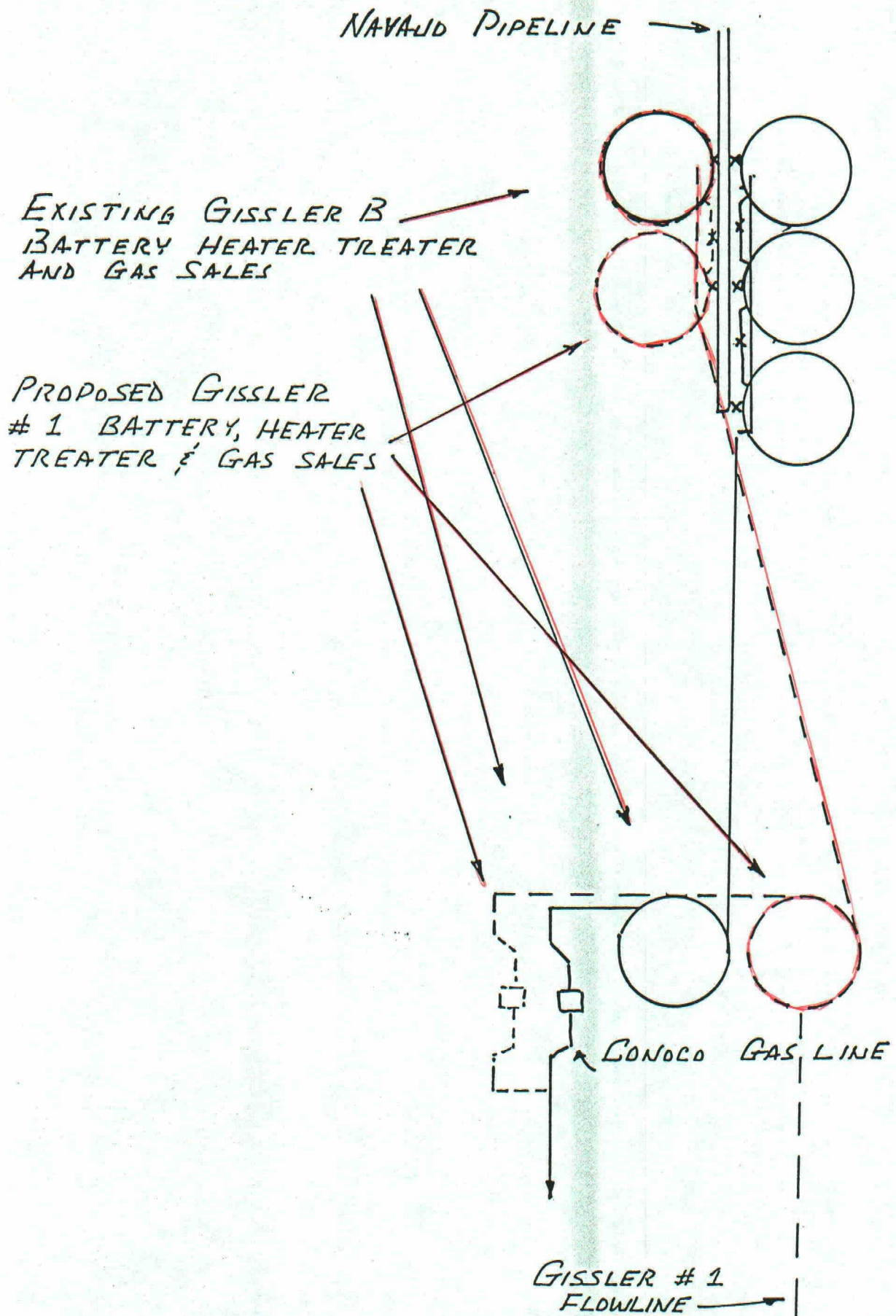
If further information is needed, please let us know.

Yours truly,



John C. McPhaul
PRODUCTION SUPERINTENDENT

JCM:jlm



BURNETT OIL CO INC.
OFF-LEASE STORAGE APPLICATION
7-31-86

P 654 262 311

RECEIPT FOR CERTIFIED MAIL

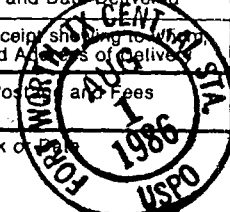
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

Sent to JIMMIE CRAVENS	
Street and No. 4711 LAFALETTE	
P.O., State and ZIP Code F WORTH, TX. 7607	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	



P 654 262 288

RECEIPT FOR CERTIFIED MAIL

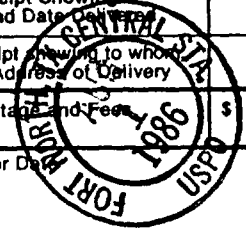
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

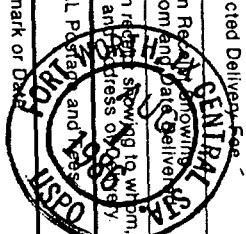
Sent to ELSIE GISSLER KISSINGER	
Street and No. 1212 BOX 133	
P.O., State and ZIP Code ARTESIA, NM 88210	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	



PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

Sent to B L M	
Street and No. 1018 BOX 1778	
P.O., State and ZIP Code ARTESIA, NM 88210	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	



(See Reverse)

RECEIPT FOR CERTIFIED MAIL
NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

P 654 262 310

P 654 262 284

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to EVA M. WALSH	
Street and No. 855 LEXINGTON RD	
P.O., State and ZIP Code WICHITA, KS. 67218	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

★ U.S.G.P.O. 1983-403-517
PS Form 3800, Feb. 1982

P 654 262 306

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to YATES DRUG CO.	
Street and No. 207 So. 4th St.	
P.O., State and ZIP Code ARTESIA, N.M. 88210	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	
Postmark or Date	

★ U.S.G.P.O. 1983-403-517
PS Form 3800, Feb. 1982

P 654 262 285

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to BRADLEE INST.	
Street and No. 10 REPUBLIC BL DALLAS	
P.O., State and ZIP Code DALLAS TX 75221	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	
Postmark or Date	

★ U.S.G.P.O. 1983-403-517

P 654 262 305

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to ANNE ROSELOVE JR	
Street and No. 1717 E. C. BARNETT JR	
P.O., State and ZIP Code FT. WORTH TX 76119	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

★ U.S.G.P.O. 1983-403-517
PS Form 3800, Feb. 1982

P 654 262 303

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to YATES DET.	
Street and No. 207 So. 4th St.	
P.O., State and ZIP Code ARTESIA, N.M. 88210	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	
Postmark or Date	

★ U.S.G.P.O. 1983-403-517
PS Form 3800, Feb. 1982

Sent to	LETHA M. SHARP
Street and No.	1603 N. 24th St. Apt. E-35
P.O. State and ZIP Code	ARIZONA, N.M. 88210
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

(See Reverse)

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

P 654 262 294

Sent to	LETHA M. SHARP
Street and No.	1603 N. 24th St. Apt. E-35
P.O. State and ZIP Code	ARIZONA, N.M. 88210
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

(See Reverse)

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

P 654 262 307

Sent to	LETHA M. SHARP
Street and No.	1603 N. 24th St.
P.O. State and ZIP Code	ARIZONA, N.M. 88210
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	

(See Reverse)

RECEIPT FOR CERTIFIED MAIL
 NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

P 654 262 283

P 654 262 290

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	NANCY B. NEGLEY
Street and No.	155 BUSHNELL AVE.
P.O. State and ZIP Code	SAN ANTONIO, TX
Postage	78212
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1986

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

P 654 262 309

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	MYCO JWD.
Street and No.	207 So. 4th St.
P.O. State and ZIP Code	ARIZONA, N.M. 88210
Postage	
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1986

★ U.S.G.P.O. 1983-403-517

PS Form 3800, Feb. 1982

Sent to	LOUISA SAROFIM
Street and No.	2 HOUSTON CENTER, STE 2707
P.O. State and ZIP Code	HOUSTON, TX 77019
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1986 USPO

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

P 654 262 296

Sent to	ABEEL WILSON
Street and No.	3506 DEL MONTE AVE
P.O. State and ZIP Code	HOUSTON, TX 77019
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1986 USPO

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

P 654 262 291

Sent to	LEAH KENNEDY
Street and No.	102 W. GUNAV
P.O. State and ZIP Code	HOUSTON, TX 77020
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1986 USPO

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

P 654 262 297

P 654 262 292

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	ATES BROS.
Street and No.	207 So 4th St.
P.O. State and ZIP Code	ARTESIA, NM
Postage	\$82.10
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1986 USPO

PS Form 3800, Feb. 1982

P 654 262 293

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Sent to	MACONDA O'CONNOR
Street and No.	800 SAN JACINTO BLVD
P.O. State and ZIP Code	HOUSTON, TX 77002
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to whom and Date Delivered	
Return receipt showing to whom Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date	1986 USPO

PS Form 3800, Feb. 1982

P 654 262 286

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

Return Receipt Showing to whom and Date Delivered		Postage	\$
Return receipt showing to whom, Date, and Address of Delivery		Certified Fee	
TOTAL Postage and Fees		Special Delivery Fee	
Postmark of Date		Restricted Delivery Fee	

Return Receipt Showing to whom and Date Delivered

Return receipt showing to whom, Date, and Address of Delivery

TOTAL Postage and Fees

Postmark of Date

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

RECEIVED BANK DALLAS
Sent to: M. ALISON, JR. of SUMMIT AND TRUST
Street and No. Box 241
P.O. State and ZIP Code DALLAS TX 75221

P 654 262 302

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

Return Receipt Showing to whom and Date Delivered		Postage	\$
Return receipt showing to whom, Date, and Address of Delivery		Certified Fee	
TOTAL Postage and Fees		Special Delivery Fee	
Postmark of Date		Restricted Delivery Fee	

Return Receipt Showing to whom and Date Delivered

Return receipt showing to whom, Date, and Address of Delivery

TOTAL Postage and Fees

Postmark of Date

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

(See Reverse)

RECEIVED
Sent to: N. T. PET.
Street and No. Box 200128
P.O. State and ZIP Code HOUSTON TX 77216

P 654 262 287

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

Return Receipt Showing to whom and Date Delivered		Postage	\$
Return receipt showing to whom, Date, and Address of Delivery		Certified Fee	
TOTAL Postage and Fees		Special Delivery Fee	
Postmark of Date		Restricted Delivery Fee	

Return Receipt Showing to whom and Date Delivered

Return receipt showing to whom, Date, and Address of Delivery

TOTAL Postage and Fees

Postmark of Date

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

(See Reverse)

RECEIVED
Sent to: HATTIE M. GISSERT
Street and No. Box 987
P.O. State and ZIP Code ARTERIA, N.M. 88210

P 654 262 252

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Return Receipt Showing to whom and Date Delivered		Postage	\$
Return receipt showing to whom, Date, and Address of Delivery		Certified Fee	
TOTAL Postage and Fees		Special Delivery Fee	
Postmark of Date		Restricted Delivery Fee	

Return Receipt Showing to whom and Date Delivered

Return receipt showing to whom, Date, and Address of Delivery

TOTAL Postage and Fees

Postmark of Date

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

RECEIVED
Sent to: INTERFAC T. SABINE
Street and No. DEPT. 0887
P.O. State and ZIP Code DALLAS TX 75284

P 654 262 289

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
NOT FOR INTERNATIONAL MAIL

(See Reverse)

Return Receipt Showing to whom and Date Delivered		Postage	\$
Return receipt showing to whom, Date, and Address of Delivery		Certified Fee	
TOTAL Postage and Fees		Special Delivery Fee	
Postmark of Date		Restricted Delivery Fee	

Return Receipt Showing to whom and Date Delivered

Return receipt showing to whom, Date, and Address of Delivery

TOTAL Postage and Fees

Postmark of Date

PS Form 3800, Feb. 1982

★ U.S.G.P.O. 1983-403-517

RECEIVED
Sent to: MARSHALL + WINSTON
Street and No. 310 W. TOWER, 1065 N. DR
P.O. State and ZIP Code MIDLAND TX 79705



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Carlsbad Resource Area Headquarters

P. O. Box 1778

Carlsbad, New Mexico 88220

August 5, 1986

IN REPLY REFER TO

3162.41 (067)

Burnett Oil Company, Inc.
1500 InterFirst Tower
801 Cherry Street
Fort Worth, Texas 76102

RE: NM-2746
Gissler Federal #1
T17S, R30E, Sec. 11, SWSE

Gentlemen:

In accordance with 43 CFR 3162.1 and 43 CFR 3162.7-2, your request for off-lease measurement and storage on the above mentioned lease is approved subject to the following stipulations:

1. All production will be separated from any other production at this location.

As you stated in your request, this stipulation has already been addressed.

The Bureau of Land Management appreciates your cooperation on this matter and please feel free to contact Vince Balderaz at (505) 887-6544 if you have any questions.

Sincerely,

Charles S. Dahlen
Area Manager

BURNETT OIL CO., INC.

1500 INTERFIRST TOWER

801 CHERRY STREET

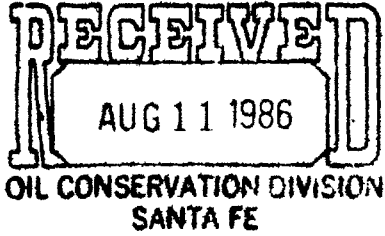
FORT WORTH, TEXAS 76102

(817) 332-5108

August 5, 1986

Enclosed are copies of information that was mailed to you yesterday by regular mail. The mailing should have been sent Express Mail, therefore, you will receive more copies than needed. Since we are in a hurry, we decided to send that batch to you by Express Mail.

BURNETT OIL CO., INC.
1500 InterFirst Tower
Fort Worth, Texas 76102
ATTN: JOHN McPAUL



BURNETT OIL CO., INC.

1500 INTERFIRST TOWER

801 CHERRY STREET

FORT WORTH, TEXAS 76102

(817) 332-5108

August 8, 1986

EXPRESS MAIL

State of New Mexico
Energy & Minerals Division
Oil Conservation Division
State Land Office Building
310 Old Santa Fe Trail
Santa Fe, New Mexico 87504

Attention: Richard L. Stamets

Re: Proposal for Exception
to Rule 309-A providing
Off-Lease Storage for
Gissler #1 (NM2746)
Square Lake Field
Eddy Co., New Mexico
in our application to you
dated August 4, 1986.

Dear Mr. Stamets:

Enclosed is copy of the Bureau of Land Management's consent to the above referenced application dated August 4, 1986. Please add this consent to our application.

We appreciate your timely handling of this application, because of the shut-in status of the Gissler #1 lease.

Should you need additional information, please contact us.

Yours truly,

A handwritten signature in cursive script, appearing to read "John C. McPhaul".

John C. McPhaul
PRODUCTION SUPERINTENDENT

JCM: jlm

Attachment