

**STATE OF NEW MEXICO  
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT  
OIL CONSERVATION DIVISION**

**APPLICATIONS OF READ & STEVENS, INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 24941-24942**

**APPLICATIONS OF READ & STEVENS, INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 25145-25148**

**APPLICATIONS OF V-F PETROLEUM INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 24994-24995 & 25116**

**APPLICATIONS OF V-F PETROLEUM INC.  
FOR COMPULSORY POOLING,  
EDDY COUNTY, NEW MEXICO**

**CASE NOS. 25115 & 25117**

**NOTICE OF OWNERSHIP INTEREST AND  
OBJECTION TO CASE NOS. 25145 AND 25146**

Carolyn Beall (“Beall”), by and through undersigned counsel, submits to the New Mexico Oil Conservation Division (“Division” or “OCD”) this *Notice of Ownership Interest and Objection to Case Nos. 25145 and 25146* (“Notice”), and Beall objects to the applications filed by Read & Stevens, Inc. (Permian Resources Operating, LLC) (“Permian”) in Case Nos. 25145-25146 (“Subject Cases”) because her interests in the Third Bone Spring formation were excluded from the pooling proceedings. In support of her Notice, Beall states the following:

1. Beall owns approximately one percent in the spacing units proposed in the Subject Cases, with a working interest in the NE/4 NW/4, the S/2 NE/4, the NE/4 NE/4, the NW/4 NE/4,

the SE/4 NW/4 of Section 14, Township 18 South, Range 31 East, N.M.P.M., in the upper part of the Third Bone Spring, to depths of 9290' in some portions and 9293' in other portions underlying the Subject Lands described in the Pooling Applications filed by Permian Resources Operating, LLC ("Permian"), and was provided notice in Case Nos. 25145-25146 ("Subject Cases"), as a vertical offset.

2. Specifically, under Case No. 25145, Permian seeks an order approving a 320-acre, more or less, overlapping horizontal well spacing unit in a portion of the Bone Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, underlying the N/2 N/2 of Sections 14 and 15, and initially dedicate the unit to the proposed Slim Jim 14-15 Fed Com 131H well. This proposed horizontal spacing unit will overlap an existing 160-acre spacing unit comprised of the N/2 N/2 of Section 15, T18S-R31E, dedicated to the Tamano 15 AD Federal 1H (API: 30-015-40868) well currently operated by Mewbourne Oil Company. This proposed spacing unit overlaps with V-F Petroleum's Case No. 25115.

3. Under Case No. 25146, Permian seeks to pool all uncommitted interests in a portion of the Bone Spring formation, from the top of the Third Bone Spring formation to the base of the Bone Spring formation, underlying the S/2 N/2 of Sections 14 and 15, and initially dedicate the unit to the proposed Slim Jim 14-15 Fed Com 132H well. This proposed spacing unit overlaps with V-F Petroleum's Case No. 25117.

4. Beall objects to Permian's applications in the Subject Cases because Permian's proposed development plan violates Beall's correlative rights.

5. Beall owns a severed mineral interest in the upper part of the Third Bone Spring, from the top of the Third Bone Spring, at approximately 9,140', to a depth of 9,290' in some portions and to a depth of 9,293' in other portions of the subject lands, all within the Third Bone

Spring. See *Exhibit A* reflecting Beall's ownership in the Third Bone Spring, (1) Assignment of Operating Rights, filed in Book 71, Page 382, (dtd June 19, 1990); (2) Assignment of Operating Rights, Book 113, Page 701 (dtd. Jan. 20, 1992); (3) Assignment and Bill of Sale, (dtd Aug. 1, 1995), Book 225, Page 980, all in the Clerk's Office of Eddy County, New Mexico.

6. Permian's Pooling Applications in the Subject Cases state that Permian is pooling only the lower part of the Third Bone Spring, an interval from approximately 9,397' to the base of the Third Bone Spring and is proposing to drill and produce only this lower interval. See Permian's Compulsory Pooling Checklists for Case Nos. 25145-25148 (filed Jan. 27, 2025); Permian's Exhibit C, Self-Affirmed Statement of Travis Macha, ¶ 7. Specifically, his affidavit states,

7. For the cases involving pooling the Third Bone Spring formation, Permian seeks to pool only a portion of the Bone Spring formation, from 9,397' where an ownership severance exists in the SE/4 SW/4 of Section 14 to the base of the Bone Spring formation, measured to the stratigraphic equivalent of the base of the Bone Spring formation, as seen at 8,913 feet measured depth beneath the surface, as shown in that certain Dual Lateralog, Micro Laterlog, Gamma Ray well log in the Tamano 15 Fed Com #2 (API # 30-015-33398), located in Section 15, Township 18 South, Range 31 East, Eddy County, New Mexico.

7. Permian's landman's statement goes on to reflect that Permian would leave it to the Division's discretion in perfecting notice upon interest owners related to the depth severance as follows:

8. Permian has provided notice of this hearing to the vertical offset parties within the pool who are not subject to this pooling application. Permian acknowledges the Division's direction of leaving the record open to perfect notice as to Case Nos. 25145-25148. There are no owners solely owning above or below the notated severance. The same owners own above and below the depth severance; however, own in different percentages.

Permian's Exhibit C, Self-Affirmed Statement of Travis Macha, ¶ 8.

8. Due to the fact that Beall only owns in the upper part of the Third Bone Spring, her interests are excluded from the pooling proceeding, and she is not listed as an owner in the interval of the Third Bone Spring that Permian is pooling and drilling.

9. At the January 28, 2025 Contested Hearing, the geologist for Permian stated that there were no geological barriers between the severed intervals in the Third Bone Spring. As such, Permian's well in the lower Third Bone Spring appears to be producing from the upper interval of the Third Spring, impacting Beall's correlative rights. *See* NMSA 1978, § 70-2-17.

10. In its applications in Case No. 25145 and 25146, Permian does not provide an allocation formula yet proposes to drill the lower Third Bone Spring below the severance which will produce both intervals above and below the severance. When a depth severance creates non-uniform ownership within the Third Bone Spring, an accounting of the production from the proposed well must be maintained to protect correlative rights. Due to the fact there is open communication within the Third Bone Spring, the only way to account for this difference of ownership is to have an allocation formula that allocates the interests in each interval so that correlative rights are protected.

11. The Division is charged with the protection of correlative rights and Permian's development plan seeks to impact Beall's rights without acknowledging her interests within the Third Bone Spring formation.

12. For these reasons, Permian's applications in Case No. 25145 and 25146 must be denied pending appropriate inclusion or allocation of Beall's interests in the Third Bone Spring.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Kaitlyn Luck", is written over a horizontal line.

Kaitlyn A. Luck

P.O. Box 483

Taos, NM 87571

[luck.kaitlyn@gmail.com](mailto:luck.kaitlyn@gmail.com)

(361) 648-1973

*Attorney for Carolyn Beall*

**CERTIFICATE OF SERVICE**

I certify that on this 6th of February 2025, the foregoing pleading was electronically filed by email with the New Mexico Oil Conservation Division Clerk and served on all parties of record through counsel, as follows:

Freya Tschantz  
Freya.Tschantz@emnrd.nm.gov  
OCD.Hearings@emnrd.nm.gov  
*Law Clerk, EMNRD-Oil Conservation Division*

Darin C. Savage  
Andrew D. Schill  
William E. Zimsky  
214 McKenzie Street  
Santa Fe, New Mexico 87501  
darin@abadieschill.com  
andrew@abadieschill.com  
bill@abadieschill.com  
*Attorneys for V-F Petroleum, Inc.*

Michael H. Feldewert  
Adam G. Rankin  
Paula M. Vance  
Post Office Box 2208  
Santa Fe, New Mexico 87504  
mfeldewert@hollandhart.com  
agrarkin@hollandhart.com  
pmvance@hollandhart.com  
*Attorneys for Read & Stevens, Inc.*

**/s/ Kaitlyn A. Luck**

# EXHIBIT A

BOOK 71 PAGE 382

Jamie Federal #1 (Amoco F/O)  
R&S 9394W  
R&S 8495

## ASSIGNMENT OF OPERATING RIGHTS

THIS ASSIGNMENT, made and entered into this 10th day of May, 1990 by and between Read & Stevens, Inc., P.O. Box 1518, Roswell, NM 88202, hereinafter referred to as "Assignor" and those parties set out on Exhibit "A" attached hereto and made a part hereof, hereinafter referred to as "Assignees".

### WITNESSETH:

WHEREAS, Pursuant to that certain Farmout Contract dated March 1, 1989 by and between Amoco Production Co. and Assignor covering the herein described lands, Assignor is the owner of an undivided 50.00% interest before payout of the Jamie Federal #1 well and an undivided 37.50% interest after payout\* of the Jamie Federal #1 well in an oil and gas lease dated November 1, 1981, from the United States of America as Lessor, to Read & Stevens, Inc., as Lessee, bearing Serial No. NM-28096 (lease) covering the following described lands in Eddy County, New Mexico:

#### TOWNSHIP 18 SOUTH, RANGE 31 EAST N.M.P.M.

Section 14: NE/4NW/4

containing 40.00 acres, more or less (lands) insofar as said lease covers those depths from 3,900 feet down to and including 9,290 feet, but in no event below the base of the Bone Springs Formation

and,

WHEREAS, Assignor desires to assign unto Assignees an undivided 33.70000% of 8/8ths interest before payout of the Jamie Federal #1 well and an undivided 25.27500% of 8/8ths interest after payout\* of the Jamie Federal #1 well, in and to the operating rights in said lease and lands, ("the operating rights" being defined as the exclusive right and privilege to test, drill for, mine, extract, remove, and dispose of all of the oil and gas deposits), and to retain an undivided 16.30000% of 8/8ths interest before payout of the Jamie Federal #1 well and an undivided 12.22500% of 8/8ths interest after payout\* of the Jamie Federal #1 well in and to said operating rights.

NOW, THEREFORE, for and in consideration of the premises and the sum of Ten Dollars (\$10.00) and other valuable consideration paid to Assignor by the Assignees, the receipt of which is hereby acknowledged, Assignor does hereby grant, convey, set over and assign unto Assignees the interests set out above in and to the operating rights in said lease and lands, together with a like interest in and to all of the well equipment and personal property located on said lands and used or obtained in connection therewith in the following proportions, to wit:

(See Exhibit "A" Attached Hereto And Made a Part Hereof);

subject to the following:

1. The terms and provisions of the above described oil and gas lease.
2. Operating Agreement dated January 20, 1989, between Read & Stevens, Inc. as Operator and T.T. Sanders, Jr., et al, as Non-Operators.
3. Participation Agreements between Read & Stevens, Inc. and the Assignees herein, for the drilling of the Jamie Federal #1 well on the above described acreage.

RECEPTION  
905912

*Read & Stevens Inc.  
P.O. Box 1518  
Roswell, NM 88202*

Assignment of Operating Rights  
Jamie Federal #1 (Amoco F/O)  
Page 2

- 4. Farmout Contract dated March 1, 1989 by and between Amoco Production Co. and Read & Stevens, Inc. covering the herein described lands.
- 5. Assignment from Amoco Production Co. to Read & Stevens, Inc. made pursuant to the Farmout Contract set out in Paragraph #4 above, covering the herein described lands.

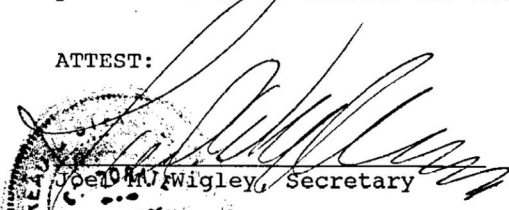
TO HAVE AND TO HOLD said interests unto the Assignees, heirs, personal representatives, (or successor) and assigns, for the full term of said lease and any extensions or renewals thereof.

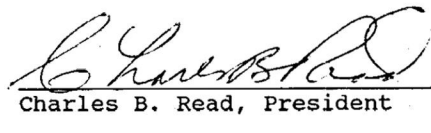
This Assignment is made without warranty whatsoever express, statutory or implied as to description, title, condition, quality, fitness for purposes, merchantability or otherwise.

IN WITNESS WHEREOF, this Assignment is executed the day and year first above written but effective as of September 1, 1989.

ATTEST:

Read & Stevens, Inc.

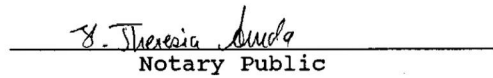
  
 Joseph M. Wigley, Secretary

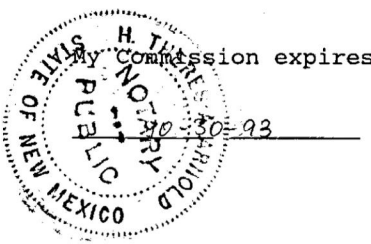
  
 Charles B. Read, President



STATE OF NEW MEXICO )  
 ) SS  
 COUNTY OF CHAVES )

The foregoing instrument was acknowledged before me this 19th day of June, 1990, by Charles B. Read, President of Read & Stevens, Inc., a New Mexico corporation on behalf of said corporation.

  
 Notary Public



ASGN.JAM3  
ASGN.JAM4/NAD#3



Exhibit "A"  
Jamie Federal #1

	Before Payout of Jamie Federal #1 Well	After Payout* of Jamie Federal #1 Well
James A. Clark 7501 Bear Canyon Rd. N.E. Albuquerque, NM 87109	2.5500%	1.91250%
T. T. Sanders, Jr. P.O. Box 550 Roswell, NM 88202	8.50000%	6.3750%
Effco Investments P.O. Box 1085 Roswell, NM 88201	.8500%	.63750%
Charles B. Read Trust A P.O. Box 1518 Roswell, NM 88201	2.00000%	1.500000%
Carolyn Beall P.O. Box 3098 Midland, TX 79702	1.00000%	.75000%
Arnold Ballard P.O. Box 26355 Fort Worth, TX 76116	1.00000%	.75000%
Rex V. Desmond United Bank Plaza 400 No. Pennsylvania, Suite 900 Roswell, NM 88201	.42500%	.31875%
Karen Outland 4405 Emerson Dallas, TX 75205	.85000%	.63750%
David K. Henderson P.O. Box 1518 Roswell, NM 88202	.50000%	.37500%
Rottman Group Six 12100 Wilshire Blvd., Suite 980 Los Angeles, CA 90025	2.12500%	1.59375%
Rottman 1984 Family Trust 12100 Wilshire Blvd., Suite 980 Los Angeles, CA 90025	2.12500%	1.593750%
Southwestern Resources, Inc. 1111 West Country Club Roswell, NM 88201	.85000%	.63750%
New Mexico Salt Water Disposal Company, Inc. P.O. Box 1518 Roswell, NM 88202	2.00000%	1.500000%
Robert or Leah Angevine 3601 Imperial Midland, TX 79707	1.70000%	1.27500%
Pam Adams 1604 Tulane Roswell, NM 88201	.42500%	.31875%

	Before Payout of Jamie Federal #1 Well	After Payout* of Jamie Federal #1 Well
Dr. Terry Angevine 150 Willow Oak Ct. Double Oak, TX 75067-8264	.85000%	.63750%
Richard L. Lust 3805 Ridge Crest Flowermound, TX 75028	.85000%	.63750%
Gordon E. Holland 1984 Revocable Trust 87 Stoneridge Ponca City, OK 74601	4.25000%	3.18750%
James G. Smith P.O. Box 3234 Midland, TX 79702	<u>.85000%</u>	<u>.63750%</u>
Total:	33.70000%	25.27500%

\* The after payout interests set out for the Assignees herein assume an election by Amoco Production Co. to convert its before payout reserved overriding royalty to a working interest at payout of the subject well.

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the  
 27 day of June, A.D. 19 90 at 4:35 o'clock P. M., and duly recorded  
 in BOOK 71 PAGE 382 of the Eddy County Records.  
 KAREN DAVIS, County Clerk By *Sandra L. Bensen* Deputy

EXJF1

Jamie Federal #1 (R&S Leasehold)  
R&S 9394W  
R&S 8495

ASSIGNMENT OF OPERATING RIGHTS

THIS ASSIGNMENT, made and entered into this 10th day of May, 1990 by and between Read & Stevens, Inc., P.O. Box 1518, Roswell, NM 88202, hereinafter referred to as "Assignor" and those parties set out on Exhibit "A" attached hereto and made a part hereof, hereinafter referred to as "Assignees".

WITNESSETH:

WHEREAS, Assignor is the owner of an undivided 50.00% interest in an oil and gas lease dated November 1, 1981, from the United States of America as Lessor, to Read & Stevens, Inc., as Lessee, bearing Serial No. NM-28096 (lease) covering the following described lands in Eddy County, New Mexico:

TOWNSHIP 18 SOUTH, RANGE 31 EAST N.M.P.M.

Section 14: NE/4NW/4

containing 40.00 acres, more or less (lands) insofar as said lease covers those depths from 3,900 feet down to and including 9,290 feet, but in no event below the base of the Bone Springs Formation

and,

WHEREAS, Assignor desires to assign unto Assignees an undivided 36.59012% of 8/8ths interest before payout of the Jamie Federal #1 well and an undivided 35.34012% of 8/8ths interest after payout\* of the Jamie Federal #1 well, in and to the operating rights in said lease and lands, ("the operating rights" being defined as the exclusive right and privilege to test, drill for, mine, extract, remove, and dispose of all of the oil and gas deposits), and to retain an undivided 13.40988% of 8/8ths interest before payout of the Jamie Federal #1 well and an undivided 14.65988% of 8/8ths interest after payout\* of the Jamie Federal #1 well in and to said operating rights.

NOW, THEREFORE, for and in consideration of the premises and the sum of Ten Dollars (\$10.00) and other valuable consideration paid to Assignor by the Assignees, the receipt of which is hereby acknowledged, Assignor does hereby grant, convey, set over and assign unto Assignees the interests set out above in and to the operating rights in said lease and lands, together with a like interest in and to all of the well equipment and personal property located on said lands and used or obtained in connection therewith in the following proportions, to wit:

(See Exhibit "A" Attached Hereto And Made a Part Hereof);

subject to the following:

1. The terms and provisions of the above described oil and gas lease.
2. Operating Agreement dated January 20, 1989, between Read & Stevens, Inc. as Operator and T.T. Sanders, Jr., et al, as Non-Operators.
3. Participation Agreements between Read & Stevens, Inc. and the Assignees herein, for the drilling of the Jamie Federal #1 well on the above described acreage.

RECEPTION  
905913

*Read & Stevens Inc  
P.O. Box 1518  
Roswell, NM 88202*


Assignment of Operating Rights  
Jamie Federal #1  
Page 2

TO HAVE AND TO HOLD said interests unto the Assignees, heirs,  
personal representatives, (or successor) and assigns, for the  
full term of said lease and any extensions or renewals thereof.

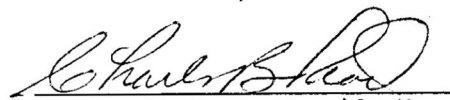
This Assignment is made without warranty whatsoever express,  
statutory or implied as to description, title, condition,  
quality, fitness for purposes, merchantability or otherwise.

IN WITNESS WHEREOF, this Assignment is executed the day and  
year first above written but effective as of September 1, 1989.

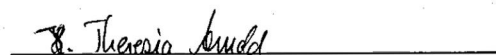
ATTEST:

  
Joel M. Wigley, Secretary  
STATE OF NEW MEXICO )  
COUNTY OF CHAVES )

Read & Stevens, Inc.

  
Charles B. Read, President

The foregoing instrument was acknowledged before me this  
19th day of June, 1990, by Charles B. Read, President  
of Read & Stevens, Inc., a New Mexico corporation on behalf of  
said corporation.

  
Notary Public

My Commission expires:

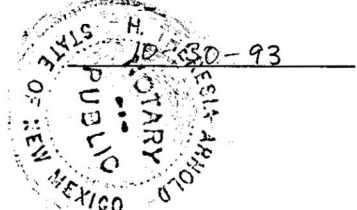
  
ASGN. JAM  
ASGN. JAM1/NAD#3

Exhibit "A"  
Jamie Federal #1

	Before Payout of Jamie Federal #1 Well	After Payout* of Jamie Federal #1 Well
T.T. Sanders, Jr. P.O. Box 550 Roswell, NM 88202	2.25000%	2.25000%
Charles B. Read P.O. Box 1518 Roswell, NM 88202	2.00000%	2.00000%
Dan Lough 830 West Gore Lovington, NM 88260	.50000%	.50000%
Thomas M. Beall P.O. Box 3098 Midland, TX 79702	1.00000%	1.00000%
James B. and Mary Read P.O. Box 1370 Dallas, TX 75221-1370	1.00000%	1.00000%
Charles B. Read Trust A P.O. Box 1518 Roswell, NM 88202	1.00000%	1.00000%
Haskell H. Bass, Jr. 6823 S. Florence Ave. Tulsa, OK 74136	3.75000%	3.75000%
Bernhardt Oil Company 9413 Nawassa Midwest City, OK 73130	3.00000%	3.00000%
Neil Sisson P.O. Box 2234 Ardmore, OK 73402	1.00000%	1.00000%
R&S Employee Royalty Pool P.O. Box 1518 Roswell, NM 88202	1.00000%	1.00000%
David K. Henderson P.O. Box 1518 Roswell, NM 88202-1518	1.00000%	1.00000%
John C. Maxey, Jr. P.O. Box 1518 Roswell, NM 88202-1518	.25000%	.25000%
William A. Bradshaw, III P.O. Box 1518 Roswell, NM 88202-1518	.50000%	.50000%
Rottman Group Six 12100 Wilshire Blvd. Suite 980 Los Angeles, CA 90025	1.87500%	1.87500%
Rottman 1894 Family Trust 12100 Wilshire Blvd. Suite 980 Los Angeles, CA 90025	1.87500%	1.87500%

	Before Payout of Jamie Federal #1 Well	After Payout* of Jamie Federal #1 Well
Lisa Chambers 3307 Extrellita Dr. Roswell, NM 88201	.25000%	.25000%
Jamie Dennis P.O. Box 1518 Roswell, NM 88202-1518	.50000%	.50000%
Marion Riley P.O. Box 1518 Roswell, NM 88202-1518	.50000%	.50000%
Mike Jones 4704 79th Street Lubbock, TX 79424	.50000%	.50000%
Gordon E. Holland 1984 Revocable Trust 87 Stoneridge Ponca City, OK 74601	.42160%	.37200% *
H. W. Allen Company 4835 South Peoria Tulsa, OK 74105	1.84312%	1.84312%
N.M. Western Minerals, Inc. P.O. Box 1738 Roswell, NM 88202	.37200%	.37200%
Mamie L. Anderson 9005 Santa Clara Dallas, TX 75218	.42160%	.37200% *
Don A. Buchholz 1201 Elm St., Suite 4300 Dallas, TX 75270	1.26480%	1.11600% *
Pete W. Cawthon, Jr. P.O. Box 318 Hunt, TX 78024	.42160%	.37200% *
James R. Cavalieri 10 Chapman Rd. East Hampton, CT 06424	.84328%	.74407% *
Merry Lou Christiansen 5121 S. Pratt Springfield, MO 65807	.42160%	.37200% *
D.H.B. Partnership 8144 Walnut Hill Lane Suite 982, LB 51 Dallas, TX 75240	.42160%	.37200% *
Cavin C. Desmond Trust 400 N. Penn., Suite 900 Roswell, NM 88201	.42160%	.37200% *
Virginia C. Desmond Trust 400 N. Penn., Suite 900 Roswell, NM 88201	.42160%	.37200% *
James P. Dowell 700 West Virginia St. McKinney, TX 75069	.42160%	.37200% *

	Before Payout of Jamie Federal #1 Well	After Payout* of Jamie Federal #1 Well
Florence Ann Holland 1979 Revocable Trust 87 Stoneridge Ponca City, OK 74601	.84328%	.74407% *
Jack C. Holland 216 Goddard Blvd., Suite 10 King of Prussia, PA 19406	.42168%	.37208% *
Phillip G. Huey 6330 E. University Dallas, TX 75214	.42160%	.37200% *
M.P.S., Inc. P.O. Box 52308 Tulsa, OK 74152-0308	.42160%	.37200% *
Bruce Alan MacNaughton Trust NCNB Texas National Bank P.O. Box 852029 Dallas, TX 75283-2029	.42168%	.37208% *
Frank Montgomery 188 East Capitol St. Suite 1010 Jackson, MS 39205	.21089%	.18607% *
Ralph E. Peacock 7925 E. 40th St. Tulsa, OK 74145	.42169%	.37208% *
Donald E. Richter 9 Willow Wood Dallas, TX 75205	.42160%	.37200% *
Alfred J. Rodriguez 7777 Forest Lane Dallas, TX 75230	.50601%	.44648% *
Anthony & Carol Schuman 17304 Preston Rd., Suite 975 Dallas, TX 75252	.21089%	.18607% *
Raymond R. Trollinger, Jr. & Sharron Trollinger, joint tenants 2915 LBJ Freeway, Suite 161 Dallas, TX 75234	.42160%	.37200% *
Marion T. Turner 2001 Bryan Tower, Suite 2875 Dallas, TX 75201	<u>.42160%</u>	<u>.37200% *</u>
Total:	36.59012%	35.34012%

\* The after payout interest of these parties shall be determined in accordance with that certain Confidential Memorandum dated October 1, 1988 for the Read & Stevens, Inc. 1988 Drilling Program which specifies a payout of the entire drilling program rather than an individual well payout.

EXJF4/WD#4

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the  
 27 day of June, A.D. 19 90 at 4:36 o'clock P. M., and duly recorded  
 in BOOK 71 PAGE 386 of the Eddy County Records.  
 KAREN DAVIS, County Clerk By Judy Humphrey Deputy

Jamie Fed. #1 (Industry Partners, 1988  
Drilling Program & Internal Partners  
and Amoco F/O Partners) R&S #9394W

ASSIGNMENT OF OPERATING RIGHTS

THIS ASSIGNMENT, made and entered into this 20<sup>th</sup> day of January, 1992 by and between Read & Stevens, Inc., P.O. Box 1518, Roswell, NM 88202, hereinafter referred to as "Assignor" and those parties set out on Exhibit "A" attached hereto and made a part hereof, hereinafter referred to as "Assignees".

WITNESSETH:

WHEREAS, Assignor is the owner of an undivided 100.00% of 8/8ths before payout interest and an 87.5% of 8/8ths after payout interest in the oil and gas lease set out below, covering the following described lands in Eddy County, New Mexico.

R&S #: 8495  
Lessor: USA (NM-28096)  
Lessee: S.V. Perry etal  
Date: 5/1/89  
Book/Pages: BLM Records

TOWNSHIP 18 SOUTH, RANGE 31 EAST, N.M.P.M.  
Section 14: NE/4NW/4  
Containing 40.00 acres, more or less,

LIMITED IN DEPTH from 3,900 feet below the surface of the earth down to and including, but not below, that subsurface depth of 9,293 feet but in no event below the base of the Bone Spring formation, (lands), and,

WHEREAS, Assignor desires to assign unto Assignees an undivided 70.29012% of 8/8ths before payout interest and a 60.61512% of 8/8ths after payout interest in and to the operating rights in said lease and lands, ("the operating rights" being defined as the exclusive right and privilege to test, drill for, mine, extract, remove, and dispose of all of the oil and gas deposits), and to retain an undivided 29.70988% of 8/8ths before payout interest and a 26.88488% of 8/8ths after payout interest in and to said operating rights. The term "payout" used herein refers to the Jamie Federal #1 well.

NOW, THEREFORE, and in consideration of the premises and the sum of Ten Dollars (\$10.00) and other valuable consideration paid to the Assignor by the Assignees, the receipt of which is hereby acknowledged, Assignor does hereby grant, convey, set over and assign unto Assignees the interests set out above in and to the interest in and to all of the well equipment and personal property located on said lands and used or obtained in connection therewith in the following proportions, to wit:

(See Exhibit "A" Attached Hereto And Made a Part Hereof);

Subject to the following:

- 1.) The terms and provision of the oil and gas lease set out above.
- 2.) Operating Agreement dated January 20, 1990 between Read & Stevens, Inc., as Operator, and Amoco Production Company etal, as Non-Operators, and all Amendments thereto.
- 3.) Purchase and Sale Agreements dated December 18, 1988 between Assignor and Assignees.

RECEPTION  
92 653

Read + Stevens Inc  
PO Box 1518  
Roswell NM 88202



Assignment of Operating Rights  
Jamie Fed. #1  
Page 2

- 4.) Farmout Agreement dated March 1, 1989 between Amoco Production Company, as farmor, and Read & Stevens, Inc., as farmee.
- 5.) Read & Stevens, Inc. 1988 Drilling Program.
- 6.) Assignment dated January 8, 1991 but effective October 6, 1990 from Amoco Production Company to Read & Stevens, Inc., recorded in Book 85 at Page 1044 of the Records of Eddy County, New Mexcio.

(See Exhibit "A" to determine which interests are subject to which instruments listed above).

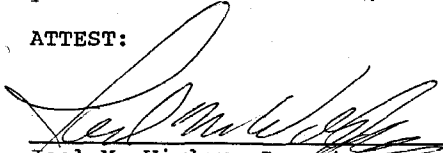
TO HAVE AND TO HOLD said interests unto the Assignees, heirs personal representatives, (or successor) and assigns, for the full term of said lease and any extensions or renewals thereof.


This Assignment is made without warranty whatsoever express, statutory or implied as to description, title, condition, quality, fitness for purposes, merchantability or otherwise.

IN WITNESS WHEREOF, this Assignment is executed the day and year first above written but effective as of September 1, 1989.

ATTEST:

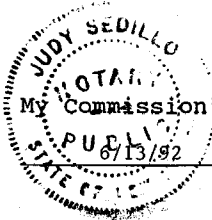
READ & STEVENS, INC.

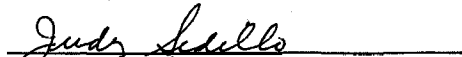
  
 \_\_\_\_\_  
 Joel M. Wigley, Secretary

  
 \_\_\_\_\_  
 Charles B. Read, President

STATE OF NEW MEXICO    )  
                                   )SS  
 COUNTY OF CHAVES        )

The foregoing instrument was acknowledged before me this 20th day of January, 1992, by Charles B. Read, President of Read & Stevens, Inc., a New Mexico Corporation on behalf of said Corporation.



  
 \_\_\_\_\_  
 Notary Public

assi.jamiel

EXHIBIT "A"  
JAMIE FEDERAL #1

	SUBJECT TO ITEM # ON P. 1	OPERATING RIGHTS	
		BPO	APO
H.W. Allen Company 4835 South Peoria Tulsa, OK 74105	1,2,3,6	1.84312%	1.84312%
N.M. Western Minerals, Inc. P.O. Box 1738 Roswell, NM 88202-1738	1,2,3,6	.372%	.372%
T.T. Sanders, Jr. P.O. Box 550 Roswell, NM 88202	1,2,3,6 4	2.25% 8.50% 10.75%	2.250% 6.375% 8.625%
Haskell H. Bass, Jr. 6823 S. Florence Ave. Tulsa, OK 74136	1,2,3,6	3.75%	3.75%
JasDec Oil Partners 308 East Carrillo Street Santa Barbara, CA 93101	1,2,3,6 4	3.75% 4.25% 8.00%	3.7500% 3.8175% 6.9375%
Bernhardt Oil Company 9413 Nawassa Midwest City, OK 73130	1,2,3,6	3.000%	3.000%
DHB Partnership 8144 Walnut Hill Lane Suite 982, LB 51 Dallas, TX 75240	1,2,5,6	.4216%	.372%
Merry Lou Christiansen 5121 S. Pratt Springfield, MO 65807	1,2,5,6	.4216%	.372%
Mamie L. Anderson 9005 Santa Clara Dallas, TX 75218	1,2,5,6	.4216%	.372%
Cavin C. Desmond Trust 400 N. Penn., Suite 900 Roswell, NM 88202	1,2,5,6	.4216%	.372%
Virginia C. Desmond Trust 400 N. Penn., Suite 900 Roswell, NM 88202	1,2,5,6	.4216%	.372%
Gordon E. Holland 1984 Revocable Trust P.O. Box 1364 Ponca City, OK 74601-1364	1,2,5,6 4	.4216% 4.2500% 4.6716%	.372% 3.1875% 3.5595%
Florence Ann Holland 1979 Revocable Trust 87 Stoneridge Ponca City, OK 74601	1,2,5,6	.84328%	.74407%
Don A. Buchholz 1201 Elm St., Ste. 4300 Dallas, TX 75270	1,2,5,6	1.2648%	1.1160%
Marion Turner c/o Wanda Warren 3131 McKinney, Suite 490 Lock Box 102 Dallas, TX 75204	1,2,5,6	.4216%	.3720%

EXHIBIT "A"  
JAMIE FEDERAL #1

Page 2

	SUBJECT TO ITEM # ON P. 1	OPERATING RIGHTS	
		BPO	APO
James P. Dowell 13773 N. Central Expressway Suite 1630 Dallas, TX 75243	1,2,5,6	.4216%	.3720%
Alfred J. Rodriguez 7777 Forest Lane Dallas, TX 75230	1,2,5,6	.50601%	.44648%
Bruce Alan MacNaughton Trust NCNB Texas National Bank P.O. Box 852029 Dallas, TX 75283-2029	1,2,5,6	.42168%	.37208%
Ralph E. Peacock 7918B E. 40th Street Tulsa, OK 74145	1,2,5,6	.42169%	.37208%
Donald E. Richter 9 Willow Wood Dallas, TX 75205	1,2,5,6	.42160%	.3720%
G. Phillip Huey 6330 E. University Dallas, TX 75214	1,2,5,6	.42160%	.3720%
Jack C. Holland 216 Goddard Blvd., Suite 10 King of Prussia, PA 19406	1,2,5,6	.42168%	.37208%
MPS, Inc. P.O. Box 52308 Tulsa, OK 74152-0308	1,2,5,6	.4216%	.3720%
Pete W. Cawthon, Jr. P.O. Box 318 Hunt, TX 78024	1,2,5,6	.4216%	.3720%
Raymond R. Trollinger, Jr. & Sharon S. Trollinger 2915 LBJ Freeway, Suite 161 Dallas, TX 75234	1,2,5,6	.4216%	.3720%
Charles B. Read P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6	2.0000%	2.0000%
R&S Employee Royalty Pool P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6	1.0000%	1.0000%
Charles B. Read Trust "A" P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6 4	1.0000% <u>2.0000%</u> 3.0000%	1.0000% <u>1.5000%</u> 2.5000%
Thomas M. Beall P.O. Box 3098 Midland, TX 79702-3098	1,2,3,6	1.0000%	1.0000%
David K. Henderson P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6 4	1.0000% <u>.5000%</u> 1.5000%	1.0000% <u>.3750%</u> 1.3750%

EXHIBIT "A"  
JAMIE FEDERAL #1

Page 3

	SUBJECT TO ITEM # ON P. 1	OPERATING RIGHTS	
		BPO	AP0
Dan Lough 830 West Gore Lovington, NM 88260	1,2,3,6	.5000%	.5000%
Marion Riley P.O. 1518 Roswell, NM 88202-1518	1,2,3,6	.5000%	.5000%
Jamie Dennis P.O. 1518 Roswell, NM 88202-1518	1,2,3,6	.5000%	.5000%
Lisa Chambers 1901 N. Garden Roswell, NM 88201	1,2,3,6	.2500%	.2500%
New Mexico Salt Water Disposal Company P.O. Box 1518 Roswell, NM 88202-1518	1,2,4,6	2.0000%	1.5000%
James Clark 7501 Bear Canyon Rd. N.E. Albuquerque, NM 87109	1,2,4,6	2.55%	1.9125%
Rex V. Desmond United Bank Plaza, Suite 900 Roswell, NM 88201	1,2,4,6	.425%	.31875%
Southwestern Resources, Inc. 1111 West Coutry Club Roswell, NM 88201	1,2,4,6	.850%	.6375%
Arnold Ballard P.O. Box 122208 Fort Worth, TX 76121-2208	1,2,6 4	.500% .500% 1.000%	.375% .375% .750%
James B. & Mary Read P.O. Box 638 Ardmore, OK 73402	1,2,3,6	.2500%	.2500%
Pam Adams 1604 Tulane Roswell, NM 88201	1,2,4,6	.425%	.31875%
L. Richard Lust 3805 Ridgecrest Flower Mound, TX 75028	1,2,4,6	.850%	.6375%
Dr. Terry Angevine 150 Willow Oak Ct. Double Oak, TX 75067-8264	1,2,4,6	.850%	.6375%
Effco Investments P.O. Box 1085 Roswell, NM 88202-1085	1,2,4,6	.850%	.6375%
Robert & Leah Angevine 3601 Imperial Midland, TX 79707	1,2,4,6	1.700%	1.275%
Carolyn Beall P.O. Box 3098 Midland, TX 79702-3098	1,2,4,6	1.000%	.750%

EXHIBIT "A"  
JAMIE FEDERAL #1

	SUBJECT TO ITEM # ON P. 1	OPERATING RIGHTS	
		BPO	APO
James Smith P.O. Box 3234 Midland, TX 79702-3234	1,2,4,6	.850%	.6375%
James R. Cavalieri 10 Chapman Road East Hampton, CT 06424	1,2,5,6	.84328%	.74407%
Anthony L. & Carol Schuman 5622 Twin Brooks Drive Dallas, TX 75252	1,2,5,6	.21089%	.18607%
Frank Montgomery 9 Moss Forest Place Jackson, MS 39211	1,2,5,6	.21089%	.18607%
Neil Sisson P.O. Box 2234 Ardmore, OK 73402	1,2,3,6	1.0000%	1.0000%
John C. Maxey, Jr. P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6	.2500%	.2500%
William A. Bradshaw, III P.O. Box 1518 Roswell, NM 88202-1518	1,2,3,6	.5000%	.5000%
Mike Jones 4704 79th Street Lubbock, TX 79424	1,2,3,6	.5000%	.5000%
Bryan & Nancy C. Bilderback 3810 Midforest Drive Houston, TX 77068	1,2,3,6	.7500%	.7500%
Karen Outland 4405 Emerson Dallas, TX 75205	1,2,4,6	.850%	.6375%

TOTAL INTEREST CONVEYED: 70.29012% 60.61512%

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the  
21 day of January, A.D. 19 92 at 1:40 o'clock P. M., and duly recorded  
in BOOK 113 PAGE 701 of the Eddy County Records.

KAREN DAVIS, County Clerk

By Linda Donaldson Deputy



4. R&S Lease #: 8493  
 Lessor: U.S.A.; LC-047633-A  
 Lessee: Sibyl V. Perry, et vir  
 Date: December 1, 1988  
 Recorded: BLM
- Description: T18S-R31E, N.M.P.M.  
 Section 14: S/2NE/4, NE/4NE/4, NW/4NE/4,  
 SE/4NW/4
- Covering 200 acres, more or less, in  
 Eddy County, New Mexico.
5. R&S Lease #: 9253  
 Lessor: U.S.A.; NM NM-66485  
 Lessee: James D. Short  
 Date: December 1, 1971  
 Recorded: BLM
- Description: T15S-R29E, N.M.P.M.  
 Section 15: N/2SW/4, SE/4SW/4, S/2SE/4
- Containing 200\* acres, more or less, in  
 Chaves County, New Mexico.
6. FLAG TD STATE NO. 1
- R&S Lease #: 8843  
 Lessor: State of New Mexico #L-6367  
 Lessee: Bell Petroleum Company  
 Date: July 1, 1971  
 Recorded: N/A
- Description: ONLY INSOFAR AS LEASE COVERS FOLLOWING LANDS:  
T19S-R29E, N.M.P.M.  
 Section 18: Lots 3 and 4
- Covering 65.40 acres, more or less, in  
 Eddy County, New Mexico.
- LIMITED IN DEPTH from the surface to the base  
 of the Morrow formation.
- Subject to: Operating Agreement dated October 1, 1980,  
 between Threshold Development Company, as  
 Operator, and Pennzoil Company, et al, as Non-  
 Operators.

EXHIBIT "A"

ATTACHED TO AND MADE A PART OF THAT CERTAIN ASSIGNMENT AND BILL OF SALE WITH EFFECTIVE DATE OF MARCH 1, 1995, BY AND BETWEEN CHARLES B. READ TRUST "A", AS ASSIGNOR, AND CAROLYN R. BEALL, ET AL, AS ASSIGNEES.

1. BUNKER HILL WATERFLOOD UNIT

R&S Lease #: 8689  
 Lessor: State of New Mexico; E-4199  
 Lessee: Read & Stevens, Inc.  
 Date: September 11, 1950  
 Recorded: Not recorded

Description: T16S-R31E, N.M.P.M.  
 Section 13: S/2SW/4; NE/4NW/4  
 Section 24: N/2NW/4; SW/4NW/4  
 From Surface to the Base of the Premier formation, Eddy County, New Mexico.

Subject to: Unit Agreement & Unit Operating Agreement dated November 1, 1988 designating Read & Stevens, Inc., as Operator of the Bunker Hill Waterflood Unit.

2. JAMIE FEDERAL NOS. 1, 2 & 3

R&S Lease #: 8495  
 Lessor: U.S.A.; Serial # NM-28096  
 Lessee: Sibyl V. Perry, et vir  
 Date: May 1, 1989  
 Recorded: BLM

Description: T18S-R31E, N.M.P.M  
 Section 14: NE/4NW/4 LIMITED to that depth interval from 3900' down to 9290'.  
 Section 14: NW/4NW/4 LIMITED to that depth interval from 3900' down to 4552'.  
 Section 14: SW/4NW/4 LIMITED to that depth interval from 3900' down to 4611'.

Covering 120 acres, more or less, in Eddy County, New Mexico.

Subject to: Operating Agreement dated January 20, 1989 between Read & Stevens, Inc., as Operator, and Amoco Production Co., et al, as Non-Operators.

3. MARBOB STATE NO. 1

R&S Lease #: 9283  
 Lessor: State of New Mexico #V-2293  
 Lessee: Read & Stevens, Inc.  
 Date: May 1, 1987  
 Recorded: Not recorded

Description: T19S-R29E, N.M.P.M.  
 Section 19: NE/4NE/4

Covering 40 acres, more or less, in Eddy County, New Mexico.

Subject to: Operating Agreement dated January 20, 1989, between Read & Stevens, Inc., as Operator, and Abby Corporation, et al, as Non-Operators.  
 STATE OF NEW MEXICO )  
 County of Eddy ) ss.

FILED AUG 3 1995 FOR RECORD  
 at 1:38 o'clock P.M. and was duly recorded in BOOK 225 PAGE 980 of the Records of Eddy County  
 Karep Davis, County Clerk  
 By: *[Signature]* Deputy

