

CASE 7421: DOYLE HALTMAN FOR COMPULSORY  
POOLING, UNORTHODOX WELL LOCATION AND  
NON-STANDARD SPACING UNIT, LEA COUNTY,  
NEW MEXICO

Flowers -  
pls furnish  
five cover w/  
marked docket  
to send to  
prosecutors

DOCKET MAILED  
Date 11/26/81  
11/20/81

at reopening  
on 12-4  
USGS objected to now and per unit  
this & the unavailability of  
already in the approved  
is all that is  
this case

CASE NO.

7421

APPLICATION,  
TRANSCRIPTS,  
SMALL EXHIBITS,  
ETC.

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
6 January 1982

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for  
compulsory pooling, unorthodox loca-  
tion, and a nonstandard spacing unit,  
Lea County, New Mexico.

CASE  
7421

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:



1  
2 MR. NUTTER: Call next Case Number 7421.

3 MR. PEARCE: Application of Doyle Hart-  
4 man for compulsory pooling, unorthodox well location, and a  
5 nonstandard spacing unit, Lea County, New Mexico.

6 MR. NUTTER: Applicant has requested  
7 this case be dismissed.

8 Case Number 7421 will be dismissed.

9 The hearing is adjourned.

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11 (Hearing concluded.)  
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete and correct record of the proceedings in the Examining Hearing of Case No. 7421 heard by me on 2/6/82.  
[Signature] Examiner  
Oil Conservation Division

STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
2 December 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for  
compulsory pooling, unorthodox well  
location, and nonstandard spacing  
unit, Lea County, New Mexico.

CASE  
7421

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.  
CAMPBELL, BYRD, & BLACK P.A.  
Jefferson Place  
Santa Fe, New Mexico 87501

1  
2 MR. NUTTER: We'll call next Case 7421.

3 MR. PEARCE: Application of Doyle Hartman  
4 for compulsory pooling, unorthodox well location, and non-  
5 standard spacing unit, Lea County, New Mexico.

6 MR. CARR: May it please the Examiner,  
7 this case was heard two weeks ago and was readvertised to  
8 correct an error in the legal advertisement.

9 MR. NUTTER: Are there any appearances  
10 in Case Number 7421?

11 MR. LUCCOCK: Mr. Examiner, I'm Henry  
12 Luccock with the USGS, and I don't believe we registered any  
13 objection when it was heard, so we are opposed to the unortho-  
14 dox proration unit.

15 MR. NUTTER: You are opposing --

16 MR. LUCCOCK: We are opposed.

17 MR. CARR: May it please the Commission,  
18 I would also call to your attention that the nonstandard  
19 location for the well, or the unorthodox location for the  
20 well and the nonstandard proration unit was approved admini-  
21 stratively by this Commission several days ago by Order NSP-  
22 1272.

23 MR. NUTTER: So in effect all that's re-  
24 maining is the compulsory pooling portion of the application?

25 MR. CARR: That is correct.

1  
2 MR. NUTTER: Does USGS have objections  
3 to that portion of the case?

4 MR. LUCCOCK: No, we don't.

5 MR. NUTTER: The record will reflect --  
6 the case will be taken under advisement based on the record  
7 made at the previous hearing of Case 7421.

8 And the case is taken under advisement.  
9

10 (Hearing concluded.)  
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C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd C.S.R.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 2421, heard by me on 12/2 1981.

[Signature] Examiner  
Oil Conservation Division

SALLY W. BOYD, C.S.R.

Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

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STATE OF NEW MEXICO  
ENERGY AND MINERALS DEPARTMENT  
OIL CONSERVATION DIVISION  
STATE LAND OFFICE BLDG.  
SANTA FE, NEW MEXICO  
19 November 1981

EXAMINER HEARING

IN THE MATTER OF:

Application of Doyle Hartman for  
compulsory pooling, unorthodox well  
location, and nonstandard spacing  
unit, Lea County, New Mexico.

CASE  
7421

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation  
Division:

W. Perry Pearce, Esq.  
Legal Counsel to the Division  
State Land Office Bldg.  
Santa Fe, New Mexico 87501

For the Applicant:

William F. Carr, Esq.  
CAMPBELL, BYRD, & BLACK P.A.  
Jefferson Place  
Santa Fe, New Mexico 87501

## I N D E X

## WILLIAM P. AYCOCK

Direct Examination by Mr. Carr 4

Cross Examination by Mr. Stamets 20

## E X H I B I T S

Applicant Exhibit One, Map 5

Applicant Exhibit Two, Letter 7

Applicant Exhibit Three, Summary 9

Applicant Exhibit Four, Correspondence 11

Applicant Exhibit Five, Summary 12

Applicant Exhibit Six, Cross Section 16

Applicant Exhibit Seven, Cross Section 17



1  
2 MR. STAMETS: The hearing will please  
3 come to order.

4 We'll call at this time Case 7421.

5 MR. PEARCE: Application of Doyle Hart-  
6 man for compulsory pooling, unorthodox well location, and a  
7 nonstandard spacing unit, Lea County, New Mexico.

8 MR. CARR: May it please the Commission,  
9 or the Examiner, my name is William F. Carr, with the law  
10 firm Campbell, Byrd, and Black, P. A., of Santa Fe, appearing  
11 on behalf of the applicant.

12 I have one witness who needs to be  
13 sworn.

14  
15 (Witness sworn.)  
16

17 MR. CARR: Initially, Mr. Stamets, I  
18 would like to advise you that there was an error in the ad-  
19 vertisement as originally advertised. The well is proposed  
20 to be drilled at a location 660 from the south line and 330  
21 from the west line, not 2310 from the south line.

22 We advised the Commission about this, oh  
23 about a week ago, and the ad has been corrected and it's  
24 being readvertised for December 2nd.

25 MR. STAMETS: It's 660 and 3 --

MR. CARR: And 330 from the west line.

MR. STAMETS: Okay. What, that will be readvertised for the December 2nd hearing?

MR. CARR: Yes, sir.

MR. STAMETS: Okay, thank you.

WILLIAM P. AYCOCK

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

DIRECT EXAMINATION

BY MR. CARR:

Q Will you state your name and place of residence?

A William P. Aycock, Midland, Texas.

Q By whom are you employed and in what capacity?

A By Doyle Hartman in connection with the application docketed as Case 7421 for today's docket.

Q Have you previously testified before this Commission or one of its Examiners and had your credentials as a petroleum engineer accepted and made a matter of record?

A I have.

1

2

Q. Are you familiar with the application

3

filed in this case in behalf of Mr. Hartman?

4

A. I am.

5

Q. Are you familiar with the subject land

6

and the proposed ell?

7

A. I am.

8

MR. CARR: Are the witness' qualifica-

9

tions acceptable?

10

MR. STAMETS: Yes.

11

Q. Mr. Aycock, will you briefly state what

12

Mr. Hartman seeks in this application?

13

A. Mr. Hartman is seeking compulsory

14

pooling, unorthodox well location, and a nonstandard proration

15

unit for a lease, a 120-acre nonstandard spacing unit, con-

16

sisting of the south half southwest quarter and northwest

17

quarter southwest quarter, Section 3, Township 20 South,

18

Range 37 East, to be dedicated to a proposed Eumont gas well

19

to be located at an unorthodox location 660 feet from the

20

south line and 330 feet from the west line of Section 3.

21

Q. Will you please refer to what has been

22

marked for identification as Applicant's Exhibit One and

23

identify this and review it for Mr. Stamets?

24

A. Exhibit One is a combined Penrose

25

structure map and land plat of the 9-section block including

1  
2 Section 3, Township 20 South, Range 37 East, as well as the  
3 immediately surrounding sections, which shows the proposed  
4 120-acre nonstandard proration unit, the proposed location,  
5 not as advertised but as what's stated, i.e. 660 feet from  
6 the south and 330 feet from the west, with the trace of two  
7 cross sections, which will subsequently be put into evidence.

8 It shows the offsetting operators, which  
9 will be -- which we will show subsequently that have been  
10 contacted in preparation for an administrative request for  
11 this location. The contacts with them were made by letter,  
12 which did show the correct location, not as advertised, but  
13 as requested, those operators being Exxon Corporation, and  
14 W. K. Byrom to the west and north, Byrom to the north only,  
15 Continental Oil Company to the east, and Texaco and Amerada  
16 to the south and southwest, respectively.

17 Q What would be a standard spacing unit  
18 in the Eumont?

19 A The Eumont is 640 acres, I believe.

20 Q I notice there's a Tenneco well shown  
21 on this, the subject proration unit. What is the status  
22 of that well?

23 A The status of that well is that, to our  
24 knowledge it has not yet been plugged. There is a form C-103  
25 that we found on file in the Commission's Hobbs Office, which

1  
2 was submitted to the Commission on July 1st, 1981, and which  
3 was executed by Mr. Sexton, the supervisor on July 6, 1981,  
4 which proposes to plug and abandon this well. The well has  
5 not been productive for over a year and a half. Mr. Hartman  
6 has taken new leases on the property and he has requested  
7 Tenneco to plug and abandon the well in conformance with this  
8 proposal submitted and approved by the Commission and to pro-  
9 vide the Commission with adequate evidence that the work has  
10 been done so that he may begin the new development of the  
11 lease.

12 Q Will you now refer to what has been  
13 marked Hartman Exhibit Number Two and identify this for Mr.  
14 Stamets?

15 A Exhibit Number Two is the letter to Mr.  
16 Stamets that initiated the administrative request for the  
17 subject of this hearing; i.e. the 120-acre nonstandard pro-  
18 duction unit and the unorthodox location.

19 And once again the location, this letter  
20 is dated October 20th, 1981, and it once again refers to the  
21 correct location, not as advertised, but as requested; i.e.  
22 660 feet from the south and 330 feet from the west line.  
23 He provided a list of the offsetting operators in this ad-  
24 ministrative request, a tabulation, and a map, and we also  
25 have the certified mail receipts showing that these were

1  
2 mailed to and received by all of the parties who have just  
3 previously been enumerated.

4 In addition to that, on October 21st,  
5 1981, a revised letter was furnished to the Commission to Mr.  
6 Stamets attention in which time a correction was made in who  
7 owned the rights in the area. In the meantime Mr. Hartman had  
8 determined that W. K. Byrom did not control all of the rights,  
9 that Exxon Company, U.S.A., was also involved, and this let-  
10 ter, dated October 21st, was provided to the Commission, was  
11 provided to all of the affected parties, with a tabulation  
12 of their interests, the number of acres that they controlled  
13 in which section, an explanatory map, and included once again  
14 are copies of the labels with the mailing addresses, certi-  
15 fied transmission receipts, showing when each of these was  
16 mailed, a copy of the certified receipt before execution and  
17 after execution, showing the date on which it was received  
18 by each of the affected parties.

19 Q Mr. Aycock, did you receive waivers  
20 from any of the affected parties?

21 A We have actually received a waiver from  
22 W. K. Byrom, dated the 26th of October, 1981, and we have  
23 received from Conoco, Inc., a letter that did not include  
24 a waiver but that stated that Conoco would not formally op-  
25 pose the request that's being made in this hearing, and they

1  
2 understood what they were not opposing was the 660-330 loca-  
3 tion, because that was clearly enumerated in the letter that  
4 was provided to them.

5 Q. And copies of the Conoco letter and the  
6 waiver from Byrom are included in Exhibit Two, is that correct?

7 A. That's correct.

8 Q. Will you now refer to Hartman Exhibit  
9 Three and identify this for Mr. Stamets?

10 A. Hartman Exhibit Three is a summary under  
11 the northwest quarter southwest quarter and south half south-  
12 west quarter of Section 3, Township 20 South, Range 37 east,  
13 of the net acres and percentages of the total proposed pro-  
14 ration unit that have been committed to leasehold, signed at  
15 this time to Doyle Hartman, unleased interest that have indi-  
16 cated verbally they will be committed to Doyle Hartman, but  
17 have not yet been received.

18 I'll call the Examiner's attention to the  
19 fact that leases signed and firmly committed to Doyle Hartman  
20 at this time comprise approximately 101.2 acres, or approxi-  
21 mately 84.3 percent of the proposed nonstandard proration unit.  
22 Unleased interests that have verbally indicated that they will  
23 lease to Doyle Hartman, approximately 10.3 net acres, or 8.6  
24 percent of the proposed 120-acre nonstandard proration unit,  
25 with a subtotal of the unleased -- of the leased interest and

1  
2 the unleased interest that have indicated they will become  
3 leased interests, of approximately 111.5 net acres, or ap-  
4 proximately 90.9 percent of the proposed 120-acre nonstandard  
5 proration unit.

6 In addition there are certain unleased  
7 interests which have indicated that they will join as to a  
8 working interest voluntarily. Those comprise approximately  
9 8.5 net acres, or about 7.1 percent, for a grand total of  
10 120 acres and 100 percent of the proposed 120-acre nonstandard  
11 proration unit.

12 Q At this time it appears that all the in-  
13 terests in the nonstandard proration unit will voluntarily  
14 join in this drilling of the well.

15 A That is what they have told Mr. Eddie  
16 Gorrance, who has done all of the land work for Mr. Hartman  
17 as a consultant.

18 We have letters which will subsequently  
19 be put into evidence that show that these contacts were made  
20 and what the results were, yes.

21 Q But you do desire to go forward with  
22 the pooling hearing.

23 A As a precautionary measure only. One of  
24 the interests, which we will describe more fully later, is  
25 owned by a gentleman who lives in Truth or Consequences and



1  
2 does not have a telephone, and we have been unable to contact  
3 him. We've talked to his daughter, Mr. Gorrance, that is,  
4 has talked to his daughter, who has indicated that she believes  
5 that her father will probably, will either want to lease or  
6 to join, probably to lease. We're not absolutely certain and  
7 to allow us to go forward with the drilling, to get it done  
8 in 1981 when the rig is available, in a timely fashion, we're  
9 asking for the forced pooling order as a precaution only.

10 We will make every possible effort to  
11 give everybody a chance to voluntarily either join or lease  
12 if they wish to.

13 Q Mr. Aycock, will you now review Exhibit  
14 Four for Mr. Stamets?

15 A Exhibit Four is a package of correspon-  
16 dence that contains all of the pertinent correspondence with  
17 the -- with El Paso Natural Gas Company pertaining to the  
18 connection of this proposed well and with each of these in-  
19 terests that are involved in the proposed 120-acre nonstand-  
20 ard proration unit, both as to those that have indicated they  
21 will join and those that have indicated they would prefer to  
22 lease. It is all documented.

23 I will not go into it in detail unless  
24 the Examiner prefers. In each letter Mr. Gorrance makes it  
25 clear that the contact is being made on behalf of Doyle Hart-

1 man; that it is in preparation for this hearing; that he would  
2 prefer to work out something voluntarily with the people if  
3 at all possible on either leasing or joining in the drilling;  
4 copies of the leases provided to those who have indicated  
5 that they would prefer to lease. Each contact is there. In  
6 some cases there is more than one contact. There are two  
7 interests that have indicated that they would prefer to join.  
8 Those interests have been furnished an AFE and an invoice for  
9 the amount that would -- of the proposed AFE drilling costs  
10 that pertained to their proposed working interest participa-  
11 tion.  
12

13 Q Have each of the working interest owners  
14 been advised of today's hearing?

15 A Yes, sir, they have.

16 Q All right. Now, Mr. Aycock, would you  
17 refer to what has been marked Exhibit Number Five and identify  
18 this?

19 A Exhibit Number Five is a detailed summary  
20 of the unleased interests underlying the 120-acre nonstandard  
21 proration unit comprised of the northwest quarter southwest  
22 Quarter and south half southwest quarter of Section 3, Town-  
23 ship 20 South, Range 37 East.

24 The first three entries that are listed  
25 that is, Roy G. Barton and wife, Opal; Edith G. Socolow and

1  
2 A. Walter Socolow, Trustees; and B. A. Christmas, Jr., have  
3 indicated their desire to join but they have not yet signed  
4 and returned -- they may have signed but Mr. Hartman has not  
5 yet received the AFE's, nor any monies that would be attendant  
6 to their share of the drilling costs.

7                   You will notice that the -- this total  
8 is approximately 7.1 percent, which was previously referred  
9 to in Exhibit Number Two, I believe it was, when we had the  
10 summaries without regard to where those interest were located.

11                   The rest of these interests are all people  
12 who have indicated that they will lease but the leases have  
13 not yet been received.

14                   With regard to the Christmas family in-  
15 terest, they are represented by a gentleman by the name of  
16 Mr. Layton in Midland, who at the time the contracts were  
17 made was in Canada on vacation. He has just returned. Cor-  
18 respondence with him is listed in the previous exhibit and he  
19 has indicated that -- that all of these individuals will  
20 lease to Mr. Hartman.

21                   I call the Examiner's attention to the  
22 last two interests listed here; that is, Gaines Hoyt Bolding  
23 and Dorothy Jean Sparger. Mr. Bolding is a welder who lives  
24 in Truth or Consequences during the winter. That is where he  
25 is now located. He does not have a telephone at that location.

1  
2 As I mentioned, the attempts by Mr. Gor-  
3 rance on behalf of Mr. Hartman to contact him have been through  
4 Mr. Bolding's daughter and she has indicated that she thinks  
5 that her father would probably prefer to lease, and Mr. Hart-  
6 man has promised her that in view of the difficulty in con-  
7 tacting her father, that even if the forced pooling is effective,  
8 that he will give Mr. Bolding a chance to lease up until the  
9 very last moment before the spudding of the well.

10 Mrs. Dorothy Jean Sparger is just out of  
11 the hospital and has not been available but she has indicated  
12 that she will sign and return an oil and gas lease to Mr.  
13 Hartman.

14 In all cases the responses have been  
15 positive and this is the basis for our representing to the  
16 Commission that we feel like that everybody will voluntarily  
17 either lease or join in the drilling of the well.

18 Q. Mr. Aycock, in your opinion has a good  
19 faith effort been made by Mr. Hartman to obtain voluntary  
20 joinder of all the working interest owners in the proration  
21 unit?

22 A. Yes, I believe it has, as evidenced by  
23 the correspondence that was previously put into evidence.

24 Q. Would you please refer back to the AFE,  
25 which is attached to Exhibit Four, and review this for Mr.

1  
2 Stamets?

3 A The -- there are two letters that are  
4 on the back of the previous exhibit that contain the AFE's.

5 One letter is to Mr. Roy G. Barton and  
6 included is his original letter which he returned to Mr.  
7 Gorrance with the notation, Sorry, no lease. Will partici-  
8 pate. And then an additional letter from Mr. Gorrance, and  
9 then a letter from Doyle Hartman's office to Mr. Barton, in-  
10 cluding the AFE and behind that an invoice for Mr. Barton's  
11 percentage of the total estimated drilling cost and the total  
12 due for working interest participation.

13 Total projected cost of a producing well  
14 including all tangible and intangible items is \$322,500, or  
15 for a dry hole, \$139,500.

16 Q When was this AFE submitted?

17 A The date on the letter is November 5th,  
18 1981, from Hartman's office, including the AFE and the invoice  
19 to Mr. Barton, and with regard to Mr. Socolow, it's November  
20 4th, 1981, in which case the same AFE was submitted with an  
21 invoice for the billing percentage and total amount due  
22 under the estimated drilling costs.

23 Q Are the costs reflected on the AFE in  
24 line with what other operators in the area are charging for  
25 similar wells?

1  
2 A Yes, sir, to our knowledge they're in  
3 line with the costs of doing the type of job that Mr. Hartman's  
4 experience needs to be done in this area to effect a commercial  
5 producing well.

6 Q Will you now refer to Hartman Exhibit  
7 Number Six, your A-A' cross section, and review this for  
8 Mr. Stamets?

9 A Cross section A-A' is a north/south  
10 cross section through the -- including the proposed location,  
11 showing that most of the wells have been completed in the  
12 Penrose section; a few of them have been completed in the  
13 Lower Queen, and in the Seven Rivers interval.

14 Mr. Hartman's intent is to complete  
15 wherever he has indications of commercial production. The  
16 well to the immediate right of -- I mean, pardon me, to the  
17 immediate left of the proposed location, the second from the  
18 right on the cross section A-A', is the inactive Tenneco  
19 well, which shows that it was completed solely in the Pen-  
20 rose section.

21 There may be some reserves in the other  
22 portions of the Edmont section, so our proposal is to complete  
23 wherever we get indications of being able to affect  
24 commercial production.

25 I call the Examiner's attention to the

fact that the last production from the Tenneco well was in May of 1980 and so it has been over two years since the -- since this well was last productive, according to the records of the Commission.

Q Will you now review Exhibit Number Seven for Mr. Stamets?

A. Exhibit Number Seven is cross section B-B', which is a west/east cross section.

Since the proposed location is south of this it does not include it, but it does include the Tenneco Ellen Weir No. 1 Well that has been discussed that has an application to plug and abandon pending with the Commission.

The same type of information is shown. Once gain it is apparent that most operators have indicated by practice that they prefer to complete in the Penrose rather than any of the other reservoirs that are a portion of the Eumont Pool.

I would also call the attention of the Commission to the fact that most of these wells date from mid-fifties. They were drilled and completed in the mid-fifties, and are 25 years old or more.

Q Mr. Aycock, are you prepared to make a recommendation to the Examiner as to the risk factor that should be assessed against those working interest owners who

1  
2 do not participate in the drilling of the well?

3 A. Yes, sir, I am.

4 Q. And what would that figure be?

5 A. 200 percent.

6 Q. And upon what do you base that?

7 A. The fact that there's a dry hole that  
8 penetrated the Eumont section located in the southeast quarter  
9 of the southwest quarter of Section 3, about which we have  
10 not been able to determine the reason that it was dry and  
11 abandoned, and so we don't know whether they did not encounter  
12 pay of commercial quality at the time it was drilled or whether  
13 it was simply a mechanical problem.

14 But the existence of that well and the  
15 fact that it is some distance to the next producing well in  
16 any directions towards the south indicate to us that there  
17 could be a significant amount of risk involved in drilling  
18 this location.

19 Q. Have you made an estimate of overhead  
20 and administrative costs while drilling and producing the  
21 subject well?

22 A. Yes, I have.

23 Q. And what are those figures?

24 A. \$3750 per month per well while drilling  
25 and \$375 per month per well while producing.



1  
2 Q Are these costs in line with what is  
3 being charged by other operators in the area?

4 A Yes, they are in line with what other  
5 operators are charging and what Mr. Hartman is charging on  
6 his other joint operations throughout this area.

7 Q Do you recommend that these figures be  
8 incorporated into any order which results from this hearing?

9 A I do.

10 Q Does Mr. Hartman request to be designated  
11 operator of this well?

12 A He does.

13 Q In your opinion will granting this ap-  
14 plication be in the best interest of conservation, the pre-  
15 vention of waste, and the protection of correlative rights?

16 A Yes, I do, because I believe there's  
17 a strong possibility that there are substantial unrecovered  
18 gas reserves underlying this proration unit that the drainage  
19 and recovery of which can be affected by the proposed well  
20 and that they will likely not be recovered at all, or if they  
21 are recovered, it will not be from the property that is in-  
22 volved in this application, otherwise.

23 Q Mr. Aycock, when will a rig be available  
24 to drill the proposed well?

25 A The rig will be available probably on

1  
2 next Monday, which is -- this is Thursday the 19th, it would  
3 be the 22nd, I believe.

4 Q Do you therefor request that the order  
5 be expedited to the fullest extent possible?

6 A If not in the written form, if it is  
7 approved, that Mr. Sexton be notified that it is permissible  
8 for the well to be -- the drilling of the well to be commenced.

9 Q Were Exhibits One through Seven prepared  
10 by you or compiled under your direction and supervision?

11 A They were.

12 MR. CARR: At this time, Mr. Stamets,  
13 we would offer into evidence Hartman Exhibits One through  
14 Seven.

15 MR. STAMETS: These exhibits will be  
16 admitted.

17 MR. CARR: I have nothing further on  
18 direct.

19  
20 CROSS EXAMINATION

21 BY MR. STAMETS:

22 Q Mr. Aycock, what's the status of the  
23 administrative application for a nonstandard unit and the  
24 nonstandard location?

25 A I believe, Mr. Stamets, that the time on

1  
2 it will expire next Monday if there are no protests received  
3 from the affected parties, and that dates from the second  
4 notification of the affected parties by the letters, copies  
5 of which were originally directed to you, and copies of which  
6 were directed to the affected parties by certified mail.

7 Q So it's possible or probable that the  
8 nonstandard unit and nonstandard location will have been ap-  
9 proved --

10 A Yes, sir.

11 Q -- before an order might issue from this  
12 case and the readvertisement?

13 A Yes, sir.

14 Q Okay, and it's also possible that you  
15 may get everybody signed up before an order could come out.

16 A That's true, sir.

17 Q If you would let us know on that, we'd  
18 certainly appreciate that.

19 A We'll give you a call Monday and let  
20 you know the current status if it's deviated from that that's  
21 been presented here to you.

22 Q Okay, fine.

23 Any other questions of this witness?

24 He may be excused.

25 MR. STANETS: Anything further in this

1  
2 case?

3 MR. CARR: Nothing further.

4 MR. STAMETS: The case will be taken  
5 under advisement.

6  
7 (Hearing concluded.)  
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25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that the foregoing Transcript of Hearing before the Oil Conservation Division was reported by me; that the said transcript is a full, true, and correct record of the hearing, prepared by me to the best of my ability.

Sally W. Boyd CSR

SALLY W. BOYD, C.S.R.  
Rt. 1 Box 193-B  
Santa Fe, New Mexico 87501  
Phone (505) 455-7409

I do hereby certify that the foregoing is a complete and correct transcript of the proceedings in the hearing of Case No. 7421 held by me on 11-19-81.  
Richard L. Lamb, Examiner  
Oil Conservation Division

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. 7421  
Order No. R-6877

APPLICATION OF DOYLE HARTMAN FOR COMPULSORY  
POOLING, UNORTHODOX WELL LOCATION AND NON-  
STANDARD SPACING UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 6,  
1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this 12th day of January, 1982, the Division  
Director, having considered the record and the recommendations  
of the Examiner, and being fully advised in the premises,

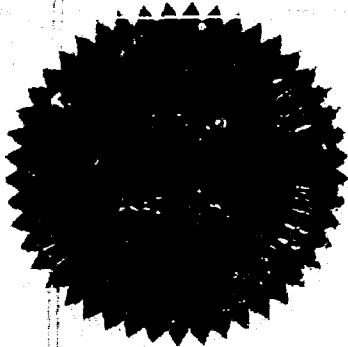
FINDS:

That the applicant's request for dismissal should be  
granted.

IT IS THEREFORE ORDERED:

That Case No. 7421 is hereby dismissed.

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



S E A L

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

*Joe D. Ramey*  
JOE D. RAMEY  
Director

**DOYLE HARTMAN**

Oil Operator

500 N MAIN

P. O. BOX 10428

MIDLAND, TEXAS 79702

(915) 684-4011

October 20, 1981

Mr. R. L. Stamets  
State of New Mexico  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

OFFICE EXAMINER STAMETS OIL CONSERVATION DIVISION
HARTMAN
7421
Submitted by <u>AYcock</u>
Hearing Date <u>11-19-81</u>

Re: Request for Non-Standard  
Proration Unit and  
Non-Standard Location  
Ellen Weir No. 1  
S/2 SW/4 and NW/4 SW/4  
Sec. 3, T-20-S, R-37-E  
Lea County, New Mexico

Gentlemen:

In the near future, I plan to file a C-101 and C-102 with the New Mexico Oil Conservation Division district office in Hobbs for permission to drill a new Eumont (Gas) well at a non-standard location consisting of 660 FSL and 330 FWL, Section 3, T-20-S, R-37-E. The subject well will be drilled on a presently un-dedicated 120-acre non-standard proration unit comprised of the S/2 SW/4 and NW/4 SW/4 of Section 3, T-20-S, R-37-E, Lea County, New Mexico. Since the subject well is located at a non-standard location on a 120-acre non-standard proration unit, I hereby file for administrative approval to drill the subject well at a non-standard location consisting of 660 FSL and 330 FWL Section 3, T-20-S, R-37-E and also for administrative approval to dedicate the new well to a 120-acre non-standard proration unit comprised of the S/2 SW/4 and NW/4 SW/4 of Section 3, T-20-S, R-37-E, Lea County, New Mexico.

The subject 120-acre tract was previously dedicated to Tenneco's Ellen Weir No. 1 located 2310 FSL & 330 FWL Section 3. However, Tenneco's Ellen Weir No. 1 last produced in May, 1980, and a notice to plug and abandon was filed with the NMOCB in July of this year.

Three copies of a plat showing the location of the proposed well are enclosed.

Copies of this plat and application have also been sent by certified mail to all offsetting parties owning Eumont dry gas rights. The following is a list of the offset Eumont dry gas rights owners:

W. K. Byrom  
103 West Lea  
Hobbs, New Mexico 88240

Mr. R. L. Stamets  
October 20, 1981  
Page 2

Conoco, Inc.  
P. O. Box 1959  
Midland, Texas 79702

Attention: M. K. Mosley  
Division Manager

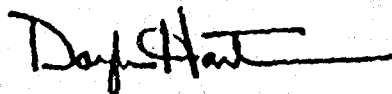
Texaco, Inc.  
P. O. Box 3109  
Midland, Texas 79702

Attention: R. D. Tomberlin  
Division Petroleum Engineer

Amerada Hess Corporation  
P. O. Drawer D  
Monument, New Mexico 88265

Thank you for your consideration.

Very truly yours,



Doyle Hartman

DH/mlt

Enclosures as above

cc: Mr. Jerry Sexton  
New Mexico Oil Conservation Division  
District I Office  
P. O. Box 1980  
Hobbs, New Mexico 88240

Mr. William P. Aycock  
308 Wall Towers West  
Midland, Texas 79701

Campbell, Byrd and Black, P.A.  
P. O. Box 2208  
Santa Fe, New Mexico 87501

Attention: Mr. William F. Carr



Mr. R. L. Stamets  
October 20, 1981  
Page 3

Maddox and Renfro  
P. O. Box 2508  
Hobbs, New Mexico 88240

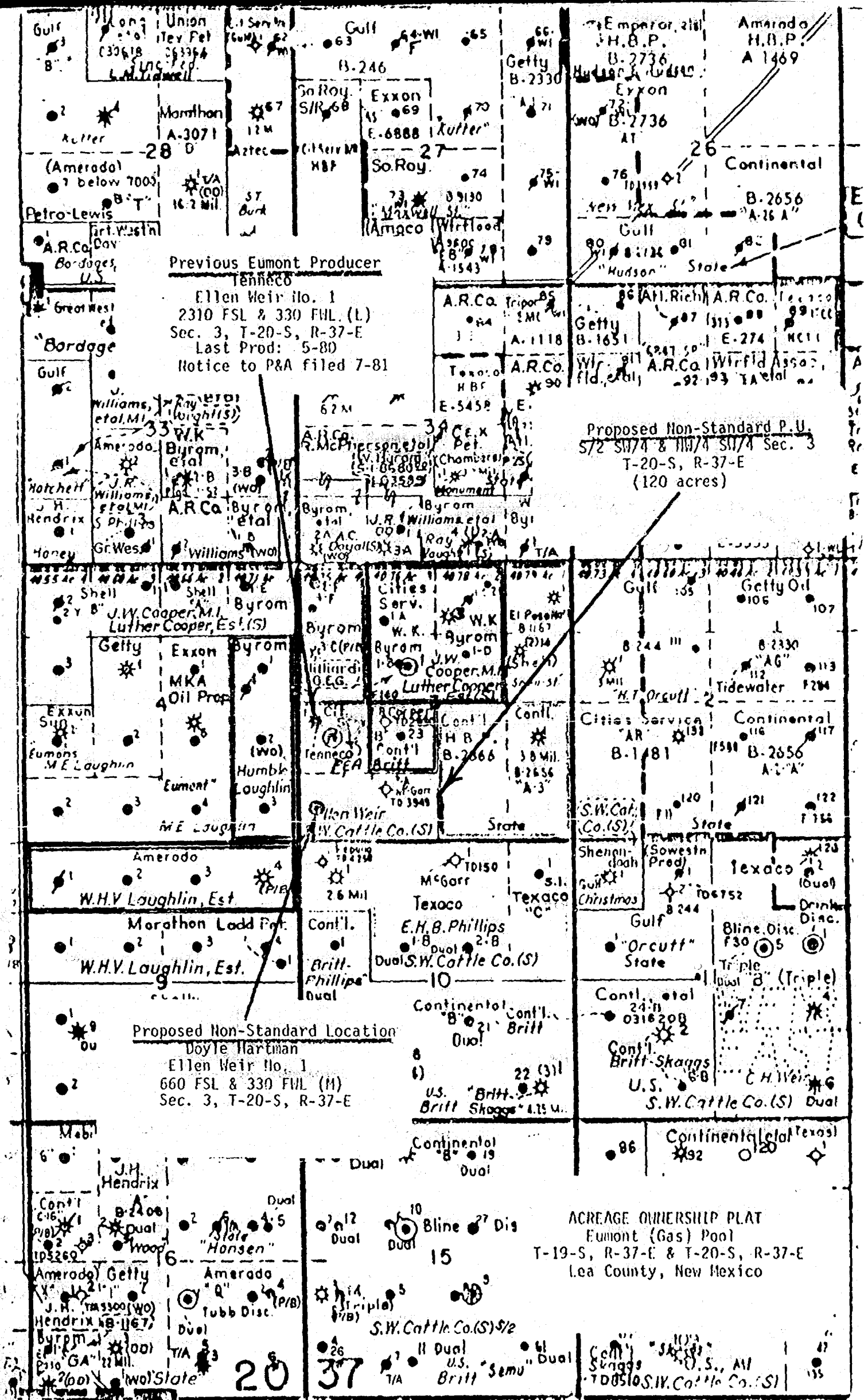
Attention: Mr. Don Maddox

# LIST OF OFFSET EUNMONT (GAS) OPERATORS

Doyle Hartman  
Ellen Weir No. 1

(S/2 SW/4 and NW/4 SW/4 Sec. 3, T-20-S, R-37-E)  
M-Section 3, T-20-S, R-37-E  
Lea County, New Mexico

Operator	Lease & Well Name(s)	Gas Well Locations	Unit Description	Number of Acres
W. K. Byrom	Humble-Laughlin Lease	No Active Well	E/2 SE/4 and SE/4 NE/4 Section 4, T-20-S, R-37-E	120
W. K. Byrom	Cooper "F" No. 2	D-3-20S-37E	W/2 NW/4 Section 3 T-20-S, R-37-E	80
W. K. Byrom	J. F. Cooper No. 3	B-3-20S-37E	E/2 NW/4 and W/2 NE/4 Section 3, T-20-S, R-37-E	160
Conoco, Inc.	State "A-3" No. 1	I-3-20S-37E	SE/4 Section 3 T-20-S, R-37-E	160
Conoco, Inc.	Britt Lease	No Active Well	NE/4 SW/4 Section 3 T-20-S, R-37-E	40
Texaco, Inc.	ENB Phillips No. 1	D-10-20S-37E	N/2 NW/4, SE/4 NW/4, and NE/4 Section 10, T-20-S, R-37-E	280
Amerada Hess Corporation	WHV Laughlin No. 4	A-9-20S-37E	N/2 N/2 Section 9 T-20-S, R-37-E	160



PS Form 3800, Apr. 1976

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):  
☒ Show to whom and date delivered.....  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom, date, and address of delivery.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:  
 Conoco 1959  
 P.O. Box  
 Midland, TX 79702

3. ARTICLE DESCRIPTION:  
 REGISTERED NO. CERTIFIED NO. INSURED NO.  
 1964468

(Always obtain signature of addressee or agent)  
 I have received the article described above.  
 SIGNATURE DATE OF DELIVERY

4. ADDRESS (Complete only if requested)  
 DATE OF DELIVERY

5. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO : 1979-300-458

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):  
☒ Show to whom and date delivered.....  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom, date, and address of delivery.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:  
 Conoco 1959  
 P.O. Box  
 Midland, TX 79702

3. ARTICLE DESCRIPTION:  
 REGISTERED NO. CERTIFIED NO. INSURED NO.  
 1964468

(Always obtain signature of addressee or agent)  
 I have received the article described above.  
 SIGNATURE DATE OF DELIVERY

4. ADDRESS (Complete only if requested)  
 DATE OF DELIVERY

5. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆ GPO : 1979-300-458

TO:

Conoco, Inc.  
 P. O. Box 1959  
 Midland, Texas 79702

Attention: M. K. Mosley  
 Division Manager

DOYLE HARTMAN  
 P. O. BOX 10425  
 MIDLAND, TEXAS 79702

Original Request mailed  
 October 20, 1981

PS Form 3800, Apr. 1976

RECEIPT FOR CERTIFIED MAIL

PI 1304468

Conoco  
 P.O. Box 1959  
 Midland, TX 79702

10-20-81

1.87

60

75

52

PS Form 3811, Jan. 1978

1. **SENDER:** Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

2. **ARTICLE ADDRESS TO:** W. K. Byrom  
103 West Lea  
Hobbs, New Mexico 88240

3. **ARTICLE DESCRIPTION:** REGISTERED NO. 1964469 INSURED NO. \_\_\_\_\_

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE \_\_\_\_\_ ADDRESS \_\_\_\_\_ AUTHORIZED AGENT \_\_\_\_\_

DATE OF DELIVERY \_\_\_\_\_ POSTMARK \_\_\_\_\_

UNABLE TO DELIVER BECAUSE: \_\_\_\_\_

CLERK'S INITIALS \_\_\_\_\_

PS Form 3811, Jan. 1978

PS Form 3811, Jan. 1978

1. **SENDER:** Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

2. **ARTICLE ADDRESS TO:** W. K. Byrom  
103 West Lea  
Hobbs, New Mexico 88240

3. **ARTICLE DESCRIPTION:** REGISTERED NO. 1964469 INSURED NO. \_\_\_\_\_

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE X R R Anderson ADDRESS \_\_\_\_\_ AUTHORIZED AGENT \_\_\_\_\_

DATE OF DELIVERY \_\_\_\_\_ POSTMARK \_\_\_\_\_

UNABLE TO DELIVER BECAUSE: \_\_\_\_\_

CLERK'S INITIALS \_\_\_\_\_

PS Form 3811, Jan. 1978

DOYLE HARTMAN  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

TO:  
W. K. Byrom  
103 West Lea  
Hobbs, New Mexico 88240

PS Form 4801, Apr. 1976

RECEIPT FOR CERTIFIED MAIL

NO POSTAGE AND FEES REQUIRED—  
NOT FOR INTERNATIONAL MAIL

See Reverse

W. K. Byrom  
103 West Lea  
Hobbs, NM 88240

POSTAGE AND FEES: 1.67

POSTMARK ON DATE: 10-20-81

10-20-81

PH 100-1-83

PS Form 3811, Jan. 1978  
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. The following service is requested (check one):  
☒ Show to whom and date delivered.....  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
☐ RESTRICTED DELIVERY  
☐ RESTRICTED DELIVERY  
Show to whom, date, and address of delivery: \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:  
 Amerada Hess Corp.  
 P.O. Drawer D  
 Monument, NM 88265

3. ARTICLE DESCRIPTION:  
 REGISTERED NO. 1964466 INSURED NO.  
 (Always obtain signature of addressee or agent)  
 I have received the article described above.  
 SIGNATURE Caddiscombe Authorized agent

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

2700 - 1079-288-848

TO:

Amerada Hess Corporation  
 P. O. Drawer D  
 Monument, New Mexico 88265

DOYLE HARTMAN  
 P. O. BOX 10426  
 MIDLAND, TEXAS 79702

PS Form 3811, Jan. 1978  
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

1. The following service is requested (check one):  
☒ Show to whom and date delivered.....  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
☐ RESTRICTED DELIVERY  
Show to whom, date, and address of delivery: \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:  
 Amerada Hess Corp.  
 P.O. Drawer D  
 Monument, NM 88265

3. ARTICLE DESCRIPTION:  
 REGISTERED NO. 1964466 INSURED NO.  
 (Always obtain signature of addressee or agent)  
 I have received the article described above.  
 SIGNATURE Amerada Hess  
 DATE OF DELIVERY

4. ADDRESS (Complete only if requested)

5. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

2700 - 1079-288-848

PS Form 3800, Apr. 1976

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

P11 1964466

Amerada Hess Corp.  
 P.O. Drawer D  
 Monument, NM 88265

POSTAGE AND FEE \$75

DATE OF DELIVERY 10-20-81

TOTAL POSTAGE AND FEES \$75

POSTMARK DATE 10-20-81

10-20-81

1964466



PS Form 3811, Jan. 1978

1. **SENDER:** Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

2. The following service is requested (check one):  
☒ Show to whom and date delivered..... 60c  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom, date, and address of delivery.....  
 (CONSULT POSTMASTER FOR FEES)

3. **ARTICLE ADDRESSED TO:**  
 TEXACO, Inc.  
 P.O. Box 3109  
 Midland, TX 79702

4. **ARTICLE DESCRIPTION:**  
 REGISTERED NO. CERTIFIED NO. INSURED NO.  
 1964467

(Always obtain signature of addressee or agent)

5. I have received the article described above.  
 SIGNATURE Addressee Authorized agent

6. **DATE OF DELIVERY**

7. **POSTMARK**

8. **UNABLE TO DELIVER BECAUSE:**

9. **CLERK'S INITIALS**

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-288-844

TO:

DOYLE HARTMAN  
 P. O. BOX 10426  
 MIDLAND, TEXAS 79702

Texaco, Inc.  
 P. O. Box 3109  
 Midland, Texas 79702

Attention: R. D. Temberlin  
 Division Petroleum Engineer

PS Form 3811, Jan. 1978

1. **SENDER:** Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

2. The following service is requested (check one):  
☒ Show to whom and date delivered..... 60c  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom, date, and address of delivery.....  
 (CONSULT POSTMASTER FOR FEES)

3. **ARTICLE ADDRESSED TO:**  
 Texaco, Inc.  
 P.O. Box 3109  
 Midland, TX 79702

4. **ARTICLE DESCRIPTION:**  
 REGISTERED NO. CERTIFIED NO. INSURED NO.  
 1964467

(Always obtain signature of addressee or agent)

5. I have received the article described above.  
 SIGNATURE Addressee Authorized agent  
 James C. Totts

6. **DATE OF DELIVERY**  
 10-21-81

7. **POSTMARK**  
 10-21-81

8. **UNABLE TO DELIVER BECAUSE:**

9. **CLERK'S INITIALS**  
 m. g.

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO : 1979-288-844

PS Form 3800, Apr. 1976

CONSULT POSTMASTER FOR FEES

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

10-20-81

1.87

POSTMARK ON DATE

TEXACO  
 P.O. Box 3109  
 Midland, TX 79702

60c

75c

1.32

1.87

PI 1364467

1. The following service is requested (check one): <input checked="" type="checkbox"/> Show to whom and date delivered..... <input type="checkbox"/> Show to whom, date and address of delivery..... <input type="checkbox"/> RESTRICTED DELIVERY Show to whom and date delivered..... <input type="checkbox"/> RESTRICTED DELIVERY. Show to whom, date, and address of delivery: _____		2. ARTICLE ADDRESSED TO: NMICD P.O. Box 2088 Santa Fe, NM 87501	
3. ARTICLE DESCRIBED: REGISTERED A.D. 194470 CERTIFIED NO. _____ INSURED NO. _____		4. ARTIST'S ORIGIN SIGNATURE OF (addressee or agent): I have received the article described above. SIGNATURE _____ DATE _____ COUNTERSIGNED agent _____	
5. ADDRESS (complete only if requested) _____ _____ _____		6. DATE OF DELIVERY _____ POSTMARK _____	
7. UNABLE TO DELIVER BECAUSE: _____ _____ _____		8. CLEAN'S INITIALS _____	

1. The following service is requested (check one.)  
☒ Show to whom and date delivered.....  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
     Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY.  
     Show to whom, date, and address of delivery.....  
     (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:  
 NMPCD  
 P.O. Box 2088  
 Santa Fe, NM 87501

3. ARTICLE DESCRIPTION:  
 REGISTERED NO. 1964470 INSURED NO.

4. I have obtained signature of addressee or agent.  
 SIGNATURE *Ben Paul* ☐ Addressee ☐ Authorized agent

5. DATE OF DELIVERY 10/23/81

6. ADDRESS (Complete only if requested)

7. POSTMARK  
 10/23/81  
 1000  
 1000  
 1000

8. UNABLE TO DELIVER BECAUSE:

DOYLE HARTMAN  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

TO:

Mr. R. L. Stamets  
State of New Mexico  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

PS Form 3800, Apr. 1976  
 RECEIPT FOR CERTIFIED MAIL  
 NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES  
 844-22-5555  
 NMCCD  
 P.O. Box 2088  
 Santa Fe, NM 87501  
 103  
 75  
 60  
 238  
 10-20-81  
 P11 103447D

陳子昂



**DOYLE HARTMAN**

Oil Operator  
500 N MAIN  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

(615) 684-4011

October 21, 1981

Mr. R. L. Stamets  
State of New Mexico  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Amended Request for Non-Standard  
Proration Unit and  
Non-Standard Location  
Ellen Weir No. 1  
S/2 SW/4 and NW/4 SW/4  
Sec. 3, T-20-S, R-37-E  
Lea County, New Mexico

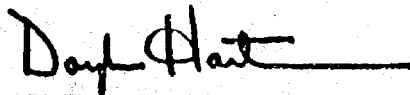
Gentlemen:

Please find enclosed an amended application for a non-standard location and non-standard proration unit for our proposed Ellen Weir No. 1 Eumont (Gas) well located in M-Section 3, T-20-S, R-37-E, Lea County, New Mexico. Our original request to the New Mexico Oil Conservation Division dated October 21, 1981, listed W. K. Byrom as the offset Eumont (Gas) operator to the west whereas a further record check shows that Exxon Corporation is the actual Eumont (Gas) offset operator to the west.

Certified copies of the amended application have also been sent to both parties affected by the amended application. Regular mail copies are being furnished to the other offset operators that received certified copies of the original application, but who are not affected by the new changes.

Thank you for your patience in this matter.

Very truly yours,



Doyle Hartman

DH/mh

Enclosures as above

**DOYLE HARTMAN**

Oil Operator

500 N MAIN

P. O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

October 21, 1981

AMENDED REPORT

Mr. R. L. Stamets  
State of New Mexico  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Request for Non-Standard  
Proration Unit and  
Non-Standard Location  
Ellen Weir No. 1  
S/2 SW/4 and NW/4 SW/4  
Sec. 3, T-20-S, R-37-E  
Lea County, New Mexico

Gentlemen:

In the near future, I plan to file a C-101 and C-102 with the New Mexico Oil Conservation Division district office in Hobbs for permission to drill a new Eumont (Gas) well at a non-standard location consisting of 660 FSL and 330 FWL, Section 3, T-20-S, R-37-E. The subject well will be drilled on a presently un-dedicated 120-acre non-standard proration unit comprised of the S/2 SW/4 and NW/4 SW/4 of Section 3, T-20-S, R-37-E, Lea County, New Mexico. Since the subject well is located at a non-standard location on a 120-acre non-standard proration unit, I hereby file for administrative approval to drill the subject well at a non-standard location consisting of 660 FSL and 330 FWL Section 3, T-20-S, R-37-E and also for administrative approval to dedicate the new well to a 120-acre non-standard proration unit comprised of the S/2 SW/4 and NW/4 SW/4 of Section 3, T-20-S, R-37-E, Lea County, New Mexico.

The subject 120-acre tract was previously dedicated to Tenneco's Ellen Weir No. 1 located 2310 FSL & 330 FWL Section 3. However, Tenneco's Ellen Weir No. 1 last produced in May, 1980, and a notice to plug and abandon was filed with the NMOCD in July of this year.

Three copies of a plat showing the location of the proposed well are enclosed.

Copies of this plat and application have also been sent by certified mail to all offsetting parties owning Eumont dry gas rights. The following is a list of the offset Eumont dry gas rights owners:

W. K. Byrom  
103 West Lea  
Hobbs, New Mexico 88240

Mr. R. L. Stamets  
October 21, 1981  
Page 2

Conoco, Inc.  
P. O. Box 1959  
Midland, Texas 79702

Attention: H. K. Mosley  
Division Manager

Texaco, Inc.  
P. O. Box 3109  
Midland, Texas 79702

Attention: R. D. Tomberlin  
Division Petroleum Engineer

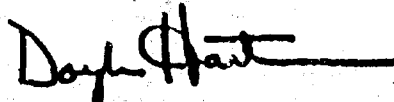
Amerada Hess Corporation  
P. O. Drawer D  
Monument, New Mexico 88265

Exxon Company, U.S.A.  
1700 W. Broadway  
Andrews, Texas 79714

Attention: Mr. L. A. Bryan  
District Engineering Manager

Thank you for your consideration.

Very truly yours,



Doyle Hartman

DH/mh

Enclosures as above

cc: Mr. Jerry Sexton  
New Mexico Oil Conservation Division  
District I Office  
P. O. Box 1980  
Hobbs, New Mexico 88240

Mr. William P. Aycock  
308 Wall Towers West  
Midland, Texas 79701

Mr. R. L. Stamets  
October 21, 1981  
Page 3

Campbell, Byrd and Black, P.A.  
P. O. Box 2208  
Santa Fe, New Mexico 87501

Attention: Mr. William F. Carr

Maddox and Renfro  
P. O. Box 2508  
Hobbs, New Mexico 88240

Attention: Mr. Don Maddox

# LIST OF OFFSET EUMONT (GAS) OPERATORS

Doyle Hartman

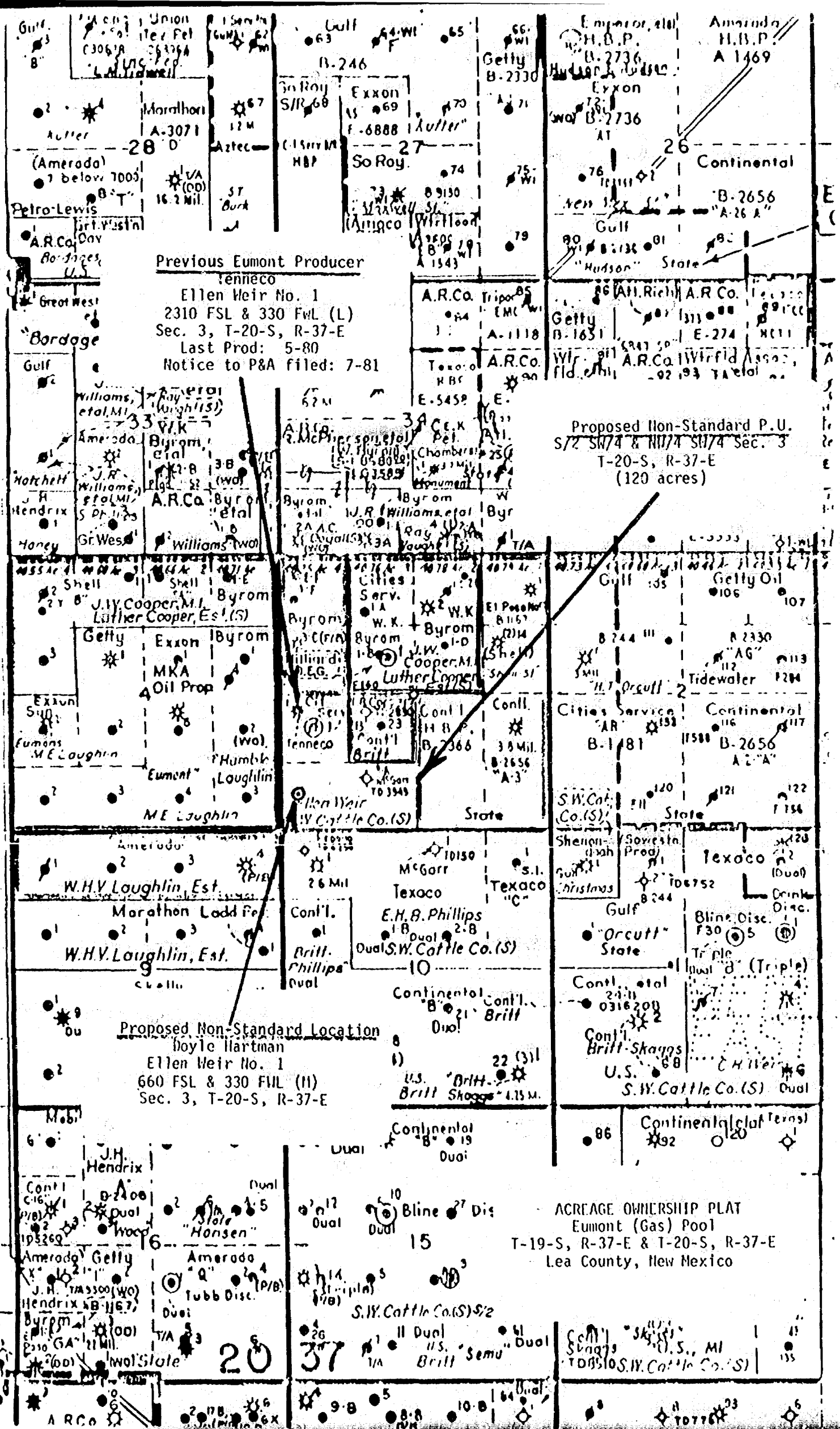
Ellen Weir No. 1

M-Section 3, T-20-S, R-37-E

(S/2 SW/4 and NW/4 SW/4 Sec. 3, T-20-S, R-37-E)

Ira County, New Mexico

Operator	Lease & Well Name(s)	Gas Well Locations	Unit Description	Number of Acres
Exxon Company, U.S.A.	Eumont "Gas Com-1" No. 1 J-4-20S-37E Eumont "Gas Com-1" No. 2 L-4-20S-37E		All Section 4 T-20-S, R-37-E	640
W. K. Byrom	Cooper "F" No. 2	D-3-20S-37E	W/2 NW/4 Section 3 T-20-S, R-37-E	80
W. K. Byrom	J. W. Cooper No. 3	B-3-20S-37E	E/2 NW/4 and W/2 NE/4 Section 3, T-20-S, R-37-E	160
Conoco, Inc.	State "A-3" No. 1	I-3-20S-37E	SE/4 Section 3 T-20-S, R-37-E	160
Conoco, Inc.	Britt Lease	No Active Well	NE/4 SW/4 Section 3 T-20-S, R-37-E	40
Texaco, Inc.	EHB Phillips No. 1	D-10-20S-37E	N/2 NW/4, SE/4 NW/4, and NE/4 Section 10, T-20-S, R-37-E	280
Amerada Hess Corporation	WHV Laughlin No. 4	A-9-20S-37E	N/2 N/2 Section 9 T-20-S, R-37-E	160



Amended Request mailed

October 21, 1981

PS Form 3811, Jan. 1978

1. The following service is requested (check one):  
☒ Show to whom and date delivered.....  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY  
Show to whom, date, and address of delivery.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESS TO:  
W. K. Byron  
103 W. Lea  
Hobbs NM 88240

1. ARTICLE DESCRIPTION:  
REGISTERED NO. 1964475 INSURED NO.  
(Always obtain signature of addressee or agent)  
I have received the article described above.  
SIGNATURE Addressee Date: \_\_\_\_\_

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CARRIER INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

PS Form 3811, Jan. 1978

1. The following service is requested (check one):  
☒ Show to whom and date delivered.....  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY  
Show to whom, date, and address of delivery.....

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESS TO:  
W. K. Byron  
103 W. Lea  
Hobbs NM 88240

3. ARTICLE DESCRIPTION:  
REGISTERED NO. 1964475 INSURED NO.

I have received the article described above.  
SIGNATURE Addressee Date: \_\_\_\_\_

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

TO:

W. K. Byron  
103 West Lea  
Hobbs, New Mexico 88240

DOYLE HARTMAN  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

PS Form 3800, Apr. 1976

W. K. Byron  
103 W. Lea  
Hobbs, NM 88240

CONSULT POSTMASTER FOR FEES

OPTIONAL SERVICE	POSTAGE AND FEES
REGISTERED SERVICE	.52
INSURED SERVICE	.75
POSTAGE AND FEES	1.87

10-21-81

PS Form 3811, Jan. 1979

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):  
☐ Show to whom and date delivered.  
☐ Show to whom, date and address of delivery.  
☒ RESTRICTED DELIVERY  
Show to whom and date delivered.  
☐ RESTRICTED DELIVERY  
Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:  
Conoco, Inc.  
P.O. Box 1959  
Midland, TX 79702

3. ARTICLE DESCRIPTION:  
REGISTERED NO. 1964474  
CERTIFIED NO. INSURED NO.

I have received the article described above.  
SIGNATURE [Signature] Addressee [ ] Authorized agent [ ]

DATE OF DELIVERY

4. ADDRESS (Complete only if requested)

5. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1979-300-453

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):  
☐ Show to whom and date delivered.  
☐ Show to whom, date and address of delivery.  
☒ RESTRICTED DELIVERY  
Show to whom and date delivered.  
☐ RESTRICTED DELIVERY  
Show to whom, date, and address of delivery.

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:  
Conoco, Inc.  
P.O. Box 1959  
Midland, TX 79702

3. ARTICLE DESCRIPTION:  
REGISTERED NO. 1964474  
CERTIFIED NO. INSURED NO.

(Always obtain signature of addressee or agent.)

I have received the article described above.  
SIGNATURE [Signature] Addressee [ ] Authorized agent [ ]

DATE OF DELIVERY

4. ADDRESS (Complete only if requested)

5. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆ GPO : 1979-300-453

TO:

Conoco, Inc.  
P. O. Box 1959  
Midland, Texas 79702

Attention: M. K. Mosley  
Division Manager

DOYLE HARTMAN  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

PS Form 3800, Apr. 1976

CONSULT POSTMASTER FOR FEES

REGISTRATION SERVICE

POSTAGE

10-21-81

1.87

10-21-81

SECRET FOR CERTIFIED MAIL

NO POSTAGE NECESSARY IF MAILED IN THE UNITED STATES

Postage paid by addressee

Conoco, Inc.  
P.O. Box 1959  
Midland, TX 79702

PU 1964474



Form 1011, Jan. 1979

SENDER: (Complete items 1, 2 and 3.)  
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):  
☐ Show to whom and date delivered.....60  
☐ Show to whom, date and address of delivery.....6  
☐ RESTRICTED DELIVERY  
Show to whom and date delivered.....6  
☐ RESTRICTED DELIVERY.  
Show to whom, date, and address of delivery.....5

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESS: TEXACO, Inc.  
P.O. Box 3109  
Midland, TX 79702

3. ARTICLE DESCRIPTION: \_\_\_\_\_  
REGISTERED NO. \_\_\_\_\_ CERTIFIED NO. 1964473 INSURED NO. \_\_\_\_\_

4. I have retained the article described above.  
SIGNATURE ☐ Address ☐ Authorized agent

DATE OF DELIVERY \_\_\_\_\_ POSTMARK \_\_\_\_\_

5. AGENCY (Complete only if requested)

6. UNABLE TO DELIVER REASON: \_\_\_\_\_ CLAIMANT'S INITIALS \_\_\_\_\_

RETURN RECEIPT REGISTERED, INSURED, AND CERTIFIED MAIL

© GPO : 1979-500-408

3. 1. Jan. 1978

2. **SENDER:** Complete Items 1, 2, and 3.  
Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

☐ Show to whom and date delivered. .... 60

☐ Show to whom, date and address of delivery. .... 6

☐ **RESTRICTED DELIVERY**  
Show to whom and date delivered. .... 6

☐ **RESTRICTED DELIVERY.**  
Show to whom, date, and address of delivery. 3

(CONSULT POSTMASTER FOR FEES)

2. **ARTICLE ADDRESSED TO:**  
Texaco, Inc.  
P.O. Box 3109  
Midland, TX 79702

3. **ARTICLE DESCRIPTION:**

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	1964473	

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE ☐ Addressee ☐ Authorized agent

James Carter

DATE OF DELIVERY  
10-23-81

8. **ADDRESS (Complete only if requested)**

9. **UNABLE TO DELIVER BECAUSE:**

POSTMARK  
OCT 23 1981  
U.S.

CLEAR & INITIALS  
M

☆GPO : 1979 300 466

DOYLE HARTMAN  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

TO:

Texaco, Inc.  
P. O. Box 3109  
Midland, Texas 79702

Attention: R. D. Tomberlin  
Division Petroleum Engineer

PS Form 3800, Apr. 1976

RECEIPT FOR CERTIFIED MAIL

NO POSTAGE COVERAGE PROVIDED—  
FOR FOREIGN INTERNATIONAL MAIL  
See Reverse

Texasco, Inc.  
P.O. Box 3109  
Midland, TX 79702

CONSULT POSTMASTER FOR FEES	
OPTIONAL SERVICES	
SERVICE	FEES
SPECIAL DELIVERY	
REGISTERED MAIL	
CERTIFIED MAIL	.52
INSURANCE	75
POSTNET	
TELETYPE UNIT	
MAILING SERVICE	
POSTAGE AND FEES	1.87
POSTMARK OR DATE	10-21-81

THE UNIVERSITY OF CHICAGO

PS Form 3841, Jan. 1978

**SENDER:** Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):  
☐ Show to whom and date delivered..... 60  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY  
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESS TO:  
 Amerada Hess Corp.  
 P.O. Drawer D  
 Monument, NM 88265

3. ARTICLE DESCRIPTION:  
 REGISTERED NO. CERTIFIED NO. INSURED NO.  
 1964472

(Always obtain signature of addressee or agent)

I have received the article described above.  
 SIGNATURE: *Amerada Hess*  
*E.B. Lucas*  
 DATE OF DELIVERY

4. ADDRESS (Complete only if requested)  
 DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1978-300-458

PS Form 3841, Jan. 1978

**SENDER:** Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one):  
☐ Show to whom and date delivered..... 60  
☐ Show to whom, date and address of delivery.....  
☐ RESTRICTED DELIVERY  
☐ Show to whom and date delivered.....  
☐ RESTRICTED DELIVERY  
 Show to whom, date, and address of delivery \$

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESS TO:  
 Amerada Hess Corp.  
 P.O. Drawer D  
 Monument, NM 88265

3. ARTICLE DESCRIPTION:  
 REGISTERED NO. CERTIFIED NO. INSURED NO.  
 1964472

(Always obtain signature of addressee or agent)

I have received the article described above.  
 SIGNATURE: *Amerada Hess*  
*E.B. Lucas*  
 DATE OF DELIVERY

4. ADDRESS (Complete only if requested)

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1978-300-459

TO:

Amerada Hess Corporation  
 P. O. Drawer D  
 Monument, New Mexico 88265

DOYLE HARTMAN  
 P. O. BOX 10426  
 MIDLAND, TEXAS 79702

PS Form 3800, Apr. 1976

RECEIPT FOR CERTIFIED MAIL

POSTAGE AND FEES PROVIDED BY ADDRESSEE

1964472

Amerada Hess Corp.  
 P.O. Drawer D  
 Monument, NM 88265

SENT BY REGISTERED MAIL

RECEIVED BY: *52*

DATE: *10-21-81*

POSTMARK: *10-21-81*

TOTAL POSTAGE AND FEES: *1.87*

POSTMARK ON DATE

☆GPO : 1976-300-459

1070-1071

☆ GPO : 1979-300-459

Exxon Company, U.S.A.  
1700 W. Broadway  
Andrews, Texas 79714

Attention: Mr. L. A. Eryan  
District Engineering Manager

Exxon Co., USA  
1700 W. Broadway  
Andrews, TX 79714  
52  
75

RECEIVED  
JAN 10 1964  
U.S. DEPARTMENT OF JUSTICE  
FEDERAL BUREAU OF INVESTIGATION  
WASHINGTON, D.C. 20535  
SAC, NEW YORK

10  
11  
12  
13  
14  
15  
16

PII - 004741

PS Form 3811, Jan. 1979

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

- ☐ Show to whom and date delivered..... 60
- ☐ Show to whom, date and address of delivery..... 6
- ☐ RESTRICTED DELIVERY
- ☐ Show to whom and date delivered..... 6
- ☐ RESTRICTED DELIVERY
- ☐ Show to whom, date, and address of delivery..... 5

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

3. ARTICLE DESCRIPTION:

REGISTERED NO. CERTIFIED NO. INSURED NO.

1964476

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE C. de la Cruz

DATE OF DELIVERY

POSTMARK

ADDRESS (Complete only if requested)

UNABLE TO DELIVER BECAUSE:

CLEAR'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

TO:

Mr. R. L. Stamets  
State of New Mexico  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

DOYLE HARTMAN  
P. O. Box 6426  
MIDLAND, TEXAS 79702

PS Form 3811, Jan. 1979

SENDER: Complete items 1, 2, and 3. Add your address in the "RETURN TO" space on reverse.

1. The following service is requested (check one.)

- ☐ Show to whom and date delivered..... 60
- ☐ Show to whom, date and address of delivery..... 6
- ☐ RESTRICTED DELIVERY
- ☐ Show to whom and date delivered..... 6
- ☐ RESTRICTED DELIVERY
- ☐ Show to whom, date, and address of delivery..... 5

(CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:

3. ARTICLE DESCRIPTION:

REGISTERED NO. CERTIFIED NO. INSURED NO.

1964476

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE C. de la Cruz

DATE OF DELIVERY

POSTMARK

ADDRESS (Complete only if requested)

UNABLE TO DELIVER BECAUSE:

CLEAR'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

PS Form 3811, Jan. 1979

RECEIPT FOR REGISTERED MAIL

INSURANCE SERVICE IS PROVIDED -  
OPTIONAL SERVICE -  
SPECIAL DELIVERY -  
SPECIAL DELIVERY -

PS Form 3811, Jan. 1979

CONSULT POSTMASTER FOR FEES

OPTIONAL SERVICE

RETURN RECEIPT SERVICE

REGISTERED NO. CERTIFIED NO. INSURED NO.

1964476

(Always obtain signature of addressee or agent)

I have received the article described above.

SIGNATURE C. de la Cruz

DATE OF DELIVERY

POSTMARK

ADDRESS (Complete only if requested)

UNABLE TO DELIVER BECAUSE:

CLEAR'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

DOYLE HARTMAN

Oil Operator

500 N. MAIN

P. O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

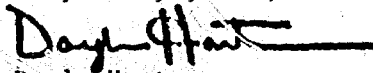
October 21, 1981

To All Off-Setting Eumont Dry Gas Owners  
Ellen Weir No. 1  
S/2 SW/4 and NW/4 SW/4  
Section 3, T-20-S, R-37-E  
Lea County, New Mexico

We would be very appreciative if you would indicate your approval of our request for non-standard proration unit and non-standard location to be dedicated to the above captioned well by signing one copy of this request and returning it in the enclosed stamped, self-addressed envelope.

We have a rig available which we would like to use in the drilling of this well, so your prompt attention in this matter would be very much appreciated.

Very truly yours,

  
Doyle Hartman

Approved this 10.26.  
day of \_\_\_\_\_, 1981

✓ W. K. Byrom

by 

Conoco, Inc.

by \_\_\_\_\_

Title \_\_\_\_\_

Texaco, Inc.

by \_\_\_\_\_

Title \_\_\_\_\_

Amerada Hess Corporation

by \_\_\_\_\_

Title \_\_\_\_\_

OCT 28 1981

Offset Eumont Dry Gas Owners  
Ellen Weir No. 1  
Page 2

Exxon Company, U.S.A.

by \_\_\_\_\_

Title \_\_\_\_\_





Production Department  
Hohys Division  
Western Hemisphere Petroleum Division

Conoco Inc.  
P.O. Box 460  
726 E. Michigan  
Hobbs, NM 88240  
(505) 393-4141

October 28, 1981

Doyle Hartman  
Oil Operator  
P.O. Box 10426  
Midland, Texas 79702

Gentlemen:

Amended Request for Non-Standard Proration Unit and Non-Standard  
Location - Ellen Weir No. 1 - S/2 SW/4 and NW/4 SW/4 Section 3, T-20S,  
R-37E, Lea County, New Mexico

Conoco Inc is returning your letter ballot on the above subject  
unsigned. We realize that our offsetting tract will not be directly  
affected by your request, however we believe that only under the most  
extenuating of circumstances should a gas well be drilled closer than  
660' from an offsetting lease line, regardless of smallness of the  
proration unit.

Conoco would not formally oppose your request because of the location of  
our lease, however we hope that you will understand and respect our  
opinion concerning the location of gas wells, especially since it  
appears that a more nearly standard location would be drillable.

Very truly yours,

HAL:rej

CC:

Mr. Jerry Sexton  
New Mexico Oil Conservation Division  
District I Office  
P.O. Box 1980  
Hobbs, New Mexico 88240

Mr. William P. Aycock  
308 Wall Towers West  
Midland, Texas 79701

Campbell, Byrd and Black, P.A.  
P.O. Box 2208  
Santa Fe, New Mexico 87501  
Attention Mr. William F. Carr

Maddox and Renfro  
P.O. Box 2508  
Hobbs, New Mexico 88240  
Attention Mr. Don Maddox

OCT 30 1981

DOYLE HARTMAN

Oil Operator

500 N MAIN

P. O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

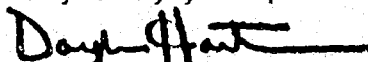
October 21, 1981

To All Off-Setting Eumont Dry Gas Owners  
Ellen Weir No. 1  
S/2 SW/4 and NW/4 SW/4  
Section 3, T-20-S, R-37-E  
Lea County, New Mexico

We would be very appreciative if you would indicate your approval of our request for non-standard proration unit and non-standard location to be dedicated to the above captioned well by signing one copy of this request and returning it in the enclosed stamped, self-addressed envelope.

We have a rig available which we would like to use in the drilling of this well, so your prompt attention in this matter would be very much appreciated.

Very truly yours,

  
Doyle Hartman

Approved this \_\_\_\_\_  
day of \_\_\_\_\_, 1981

W. K. Byrom

by \_\_\_\_\_

Conoco, Inc.

✓ by \_\_\_\_\_

Title \_\_\_\_\_

Texaco, Inc.

by \_\_\_\_\_

Title \_\_\_\_\_

Amerada Hess Corporation

by \_\_\_\_\_

Title \_\_\_\_\_



- Offset Eumont Dry Gas Owners  
Ellen Weir No. 1  
Page 2

Exxon Company, U.S.A.

by \_\_\_\_\_

Title \_\_\_\_\_

# SUMMARY

NW/4 SW/4 and S/2 SW/4 Section 3-20S-37E

Lea County, New Mexico

	<u>Net Acres</u>	<u>Percentage</u>
Leases signed and firmly committed to Doyle Hartman:	101.19444	84.3287%
Unleased interests that will probably lease to Doyle Hartman:	10.33334	8.6111%
	<hr/>	<hr/>
SUB-TOTAL	111.52776	92.9398%
Unleased interests that have indicated joinder:	8.47222	7.0602%
	<hr/>	<hr/>
GRAND TOTAL	120.00000	100.0000%

November 16, 1981

BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION
<del>HARTMAN</del> EXHIBIT NO. <u>3</u>
CASE NO. <u>7421</u>
Submitted by <u>AYCOCK</u>
Hearing Date <u>11-19-81</u>

**El Paso** NATURAL GAS  
COMPANY

P. O. BOX 1492  
EL PASO, TEXAS 79978  
PHONE: 915-543-2600

November 3, 1981

Doyle Hartman  
500 N. Main  
P. O. Box 10426  
Midland, Texas 79702

Re: Ellen Weir No. 1  
S/2 SW/4 and NW/4 SW/4  
Section 3, T-20-S, R-37-E  
Lea County, New Mexico

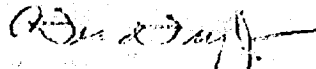
BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION <del>HARTMAN</del> EXHIBIT NO. <u>4</u> CASE NO. <u>7421</u> Submitted by <u>Averek</u> Hearing Date <u>11-19-81</u>
---

Gentlemen:

We are enclosing herewith four copies of a proposed Gas Purchase Agreement to cover the purchase and sale of gas to be delivered from the captioned well upon its completion. We understand that this will be an NGPA 103 type completion, and that you have acquired new leases comprising the 120-acre drilling block which will be dedicated to this well.

If this meets with your approval, please sign and return all copies. We will then sign and return fully executed copies for your files.

Very truly yours,



For: Dale E. Lockett  
Coordinator, Gas Purchases

CFF:kh

Attachments

cc: Mr. Clovis Moore, Midland  
(w/attach)

NOV 5 1981

**DOYLE HARTMAN**

*Oil Operator*

500 N. MAIN

P. O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

October 16, 1981

El Paso Natural Gas Company  
P. O. Box 1492  
El Paso, Texas 79978

Attention: Mr. Dale Lockett

Re: Ellen Weir No. 1  
Eumont Gas Interval  
S/2 SW/4 and NW/4 SW/4  
Section 3, T-20-S, R-37-E  
Lea County, New Mexico

Gentlemen:

We have recently acquired all new leases on the 120-acre tract consisting of the S/2 SW/4 and NW/4 SW/4 Section 3, T-20-S, R-37-E, Lea County, New Mexico. The leasehold interest covering this tract was previously owned by Tenneco Oil Company. Tenneco dedicated this 120-acre tract to Northern Natural Gas Company's interstate gas system, but in July, 1981, plugged and abandoned their sole producer on the tract. By virtue of this abandonment, the original leases to Tenneco expired, and Tenneco's rights were terminated.

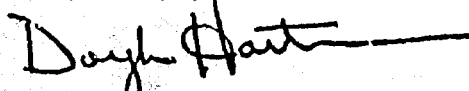
Since Doyle Hartman is now the holder of new leases covering the subject 120-acre tract (S/2 SW/4 and NW/4 SW/4 Section 3), and these leases are unencumbered by any previous contracts entered into by Tenneco, Doyle Hartman hereby requests a new gas purchase agreement from El Paso Natural Gas Company covering our Eumont Gas rights on the subject tract. We furthermore request that the new contract provide for wellhead pricing including BTU adjustment and taxes, appropriate FERC and area rate clauses, deregulation language, etc.

One of the new leases covering 25% of the tract stipulates that the gas must be connected within thirty days of the completion of the well. It is our intention to spud the well at a location 660 FSL & 330 FWL Section 3, as a Eumont Gas well (barring any topographical restrictions and/or opposition by offset operators) on or about November 15, 1981, with the completion to be finalized on or about December 5, 1981. We would very much like to have the necessary contract work completed and pipeline connection ready as near to this projected completion date as possible. We will be sending El Paso all required state forms so that you may keep abreast of the progress of the well.

El Paso Natural Gas Company  
October 16, 1981  
Page 2

Your prompt attention to this matter will be very much appreciated.

Very truly yours,

  
Doyle Hartman

DH/mh

cc: El Paso Natural Gas Company  
P.O. Box 1492  
El Paso, Texas 79978

Attention: Mr. Ferd Fry

El Paso Natural Gas Company  
Two Petroleum Center  
Suite 200  
North "A" at Wadley  
Midland, Texas 79701

Attention: Mr. Clovis Moore

Fluor Oil and Gas Corporation  
615 Midland Tower Building  
Midland, Texas 79701

Attention: Mr. Clem Ware

Campbell, Byrd and Black  
P. O. Box 2208  
Santa Fe, New Mexico 87501

Attention: Mr. William F. Carr

William P. Aycock  
308 Wall Towers West  
Midland, Texas 79701

(915) 686-8721

883 4329 - OFFICE  
883 4329 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702  
November 5, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Mr. James R. Leeton, Sr.  
C&K Petroleum Building  
Midland, Texas 79701

Dear Mr. Leeton:

This letter is written in confirmation of our discussions concerning the leasing of oil and gas rights in the captioned lands owned as follows:

B. A. Christmas, Jr.	1.25 net acres
Mary T. Christmas Holladay	.3125 net acres
Candy Christmas Alewine	.3125 net acres
Helen Jane Christmas Barby	.3125 net acres
Bradford Christmas	.3125 net acres

We understand you are handling the leasing of above tabulated interests.

We delivered to you on October 15, 1981, four separate leases for execution by all of the above parties, except B. A. Christmas, Jr.; such leases providing for a 30% royalty and a two year primary term. You have advised these leases are circulating and we can expect their execution and return in the next few weeks. You also advised the interest of B. A. Christmas, Jr. will be leased to Black Bear Oil & Gas Corporation and probably a subsequent assignee will join in the drilling of our proposed well.

Mr. Doyle Hartman, as operator, has made application to the Oil Conservation Division in Santa Fe for a non-standard unit covering 120 acres (above captioned), an unorthodox well location and the pooling of all uncommitted interests. We realize you have advised we should receive a signed commitment of the interests you represent, but since the hearing is scheduled for November 19, 1981, we are, for precautionary reasons, including in the pooling request all interests not fully committed at this time. Mr. Hartman has obtained a rig which is scheduled to commence the proposed well on or shortly after November 22, 1981. A copy of the AFE is enclosed.

For your information, Mrs. Joyce Christmas Brown has advised us by phone the Trustee will execute a lease to us covering her interest on mutually acceptable terms discussed with you.

Your help in this matter is much appreciated.

Yours very truly,

REG/sg

E. M. Gorence

Per Leeson - 11/1/81

B.A. Christmas  
- children

Joyce Chastance Brown

B.A. Christmas - Lease to Black Bear Oil & Gas Corporation  
(1.25 acres) =

1.0416667%

30% royalty - 7 years

Assign lease to Pauline Christmas (B.A. Christmas wife)  
Pauline Christmas will join

Children of B.A. Christmas

Man, T.

Candy

Bradford

Helen Jones

OK - 30% royalty

7 years

lease to E.H. Groene

Joyce Brown

7.5 acres

Submit lease - 30% royalty, 7

Send copies given in correspondence.

Leeson will give Mr. Brown check

for lease for 1/12 & 1/12 acre.

or 30% - no bonus.

3/5/81 - All above lease given to James Leeson, Jr. OK  
Blky. - Midland for securing of signatures.

10/29/81 - Leeson out of town until 11/2/81

11/1/81 - Leeson 11/1 work - out and return call

11/3/81 - Leeson 11/3 work

11/4/81 - Leeson says leases are circulating -



303 W Wall



Midland, Texas

9/28/81 - Talked to B. Ace Christmas. He said he is ready to lease for 2 yrs for 30% royalty and no cash bonus. He said his 4 children probably go on same basis, but contact them directly. His sister, Joyce Christmas Brown handles own business. B.A. Christmas said submit his lease to James Leeton, Sr., Midland attorney.

682-3433

9/29/81 - Visited James Leeton, Sr. He said hold up on the interests of B. A. Christmas, his 4 children and Joyce Christmas Brown. This is a total of 5.00 net acres. He says he will visit with B.A. Christmas who may decide to join-- apparently BAC will end up with 25% royalty and Leeton (Black Bear Oil & Gas Corp.) may end up with 5% ORRI if they lease.

Leeton going to Canada in few days--check back with him after October 14.

Joinder idea would probably only affect the 1.25 net acres owned by B.A. Christmas. We can still expect lease on remaining 3.75 acres--Leeton may insist on knowing name of operator.

915/685-2000

A great bank to call your own.



# CHRISTMAS RANCHES, INC.

CHICO ROUTE  
RATON, NEW MEXICO 87740

PHONE: 505-276-2371  
CAPULIN, NEW MEXICO 88414

September 14, 1981

NEW SW & S/2 SW  
3-205-37E, Lea Co NM

Mr. E. M. Gorence  
Box 10460  
Midland, Texas

9/15/81 - 9/25/81  
8/25 - 9/25/81  
1-25 4/25/81  
Out of town until 9/15

Dear Mr. Gorence:

For some time now we have been leasing in Lea County  
for 30 % royalty and no cash bonus. *Term - 2 yrs*

OK  
9/25/81  
B.A.C.

Thank you for your offer but I have discussed it with  
my family and we do not feel it is acceptable.

Yours truly,

B. A. Christmas

	<u>Net Due</u>
B. A. Christmas	1.25
H. Christmas	1.25
Total - 2 yrs Christmas Bonus	2.50
	<u>5.00</u>

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

(915) 683 6222 - OFFICE  
683 4379 - HOME

August 31, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Mr. B. A. Christmas, Jr.  
Chico Route  
Raton, New Mexico 87740

Dear Mr. Christmas:

A check of the records indicates that you own oil and gas leasing rights covering an undivided 1/4 of 1/24 interest, or 1.25 net acres, in the captioned lands.

We are interested in purchasing a three year paid up oil and gas lease for a consideration of 3/16 royalty and \$150.00 per acre cash bonus, or a total of \$187.50.

If this offer is acceptable to you, we request that you please execute the enclosed lease before a notary public and deposit same together with the enclosed collection draft in your local bank for payment through the normal banking channels.

Your cooperation in this leasing effort is much appreciated. Please do not hesitate to write or call collect if you have any questions in this matter.

Thank you.

Yours very truly,

  
E. M. Gorence

ENG/sg

Midland, Texas

PLACE

August 31  
DATE

, 19 81

NO.

30 DAYS AFTER sight

(915) 683 6222 - OFFICE  
683 4329 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702  
August 31, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

9/29/81 - Defer for completion negotiations on  
B.A. Christmas interest with James Lenton,  
Midland attorney

Mrs. Mary T. Christmas Holladay  
Box 3444  
Houston, Texas 77001

Dear Mrs. Holladay:

A check of the records indicates that you own oil and gas leasing rights covering an undivided 1/16 of 1/24 interest, or .31250 net acres, in the captioned lands.

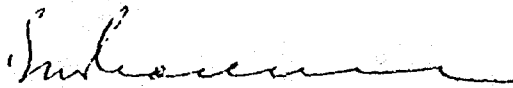
We are interested in purchasing a three year paid up oil and gas lease for a consideration of 3/16 royalty and \$150.00 per acre cash bonus, or a total of \$46.88.

If this offer is acceptable to you, we request that you please execute the enclosed lease before a notary public and deposit same together with the enclosed collection draft in your local bank for payment through the normal banking channels.

Your cooperation in this leasing effort is much appreciated. Please do not hesitate to write or call collect if you have any questions in this matter.

Thank you.

Yours very truly,



E. M. Gorence

EMG/sg

Midland, Texas  
PLACE

August 31  
DATE

19 81

NO. \_\_\_\_\_

AND SUBJECT TO APPROVAL OF THE

30

DAYS AFTER

eight

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

(015) 683 6222 - OFFICE  
683 4329 - HOME

August 31, 1981

Re:  $113\frac{1}{4}$  SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

9/29/81: Defer for completion negotiations  
on B. A. Christmas interest with James  
Lecton, Sr., Midland attorney

Mrs. Candy Christmas Alewine  
3602 86th St.  
Lubbock, Texas 79414

Dear Mrs. Alewine:

A check of the records indicates that you own oil and gas leasing rights covering an undivided  $1/16$  of  $1/24$  interest, or .31250 net acres, in the captioned lands.

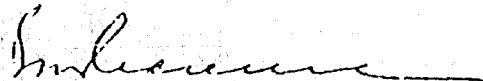
We are interested in purchasing a three year paid up oil and gas lease for a consideration of  $3/16$  royalty and \$150.00 per acre cash bonus, or a total of \$46.88.

If this offer is acceptable to you, we request that you please execute the enclosed lease before a notary public and deposit same together with the enclosed collection draft in your local bank for payment through the normal banking channels.

Your cooperation in this leasing effort is much appreciated. Please do not hesitate to write or call collect if you have any questions in this matter.

Thank you.

Yours very truly,



E. M. Gorence

ETG/sg

Midland, Texas  
PLACE

August 31, 19 81  
DATE

NO. \_\_\_\_\_

AND SUBJECT TO APPROVAL OF THE

(F15) 683 6222 - OFFICE  
683 4329 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702  
August 31, 1981

Re: NW/4 S1/4 and S/2 SW/4  
Section 3-20S-37E,  
Lea County, New Mexico

*9/17/81 - Defer for completion  
negotiations with B.A. Gorence  
from James L. Gorence, Jr.*

Mr. Bradford Christmas  
Box 173  
Wagon Hound, New Mexico 87752

Dear Mr. Christmas:

A check of the records indicates that you own oil and gas leasing rights covering an undivided 1/16 of 1/24 interest, or .31250 net acres, in the captioned lands.

We are interested in purchasing a three year paid up oil and gas lease for a consideration of 3/16 royalty and \$150.00 per acre cash bonus, or a total of \$46.88.

If this offer is acceptable to you, we request that you please execute the enclosed lease before a notary public and deposit same together with the enclosed collection draft in your local bank for payment through the normal banking channels.

Your cooperation in this leasing effort is much appreciated. Please do not hesitate to write or call collect if you have any questions in this matter.

Thank you.

Yours very truly,



E. H. Gorence

ENG/sg

Midland, Texas  
PLACE

August 31  
DATE

, 19 81

NO.

30

DAYS AFTER

sight

AND SUBJECT TO APPROVAL OF

PAY TO THE ORDER OF Bradford Christmas



E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

(915) 683 6222 - OFFICE  
683 4329 - HOME

August 31, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E,  
Lea County, New Mexico

9/29/81 - Defer for completion negotiat  
with B. A. Christmas through  
James Leeton, Midland attorney

Mrs. Helen Jane Christmas Barby  
Box 36  
Laverne, Oklahoma 73848

Dear Mrs. Barby:

A check of the records indicates that you own oil and gas leasing rights covering an undivided 1/16 of 1/24 interest, or .31250 net acres, in the captioned lands.

We are interested in purchasing a three year paid up oil and gas lease for a consideration of 3/16 royalty and \$150.00 per acre cash bonus, or a total of \$46.88.

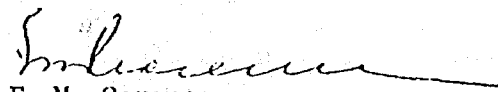
If this offer is acceptable to you, we request that you please execute the enclosed lease before a notary public and deposit same together with the enclosed collection draft in your local bank for payment through the normal banking channels.

Your cooperation in this leasing effort is much appreciated. Please do not hesitate to write or call collect if you have any questions in this matter.

Thank you.

Yours very truly,

EMG/sg

  
E. M. Gorence

Midland, Texas

August 31

, 19 81

NO.

PLACE

DATE

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

(915) 686-8721

681-4322 - OFFICE  
681-4329 - HOME

November 5, 1981

Re: N<sup>1</sup>/<sub>4</sub> SW<sup>1</sup>/<sub>4</sub> and S<sup>1</sup>/<sub>2</sub> SW<sup>1</sup>/<sub>4</sub>  
Section 3-20S-37E  
Lea County, New Mexico

Mrs. Joyce Christmas Brown  
909 North Alameda  
Las Cruces, New Mexico 88001

Dear Mrs. Brown:

Pursuant to your call we are enclosing herewith an oil and gas lease for execution by you and the Security Trust Company, as Trustee, covering your interest in the captioned lands.

*30% royalty. 7 years  
No bonus*

The signatures should be made before a notary public with the appropriate acknowledgment completed on the reverse side of the lease.

We plan to start our well about November 22, 1981, and have scheduled a hearing before the Oil Conservation Division in Santa Fe on November 19, 1981, to pool any interests not firmly committed. Your interest is included in the hearing application as a precautionary measure on our part; therefore, it is important we receive a signed lease covering your interest in the next ten days so that your interest not be involved in the hearing.

Thank you for your help in this matter.

Yours very truly,

ENG/sg

E. M. Gorence

August 31, 1981

505-576-9237

Mrs. Joyce Christmas Brown  
909 North Alameda  
Las Cruces, New Mexico 88001

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Attorney John Kafflin  
505-983-0679  
on Oct. 1 '81

will make S. B.A. Christmas

Dear Mrs. Brown:

You will recall I visited with you by telephone on August 27 relative to our leasing the oil and gas rights in subject lands.

Our examination of the records indicates that the probate of the Estate of William Weir held in 1941 passed title of 1/16 of 1/4 (1/64) to your mother, Annie L. Christmas. Subsequently, on April 27, 1944, by mineral deed, your grandmother, Ellen Weir conveyed to your mother 1/6 of 5/8 of 1/4 (5/192).

affirm  
Weir's account  
lead sent for  
records

The inventory in the will of your mother includes the listing of the above mentioned 5/192 interest received from Ellen Weir, but does not include the 1/64 interest acquired by your mother through the probate of the Estate of William Weir. The will of your mother conveyed to you one half of her interest in the captioned lands, regardless of the listing in the inventory.

11/4/81 - Mrs. Brown  
called - said  
30% royalty  
She  
wants fair  
sign for  
although all  
John Kafflin  
said  
we  
will

The mineral deed dated December 30, 1976, executed by you and your husband to the Security Trust Company, Trustee, specifically lists only your interest in the 5/192 interest mentioned above. This has the effect the Trust covers 1/2 of 5/192 interest and you, as your sole and separate property, own 1/2 (1/64 (1/128) interest. In leasing these interests it will be necessary to have two separate oil and gas leases.

then  
weir

We are interested in acquiring three year paid up oil and gas leases for a consideration of \$150.00 per net acre plus 3/16 royalty. The cash bonus to the Trust covering 1.5625 net acres is \$234.38 and to you covering .9375 net acres is \$140.63.

We are enclosing two leases for execution. We understand any leases concerning the Trust are presented by you to the Security Trust Company for execution. Also enclosed are two collection drafts in amounts state above. Each lease should be executed before a notary public and deposited with the appropriate draft in your bank or banks for payment through normal banking channels.

Letter Signed by E. M. Gorence

Your help in this matter

Midland, Texas  
PLACE

August 31, 1981  
DATE

, 19

NO.

30 DAYS AFTER Sight

AND SUBJECT TO APPROVAL OF T.

**PAY TO THE ORDER OF** Security Trust Company, Trustee under that certain Trust Agreement executed by John Allen Brown and Joyce Christmas Brown under date of June 6, 1975 \$234.38

Two hundred thirty four and 38/100ths  
WITH EXCHANGE

DOLLAR

**FOR** oil and gas lease covering NW/4 SW/4 and S/2 SW/4 Section 3, Township 20S, Range 37E, Lea County, New Mexico

**TO** E. M. Gorence (683-6222)  
First National Bank

NOT A CASH ITEM



FIRST NATIONAL BANK

P.O. BOX 1400 - MIDLAND, TEXAS 79702

COURTESY OF



(915) 686-8721

XXXXXXXX

November 10, 1981

Re: Weir Lease

*George Wesley Weir  
Estate*

Mr. Glen L. Houston  
1010 North Fowler  
Hobbs, New Mexico 88240

Dear Mr. Houston:

Pursuant to our phone conversation today, I am enclosing leases covering the two leasing situations with either 25 or 30% royalty.

Thank you for your help. We would like to have this completed by our hearing date of November 19, 1981.

Yours very truly,

E. L. Gorence

*11/10/81 Houston advised they would probably sign for*

- (1) 25% royalty + \$150 bonus - 6 month lease.*
- (2) 30% royalty - no bonus - 6 month lease.*

Re: Case of William Foster. Jimmy, Wm, Robert Ky. et al.

1/8/81 found other Foster, Jimmy Sec- 393-0507  
Harris, James, son of Jimmy, Wm

...  
be found too - Tell him we will report  
on list also to others - ...  
\$15 per man + 1/2 agency ...  
with ... 6 months ...

...  
few days

End. —

11/6/81 Houston out of town until 11/9/81. - EG —

11/9/81 Houston says he has not yet contacted the  
wire brothers but will soon -- requested revised notes  
which were forwarded this date.

(915) 686-8721

686-8721 - OFFICE  
683-4329 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702  
October 17, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Mr. Jimmy C. Weir  
Box 777  
Jul, New Mexico 88252

Dear Mr. Weir:

This is in reference to the oil and gas leasing rights held by you and your brother and sister in the captioned lands covering an undivided 1/24 interest, or 5.00 net acres. You will recall this has been the subject of our letter of September 3, 1981, and three telephone conversations.

We wanted to make you aware of some new information that has developed since I last talked to you on Wednesday evening, October 16th, that may assist you in making an early decision.

- It is planned that a 4100' Eumont gas well be drilled at a non-standard location in SW/4 SW/4 Section 3. The well is to be drilled by Doyle Hartman, a reputable Midland operator. Mr. Hartman has a firm obligation to the owner of 25% of the minerals to commence drilling by December 31, 1981, and in view of this obligation is being forced to contract for a drilling rig that will be available only in a time slot from approximately November 22, 1981, to December 1, 1981. You are probably aware that drilling rigs are in short supply near the end of the year. We estimate the completed well cost to be approximately \$320,000.

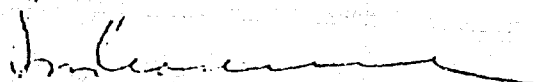
Mr. Hartman has made application for a hearing before the Oil Conservation Division of the State of New Mexico in Santa Fe on November 18, 1981, for the purposes of approval of the non-standard location and forced pooling of those unleased mineral interests that have not made a firm commitment by such date.

We are willing to increase the royalty to 1/4 on the lease submitted to you to encourage your early acceptance of our leasing offer. You may change and initial the royalty changes in the appropriate spaces on the oil and gas lease.

We hope this supplemental information will be of help. Two extra copies of this letter are enclosed for forwarding to your brother and sister.

We will be looking forward to your early response. Thank you for your help in this matter.

Yours very truly,



E. M. Gorence

EMG/sg

10/7/81 - Called Jimmy Weir's but probably met with  
brother & sister in person on 10/10/81. Possibly  
make decision then.

10/14/81 - Called Jimmy Weir's - brother Henry checking  
out with local operators - estate meeting  
scheduled. Jimmy Weir says they will attempt  
to have an agreement by 10/30/81. That Jimmy Weir  
is under a great deal of stress, to the point where  
he is having trouble sleeping, etc.

E.M. GORENCE

Oil & Gas Properties

P.O. BOX 10460

MIDLAND, TEXAS 79702

(915) 683-6222 - OFFICE  
683-4329 - HOME

September 3, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

*Phone call  
9/28 - Still working -  
Waiting on brother  
Lives & Ft. Hood in army.  
Sister lives in S. D.*

Mr. Jimmy C. Weir  
Box 777  
Jal, New Mexico 88252

*505-394-2827*

Dear Mr. Weir:

This concerns the oil and gas leasing rights in the captioned lands owned by your late grandfather, George W. Weir, covering an undivided 1/24 interest, or 5.00 net acres.

You may recall you advised me by phone that this estate is in probate and that the sole heirs under the will are yourself, your brother, George W., and your sister, Sue Ellen Weir. In checking the District Court records we are advised you are the Personal Representative of the estate.

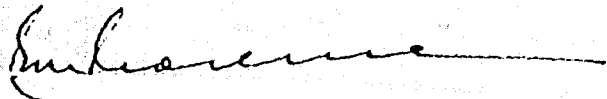
We are interested in purchasing a three year paid up oil and gas lease for a consideration of 3/16 royalty and \$150.00 per acre cash bonus, or a total of \$750.00, covering the above mentioned 5.00 net acres.

If this offer is acceptable, we request that you please execute the enclosed lease before a notary public; in order that we be properly protected when the probate is closed, we also ask that your brother and sister also execute the lease at this time. When all signatures and notary public acknowledgements are completed the lease together with the enclosed collection draft should be deposited in your local bank for payment through the normal banking channels.

Your cooperation in this leasing effort is much appreciated. Please do not hesitate to write or call collect if you have any questions.

Thank you.

Yours very truly,



E. M. Gorence

EMG/bsc

Midland, Texas

PLACE

September 3

DATE

, 19 81

NO.

30

DAYS AFTER

sight

AND SUBJECT TO APPROVAL OF

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

(915) 683-4222 -- OFFICE  
683-4329 -- HOME

October 23  
1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Mr. Gaines Hoyt Bolding  
Box 389  
Farmington, New Mexico 87401

Dear Mr. Bolding:

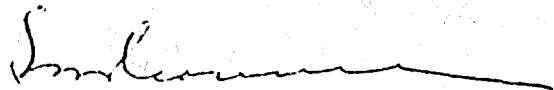
This is in further reference to our letters of August 31, 1981, and October 7, 1981, concerning the leasing of your oil and gas rights in the captioned lands.

We regret that we have to press you in this matter since we understand you are in an isolated area and it is probably difficult to find a notary public.

This has become an urgent matter because it is our intention to have a well started on the captioned lands by approximately November 22, 1981; the year end rig problem is partly responsible for this. In this connection we have a hearing scheduled before the Oil Conservation Division of the State of New Mexico in Santa Fe on November 18, 1981, for approval of a non-standard unit and location and for force pooling of any unleased interests. This means we would have to include your interest in this force pooling proceedings if we do not have your lease. We would much prefer to not be forced to go through this procedure.

We would much appreciate your furnishing the executed lease in the next few days. Please accept our apology for our insistence in this matter.

Yours very truly,



E. M. Gorence

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10480  
MIDLAND, TEXAS 79702

(915) 683-8222 — OFFICE  
683-4329 — HOME

October 23  
1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Mr. Gaines Hoyt Bolding  
Box 389  
Farmington, New Mexico 87401

Dear Mr. Bolding:

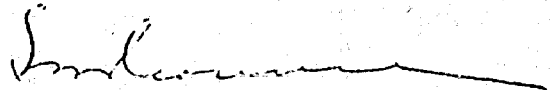
This is in further reference to our letters of August 31, 1981, and October 7, 1981, concerning the leasing of your oil and gas rights in the captioned lands.

We regret that we have to press you in this matter since we understand you are in an isolated area and it is probably difficult to find a notary public.

This has become an urgent matter because it is our intention to have a well started on the captioned lands by approximately November 22, 1981; the year end rig problem is partly responsible for this. In this connection we have a hearing scheduled before the Oil Conservation Division of the State of New Mexico in Santa Fe on November 18, 1981, for approval of a non-standard unit and location and for force pooling of any unleased interests. This means we would have to include your interest in this force pooling proceedings if we do not have your lease. We would much prefer to not be forced to go through this procedure.

We would much appreciate your furnishing the executed lease in the next few days. Please accept our apology for our insistence in this matter.

Yours very truly,



E. M. Gorence

October 7, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-209-37E  
Lea County, New Mexico

Mr. Gaines Hoyt Bolding  
Box 389  
Farmington, New Mexico 87401

Dear Mr. Bolding:

You may recall I wrote you several weeks ago concerning your interest in the captioned lands which we desired to lease for the oil and gas rights.

Since you are probably not near your home bank it occurred to me that you might prefer to be paid by direct check and mail the lease to me. I, therefore, have taken the liberty of preparing the enclosed check for your convenience. The lease must be completed as to your signature before a notary public; also the notary should complete the acknowledgment blank on the reverse side.

We are rapidly securing the numerous leases required to complete this project and are most anxious to be finished in the next 10 to 15 days. Your early return of the executed lease will be most appreciated.

We hope you are enjoying your stay at Elephant Butte.

Thank you.

Yours very truly,

E. M. Gorence



(815) 683 6222 - OFFICE  
683 4329 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

August 31, 1981

Re: N1/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

513-325-7115  
Mr. Gaines Hoyt Bolding  
1505 Schofield Lane Box 289  
Farmington, New Mexico 87401

Reminded 9/14  
will send letter to  
E. H. Gorence  
Daguerre J. H. Gorence

Dear Mr. Bolding:

A check of the records indicates that you own oil and gas leasing rights covering an undivided 1/5 of 38/1152 interest, or .79167 net acres, in the captioned lands.

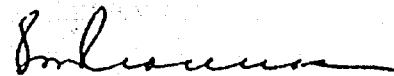
We are interested in purchasing a three year paid up oil and gas lease for a consideration of 3/16 royalty and \$150.00 per acre cash bonus, or a total of \$118.76.

If this offer is acceptable to you, we request that you please execute the enclosed lease before a notary public and deposit same together with the enclosed collection draft in your local bank for payment through the normal banking channels.

Your cooperation in this leasing effort is much appreciated. Please do not hesitate to write or call collect if you have any questions in this matter.

Thank you.

Yours very truly,



E. H. Gorence

ENG/sg

Midland, Texas

PLACE

August 31

DATE

, 1981

NO.

30

DAYS AFTER

sight

AND SUBJECT TO APPROVAL OF THE

(915) 686-8721

~~XXXXXXXXXX~~ - OFFICE  
003-4320 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702  
October 27, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Mrs. Dorothy Jean Sparger  
1300 W. Cochiti  
Hobbs, New Mexico 88240

Dear Mrs. Sparger:

Enclosed is copy of our letter of August 31, 1981, concerning the leasing of your oil and gas rights in the captioned lands.

We are sorry that we must bother you since we know that you have been undergoing medical treatment in Houston for some time. We hope you have a speedy recovery.

The signing of the enclosed lease has become an urgent matter since it is our intention to have a well started on the captioned lands on or about November 20, 1981. We have a hearing scheduled before the Oil Conservation Division of the State of New Mexico in Santa Fe on November 18, 1981, for approval of a non-standard unit and location and for force pooling of any unleased interests. We have most of the ownership committed and believe we will have 100% by the hearing date. We certainly do not want you to be concerned about a force pooling hearing.

I am enclosing my check for \$118.76 to replace the previously furnished draft which represents a \$150.00 per acre cash bonus for your interest covering .79167 net acres. The enclosed lease should be signed by you and your signature acknowledged by a notary public in the proper blank on the reverse side of the lease. A stamped self-addressed envelope is enclosed for return of the signed lease to me.

Please accept our apology for contacting you on this matter at this time when the greatest concern should be for your early good health.

Yours very truly,



E. M. Gorence

ENG/sg

11/10/81 - Mrs. Sparger said lease should be signed by 11/17/81 - Mrs. Sparger  
is in Hobbs - E.M.

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

(915) 693 6222 — OFFICE  
683 4329 — HOME

August 31, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Mrs. Dorothy Jean Sparger  
1300 W. Cochiti  
Hobbs, New Mexico 88240

505-392-8292

Dear Mrs. Sparger:

A check of the records indicates that you own oil and gas leasing rights covering an undivided 1/5 of 38/1152 interest, or .79167 net acres, in the captioned lands.

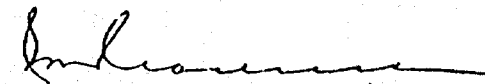
We are interested in purchasing a three year paid up oil and gas lease for a consideration of 3/16 royalty and \$150.00 per acre cash bonus, or a total of \$118.76.

If this offer is acceptable to you, We request that you please execute the enclosed lease before a notary public and deposit same together with the enclosed collection draft in your local bank for payment through the normal banking channels.

Your cooperation in this leasing effort is much appreciated. Please do not hesitate to write or call collect if you have any questions in this matter.

Thank you.

Yours very truly,

  
E. M. Gorence

EMG/sg

Midland, Texas  
PLACE

August 31  
DATE

, 19 81

NO.

30

DAYS AFTER sight

AND SUBJECT TO APPROVAL OF 111

PAY TO THE ORDER OF

Dorothy Jean Sparger

# OIL & GAS LEASE

THIS AGREEMENT made this 21st day of September 19 81 between

Betty Guttag, dealing in her sole and separate property,  
16 Sutton Place, New York, New York 10022

E. M. Gorence

(Post Office Address)

herein called lessor (whether one or more) and

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 Lea County, New Mexico, to-wit:

NW/4 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 40 acres, whether it actually comprises more or less.

one year

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of one year from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 1/4 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 1/4 of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 1/4 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 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 shut-in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether said operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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. Lessee 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 upon said land, and in the event lessee does so shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder and satisfying same. Without impairment of lessee's rights under this 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, 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 or his 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, express or implied, of this agreement as to acreage so surrendered, and thereafter the 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

Betty Guttag

# OIL & GAS LEASE

THIS AGREEMENT made this 21st day of September 19 81, between  
Daniel I. Gutman, Successor Trustee under the Will of Max Gutman, deceased,  
239 East 79th Street, New York, New York 10021

(Post Office Address)

herein called lessor (whether one or more) and E. H. Gorence 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 100 County, New Mexico, to-wit:

N4/4 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 40 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 one year from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 1/4 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 1/4 of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 1/4 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 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 shut-in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made. If lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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 portion thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage 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 or 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.

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8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessor; 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut-in royalties payable 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 as more than the royalties, shut-in royalty, 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 or his 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 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

Daniel I. Gutman, Trustee  
 Daniel I. Gutman, Successor Trustee  
 under the will of Max Gutman, deceased

# OIL & GAS LEASE

THIS AGREEMENT made this 21st day of September 1981 between  
Daniel L. Gutman, dealing in his sole and separate property,  
239 East 79th Street, New York, New York 10021

B. M. Gorence

(Post Office Address)

herein called lessor (whether one or more) and

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 \_\_\_\_\_ Lea \_\_\_\_\_ County, New Mexico, to-wit:

NN/4 S1/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 40 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 one year from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 1/4 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 1/4 of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 1/4 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 or/or condensate well on said land, or land pooled therewith, but gas 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 shut in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 the 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. Lessor 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 pipelines 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 their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessor, and no such change or division shall be binding upon lessor 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, at its option, pay or tender any royalties or shut in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessor as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessor 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 royalty or shut in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut in royalties payable hereunder toward satisfying same. Without impairment of lessor's rights under the warranty, if this lease covers a less fee 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, 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 or his 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 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.

Daniel L. Gutman  
 Daniel L. Gutman

# OIL & GAS LEASE

THIS AGREEMENT made this 21st day of September, 1981, between  
Alfred E. Gutman, dealing in his sole and separate property,  
206 Winthrop, Taunton, Massachusetts 02780

E. H. Gorence

(Post Office Address)

herein called lessor (whether one or more) and

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, including gas, water, other fluids, and all into subsurface strata, laying pipelines, 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

1 acre

County, New Mexico, to-wit:

NW/4 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 40 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 one year from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 1/4 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected, (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 1/4 of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 1/4 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 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 shut in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made. If lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid up lease and lessee shall not be obligated, during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 use in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land; if, after the expiration of the primary term, all wells upon said land should become a permanent failure of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 the 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. Lessor 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 down and remove all casing. When required by lessor, lessee will bury all pipelines 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 their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, 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, at its option, pay or tender any royalties or shut in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 by such lien with the right to enforce same and to apply royalties and shut in royalties payable 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 hereinafter defined or not) then the royalties, shut in royalty, and other payments, if any, accruing from any part of said land 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 or his 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 shut in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed this 21st day of September 1981.

Alfred E. Gutman



▼ FLUOR OIL AND GAS CORPORATION

615 MIDLAND TOWER BUILDING  
MIDLAND, TEXAS 79701  
TELEPHONE: (815) 683-2731

October 14, 1981

Doyle Hartman  
P. O. Box 10426  
Midland, Texas 79702

Lease Contribution - 3562

Dear Sir:

If accepted by you as hereinafter provided, this letter will evidence our agreement to execute and deliver to you oil and gas lease(s) covering our mineral interest in the following described land:

All in T-20-S R-37-E NMPM  
Section 3: S/2 SW/4 and NW/4 SW/4,  
from the surface of the ground down to  
but not below, a depth of 50 feet below  
the total depth drilled in the first well  
drilled on said lands under the terms hereof.

Conditioned as below stated; provided you fully perform such obligation required of you, as stated herein:

1. Kind of Lease:

Such lease shall be dated as of the date the Paragraph No. 2 well is spudded and will be on the terms and conditions set forth in the form of lease(s) attached hereto. Delivery of lease(s) shall not be made unless the well referred to in the following paragraph numbered 2: Commencement of Drilling, Testing, etc. is completed as a producer of oil and/or gas in paying quantities and until you have fully complied with all of the terms hereof.

2. Commencement of Drilling, Testing, etc:

In the event you, for any reason, fail to commence or cause to be commenced, the drilling of a well for oil and/or gas at a legal location of your choice on said above described lands

within 78 days from this date, and thereafter drill such well with reasonable diligence, consistent with good oil field practice, to 4,100 feet total depth, or to a depth sufficient to test the Penrose Sand Section of the Queen formation, whichever is the lesser, this agreement shall ipso facto terminate, and we shall thereafter be under no obligation to you whatsoever.



FLUOR OIL AND GAS CORPORATION

615 MIDLAND TOWER BUILDING  
MIDLAND, TEXAS 79701  
TELEPHONE: (915) 683-2731

Doyle Hartman  
P. O. Box 10426  
Midland, Texas 79702

Lease Contribution - 3562

Dear Sir:

If accepted by you as hereinafter provided, this letter will evidence our agreement to execute and deliver to you oil and gas lease(s) covering our mineral interest in the following described land:

All in T-20-S R-37-E 10MPM  
Section 3: S/2 SW/4 and NW/4 SW/4,  
from the surface of the ground down to  
but not below, a depth of 50 feet below  
the total depth drilled in the first well  
drilled on said lands under the terms hereof.

Conditioned as below stated; provided you fully perform such obligation required of you, as stated herein:

1. Kind of Lease:

Such lease will bear a date of October 14, 1981, and will be on the terms and conditions set forth in the form of lease(s) attached hereto. Delivery of lease(s) shall not be made unless the well referred to in the following paragraph numbered 2: Commencement of Drilling, Testing, etc. is completed as a producer of oil and/or gas in paying quantities and until you have fully complied with all of the terms hereof.

2. Commencement of Drilling, Testing, etc:

In the event you, for any reason, fail to commence or cause to be commenced, the drilling of a well for oil and/or gas at a legal location of your choice on said above described lands

within 78 days from this date, and thereafter drill such well with reasonable diligence, consistent with good oil field practice, to 4,100 feet total depth, or to a depth sufficient to test the Penrose Sand Section of the Queen formation, whichever is the lesser, this agreement shall ipso facto terminate, and we shall thereafter be under no obligation to you whatsoever.

3. Liability of Parties:

Such well is to be drilled and completed at your risk and expense and without cost or liability of any kind to us, other than our agreement to execute and deliver to you the aforesaid oil and gas lease, upon the terms and conditions hereof.

4. Coring and Testing:

You shall take cores and sidewall samples at such intervals as are indicated by good oil field practice. All zones or formations encountered which justify testing for oil or gas shall be adequately tested, including setting and perforating casing, if such is necessary to obtain adequate test.

5. Plugging and Abandoning:

You are to use your best efforts to complete the well as a commercial producer, but if such well is dry, same shall be plugged and abandoned in accordance with all applicable laws, rules and regulations, at your risk and expense.

6. Access to Well and Information:

The representatives of this Corporation shall have full and free access to said well and to the derrick floor, and full and complete information concerning said well, including, but not limited to, the right to examine and sample cores, cuttings, sidewall samples, production samples, and the right to observe all tests and producing operations of said well.

7. Notification:

In the event that you encounter any formation containing oil or gas in reasonable substantial quantity or pressure, you shall immediately notify either of the below named representatives of such fact orally, if either of said representatives is at the well site, or by telephone or telegraph at the following location and/or number, at your expense:

Fred Yates A/C 915-683-2731 Off. A/C 915-694-3265 Res.

Fluor Oil and Gas Corporation, 615 Midland Tower, Midland,  
Texas 79701

Similarly, you shall so notify this corporation sufficiently in advance of any of the following events in order that a representative of this Corporation may be present to witness same:

- a. Spudding of said well;
- b. All drillstem or other tests of said well;
- c. The running of any electric log or other survey;
- d. Any coring operation

8. Surveys

If not waived by this Corporation, you shall, at your expense, run an electrical survey from the surface casing to the total depth of said well. You shall furnish this Corporation without charge a copy of any velocity and/or dip meter survey run in said well by you or any third party and, in the absence thereof, this Corporation shall be permitted to run a velocity and/or dip meter survey in said well at its sole risk and expense.

9. Reports, etc. to be furnished this Corporation:

You covenant and agree to supply this Corporation at your expense with the following data and information at the address set forth in Paragraph 7 hereof:

- a. Progress reports on said well with full information thereon each day by telephone to (915) 683-2731, followed by written report;
- b. Two true copies of each survey as and when made, and two copies of the complete electrical survey when made;
- c. One copy of all other logs and surveys made of said well, and a written report of the results of all tests made on said well, including a copy of all drillstem test charts;
- d. One copy of any paleontological report concerning said well;
- e. One copy of any and all notices and reports made by you and furnished to any governmental body or agency requiring or requesting such notice, including category determination filing.

10. Assignments:

No assignment or transfer, in whole or in part, by you of your rights hereunder shall be effective without the prior written consent of this Corporation.

11. Miscellaneous:

It is agreed that time is of the essence of this agreement, and that if for any reason you fail to commence the drilling of the above described well within the time hereinabove set forth, and for any reason fail to drill such well with reasonable diligence to the objective aforementioned, this agreement shall ipso facto terminate, and we shall thereafter be under no obligation to you whatsoever in connection with such well, and no provision hereof shall be modified or waived except in writing.

If the above correctly sets forth the terms of the agreement made with you, then please sign the original of this letter in the space provided below, execute and acknowledge both copies of the attached lease and return to us at our office at 615 Midland Tower Building, Midland, Texas 79701, on or before ten days from the date hereof.

If you fail to return such signed original to us within such period of time, this agreement shall terminate.

Yours very truly,

FLUOR OIL AND GAS CORPORATION

By: Leroy Esterak  
Leroy Esterak, Vice President

LE:ju

ACCEPTED AND AGREED TO:

(Date) October 19, 1981.

Doyle Hartman  
Doyle Hartman

OIL AND GAS LEASE

THIS AGREEMENT entered into the   \*   day of           , 19   \*  ,  
between FLUOR OIL AND GAS CORPORATION, a California corporation, with an office at  
615 Midland Tower Building, Midland, Texas, 79701, acting herein by and through its  
duly authorized officers, hereinafter called "Lessor," and Doyle Hartman  
P. O. Box 10426, Midland, Texas 79702  
hereinafter called "Lessee":           \*to be inserted prior to delivery

ARTICLE I.

WITNESSETH:

Lessor, in consideration of                     Ten and no/100                      
Dollars, (\$10.00-----), Cash to it in hand paid by Lessee, and of the covenants  
and agreements of Lessee contained herein, does hereby demise, lease, and let unto  
Lessee for exploring, drilling, mining, and operating for oil, gas and other liquid  
or gaseous hydrocarbon minerals of like nature, and engaging in any activity reason-  
ably necessary to produce, save and take care of said products, that tract or those  
tracts of land, sometimes hereinafter referred to as "Leased Premises," situated  
in Lea County, New Mexico, described as follows, to-wit:

T-20-S R-37-E NMPM

Section 3: S/2 SW/4 and NW/4 SW/4

from the surface of the ground down to, but not below, a depth  
of 50 feet below the total depth drilled in the first well drilled  
on said lands under the terms hereof.

For the purposes hereof the land described above is estimated to be 120 acres.

ARTICLE II.

Subject to the provisions herein, this lease shall remain in force for a period  
of ninety (90) days from date (hereinafter called "Primary Term"), and as long  
thereafter as this lease is maintained by the provisions hereof.

ARTICLE III.

NONE

ARTICLE IV.

1. After commencement of actual drilling of the leased premises, and prior to  
the discovery thereon and production therefrom of oil, gas, or other liquid or gaseous  
hydrocarbon minerals of like nature in paying quantities, Lessee may maintain the rights  
granted herein by continuing such operations without the lapse of more than sixty (60)  
days between abandonment of one well and beginning the actual drilling of another.

2. After discovery and production of oil, gas or other liquid or gaseous hydro-  
carbon minerals of like nature in paying quantities from the leased premises, the rights  
granted herein may be maintained in effect so long as such products are being produced  
in paying quantities. If the production thereof should cease from any cause, this  
lease shall terminate unless Lessee within sixty (60) days thereafter resumes or  
restores such production or commences additional actual drilling or actual reworking  
operations and continues such operations without the lapse of more than sixty (60)  
days between the abandonment of one well and commencement of actual reworking operations,  
resumption of production or commencement of actual drilling of another well.

3. Should Lessee, during the primary term hereof, complete a well on the leased  
premises capable of producing gas in paying quantities, but which Lessee is unable to  
produce because of lack of market or governmental restrictions then Lessee's rights  
hereunder may be maintained, in the absence of production of gas, if within thirty (30)  
days after the completion or shutting in of said well Lessee has paid to Lessor the sum  
of \$1.00 per acre for each acre of land then covered by this lease, which payment shall  
maintain the lease in full force and effect for a period of one year from date such

OIL AND GAS LEASE

THIS AGREEMENT entered into the 14th day of October, 1981, between FLUOR OIL AND GAS CORPORATION, a California corporation, with an office at 615 Midland Tower Building, Midland, Texas, 79701, acting herein by and through its duly authorized officers, hereinafter called "Lessor," and Doyle Hartman P. O. Box 10426, Midland, Texas 79702 hereinafter called "Lessee":

ARTICLE I.

WITNESSETH:

Lessor, in consideration of -----Ten and no/100----- Dollars, (\$10.00-----), Cash to it in hand paid by Lessee, and of the covenants and agreements of Lessee contained herein, does hereby demise, lease, and let unto Lessee for exploring, drilling, mining, and operating for oil, gas and other liquid or gaseous hydrocarbon minerals of like nature, and engaging in any activity reasonably necessary to produce, save and take care of said products, that tract or those tracts of land, sometimes hereinafter referred to as "Leased Premises," situated in Lea County, New Mexico, described as follows, to-wit:

T-20-S R-37-E NMPM

Section 3: S/2 SW/4 and NW/4 SW/4

from the surface of the ground down to, but not below, a depth of 50 feet below the total depth drilled in the first well drilled on said lands under the terms hereof.

For the purposes hereof the land described above is estimated to be 120 acres.

ARTICLE II.

Subject to the provisions herein, this lease shall remain in force for a period of ninety (90) days from date (hereinafter called "Primary Term"), and as long thereafter as this lease is maintained by the provisions hereof.

ARTICLE III.

NONE

ARTICLE IV.

1. After commencement of actual drilling of the leased premises, and prior to the discovery thereon and production therefrom of oil, gas, or other liquid or gaseous hydrocarbon minerals of like nature in paying quantities, Lessee may maintain the rights granted herein by continuing such operations without the lapse of more than sixty (60) days between abandonment of one well and beginning the actual drilling of another.

2. After discovery and production of oil, gas or other liquid or gaseous hydrocarbon minerals of like nature in paying quantities from the leased premises, the rights granted herein may be maintained in effect so long as such products are being produced in paying quantities. If the production thereof should cease from any cause, this lease shall terminate unless Lessee within sixty (60) days thereafter resumes or restores such production or commences additional actual drilling or actual reworking operations and continues such operations without the lapse of more than sixty (60) days between the abandonment of one well and commencement of actual reworking operations, resumption of production or commencement of actual drilling of another well.

3. Should Lessee, during the primary term hereof, complete a well on the leased premises capable of producing gas in paying quantities, but which Lessee is unable to produce because of lack of market or governmental restrictions then Lessee's rights hereunder may be maintained, in the absence of production of gas, if within thirty (30) days after the completion or shutting in of said well Lessee has paid to Lessor the sum of \$1.00 per acre for each acre of land then covered by this lease, which payment shall maintain the lease in full force and effect for a period of one year from date such

well is completed or shut in for lack of market. Upon a similar payment within twelve (12) months from date such payment is due, Lessee's rights hereunder may be maintained for twelve (12) additional months; provided, however, that in no event shall Lessee's rights be so extended by shut-in payments for more than two (2) years.

#### ARTICLE V.

1. Lessee shall drill such wells as a prudent operator would drill in order to prevent drainage of oil, gas or other liquid or gaseous hydrocarbon minerals of like nature from the leased premises by a well on property not covered by this lease.

2. In addition to the obligation to protect the leased premises from drainage, Lessee agrees that if a well producing oil, gas or other liquid or gaseous hydrocarbon minerals of like nature in paying quantities is brought in on property not covered by this lease, and is within six hundred sixty (660) feet of the leased premises in the case of an oil well, or within thirteen hundred twenty (1320) feet in the case of a gas or condensate well, or within any unit or units which adjoin the leased premises, then Lessee shall commence actual drilling, within sixty (60) days after commencement of actual production from each well, of an offset well thereto on the leased premises, and shall diligently prosecute the drilling thereof. Any such offset well drilled by Lessee shall be completed in the same producing zone or zones, where practicable, as the well to be offset, and thereafter shall be operated in such manner as to provide proper protection from drainage of the leased premises.

3. Lessee may be relieved of the obligation of this article by filing in the office of the County Clerk of the County where the leased premises are located, within such sixty (60) day period, a release of all land covered by this lease except for forty (40) acres around each well producing, drilling or being reworked, or when a governmental spacing order exists, Lessor's acreage allotted to such a producing unit or unit in which a well is being drilled.

#### ARTICLE VI.

Anything in this lease to the contrary notwithstanding, actual drilling on or production from any unit or units formed by any State or Federal governmental authority embracing both land herein leased and other land not included in this lease, shall maintain this lease in force only as to that portion of Lessor's land included in such unit or units, whether or not said drilling or production is on or from the leased premises. This lease may be maintained in force as to the remainder of the leased premises in any manner specified in this lease.

#### ARTICLE VII.

If the estate or interest of either party hereto is assigned and the privilege of assigning in whole or in part is expressly allowed, the covenants and agreements 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 certified copy thereof.

#### ARTICLE VIII.

Lessee shall pay to Lessor, as royalty,

1. Thirty Percent (30%) of all oil, including distillate or condensate and other liquid hydrocarbons, produced and saved from the leased premises, which shall be delivered to Lessor's credit into any pipe line which the well or wells, or any of Lessee's tanks, may be connected, all free of cost of production and delivery. All oil and condensate shall be measured in tanks situated on the leased premises and such tanks shall not adjoin other tanks measuring oil or condensate in which Lessor has no interest or has a different interest. No liquid meters shall be used without Lessor's consent. Until further notice from Lessor, Lessee may purchase any royalty oil in Lessee's possession, paying the market price prevailing in the field where produced on the date same is run or sold; or, if there is no posted price in the field, the posted average price for oil of like grade and gravity prevailing in the general area in which the leased premises are located.

2. Thirty Percent (30%) of the value of all gas produced and saved or sold from the leased premises, delivered free of cost of production and delivery. Delivery is defined as made when the gas has been received by the first purchaser thereof. Value shall not be less than the market price then current for gas of like character and quality delivered to any other purchaser in that field.

Lessor hereby reserves unto itself, its successors and assigns, at its option, risk and expense, the right at any time and from time to time as long as this lease is in effect to take or have delivered to its designated purchaser, its share of gas in kind by giving the Lessee sixty (60) days prior written notice. In the event Lessor exercises this right, such gas shall be delivered at some reasonable point near the wellhead or the connecting pipeline at which point such gas shall be metered through a standard approved meter furnished by Lessor. Lessor also agrees to secure any authority or permit required from any governmental agency having jurisdiction, make all necessary reports to any such agency. The term "gas" as used in this article shall mean royalty gas, overriding royalty gas and working interest gas reserved to Lessor under a reversion option in this lease and shall include but not be limited to gas well gas, casinghead gas, and all gaseous substances produced from the leased premises.

3. Thirty Percent (30%) of the value of all plant products, including residue gas, free of extraction and plant or other process costs, where gas from the leased premises is processed by Lessee or through an affiliated company, or by any other party in a plant or process in or adjacent to the field in which the leased premises are located, or through arrangement on a royalty basis by Lessee with any other party in a plant or process not in or adjacent to the field wherein the leased premises are located. In this last event, Lessor shall be paid only its proportionate share of said royalty paid to Lessee.

4. In the situations covered by the preceding Paragraph 3, Lessor shall receive not less than Thirty Percent (30%) of the value of all residue gas at a price not less than the then current market price for residue gas of like character and quality delivered to any other purchaser in or adjacent to the field where produced.

5. Prior to entering into any contract for the sale of gas hereunder, Lessee shall give Lessor sixty (60) days' written notice of the terms which Lessee proposes to accept. Should Lessor object to such terms, Lessee agrees to meet with Lessor, at which meeting the parties shall endeavor in good faith to arrive at a mutually satisfactory solution. However, Lessor's consent thereto shall not be a condition of Lessee's right to enter into such a sales contract. Promptly after the execution of any contract for the sale of gas hereunder, Lessee shall furnish Lessor with a full and complete copy of such executed contract.

6. In the measurement of oil or other liquid hydrocarbons, 100% tank tables shall be used. Field tests, measurements, and corrections of crude oil shall be in keeping with the currently approved A.P.I. Code of Measuring, Sampling and Testing Crude Oil.

7. On or before the 25th day of each month, Lessee shall mail or deliver to Lessor an itemized statement (duly signed by an authorized representative of Lessee) showing the production during the preceding calendar month.

#### ARTICLE IX.

In the event Lessor considers that Lessee has failed to comply with any obligation, express or implied, Lessor shall give written notice to Lessee, and Lessee shall have sixty (60) days to comply with the obligations of this lease. This requirement of notice and granting of delay for performance does not apply to Lessee's failure to pay shut-in rental in accordance with Article IV-3, or comply with obligations relative to drilling and/or reworking operations, or protect the leased premises from drainage, or comply with the provisions of Article XII-4, as required by the terms of this lease.

#### ARTICLE X.

Except in the situations covered by Article V-3, which that article shall control, Lessee may deliver to Lessor a recordable instrument surrendering all or any portion of the leased premises at any time this lease is in effect, and thereby be relieved of all obligations thereafter accruing under this lease as to the portion surrendered.

#### ARTICLE XI.

1. Within ninety (90) days after the termination of this lease for any cause, as to all or any portion of the leased premises, Lessee shall remove from that portion of the leased premises upon which this lease has terminated any and all surface equipment which Lessee may have placed thereon and shall restore the leased premises as near as possible to the condition existing on the date of this lease.

2. All wells shall be plugged and abandoned in accordance with the rules and regulations of the governmental regulatory body having jurisdiction thereof.

#### ARTICLE XII.

1. Lessor warrants and agrees to defend the title to the leased premises against claims by, through or under it, and not otherwise.



2. Lessee may discharge any tax, mortgage or lien upon this land, and thereby shall become subrogated to such claim with the right to satisfy same out of royalties due under this lease.

3. If Lessor is shown to own less than the entire fee simple estate in the leased premises, either by admission or by judgment of competent court, then the royalties, and any amounts due Lessor under this lease shall be reduced proportionately. Lessee, however, shall not be entitled to claim or recover any monies already paid Lessor as bonus, rent, royalty or for any other reason.

4. It is a material consideration to the continued existence of this lease that Lessee has not, previous to the execution hereof, acquired, nor subsequent to the execution hereof, will acquire, an oil, gas or mineral lease covering the property herein leased from any person or persons or firm claiming an interest therein adverse to Lessor.

#### ARTICLE XIII.

1. Lessor may, at Lessor's own expense, have a representative on the leased premises during operations at all times, who shall be entitled to examine all cores, electrical logs, and other well data, and who may witness the checking or measuring of all hydrocarbons or minerals produced from the leased premises.

2. Lessee, at Lessor's request, shall furnish Lessor with complete information concerning any and all wells drilled on the leased premises or on premises with which the leased premises may be unitized, including but not limited to copies of all logs of wells, bottom-hole location surveys, core data, completion data, bottom-hole pressure data, and all other geologic or reservoir data which were obtained by Lessee from such wells.

3. In the event Lessee or its assigns applies to any State or Federal regulatory body for the formation of production and proration unit or units, or well spacing affecting the interest herein leased, it is essential to the continued existence of this lease that notice of same shall be given to Lessor at least fifteen (15) days before such application is made, and that there shall be given to Lessor at that same time a copy of such proposed application with all accompanying plats and supporting data.

#### ARTICLE XIV.

Lessor reserves the right to develop the leased premises for uses or purposes other than those for which it is herein leased, provided such does not unreasonably interfere with the rights herein granted to Lessee.

#### ARTICLE XV.

Lessee assumes all responsibility for any damage resulting from its operations under this lease, and shall pay any and all increase in taxes that may be brought about by buildings or other improvements constructed by Lessee or its assigns on the leased premises during the life of this lease.

#### ARTICLE XVI.

Lessee shall have the right to use, free of cost, gas, oil and water produced by Lessee on leased premises for all operations hereunder. When requested by Lessor, Lessee shall bury pipe line below plow depth. No well shall be drilled nearer than 200 feet to any residence or barn now on said premises without written consent of Lessor. Lessee shall pay for damages caused by all operations to growing crops on the leased premises. 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.

#### ARTICLE XVII.

1. In case of default by Lessee in the performance of any obligation hereunder, the mention herein of any right or remedy of Lessor with respect thereto shall not preclude Lessor from exercising any other right or remedy to which Lessor might otherwise be entitled with respect to that or any other obligation of Lessee.

2. When drilling or other operations are delayed or interrupted by storm, flood, or other act of God, fire, war, rebellion, insurrection, riot, strikes, or as a result of some order, requisition or necessity of the government, the time of

such delay or interruption shall not be counted against Lessee, anything in this lease to the contrary notwithstanding. All express or implied covenants of this lease shall be subject to all Federal and State laws, Executive orders, rules or regulations and this lease shall not be terminated, in whole or in part, nor Lessee held liable in damages for failure to comply therewith if compliance is prevented by, or if such failure is the result of, any such law, order, rule or regulation.

3. Any and all notice, information or data required to be given by Lessee to Lessor shall be given by mailing same postpaid registered mail, addressed to Fluor Oil and Gas Corporation, 615 Midland Tower Building, Midland, Texas, 79701, unless and until notice of change of address is given Lessee in writing. Any notice required to be given by Lessor to Lessee shall be given by mailing same postpaid registered mail, addressed to Doyle Hartman

P. O. Box 10426, Midland, Tx 79702

unless and until notice of change of address is given Lessor in writing.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

ATTEST:

FLUOR OIL AND GAS CORPORATION, Lessor

By:

C. L. Ware, Assistant Secretary

By:

Leroy Esterak, Vice President

WITNESS:

Doyle Hartman

Lessee

STATE OF TEXAS  
COUNTY OF MIDLAND

X  
X

The foregoing instrument was acknowledged before me this 14th day of October, 1981, by Leroy Esterak, Vice President of Fluor Oil and Gas Corporation, a corporation, on behalf of said corporation.

My Commission Expires: July 16, 1985

Macella Friday  
Notary Public in and for  
County, \_\_\_\_\_

STATE OF  
COUNTY OF

X  
X

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by \_\_\_\_\_.

My Commission Expires: \_\_\_\_\_

Notary Public in and for  
County, \_\_\_\_\_

(915) 686-8721

853-0522 - OFFICE  
683-4329 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

October 16, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Mr. Richard L. Moore  
404 Blanks Building  
Midland, Texas 79701

Dear Mr. Moore:

Enclosed find oil and gas lease for execution by J. Hiram Moore, Betty Jane Moore and Michael Harrison Moore, Trustees, covering interests totaling 6.041648 net acres in the captioned lands.

You have advised our offer of \$150.00 per acre (total of \$906.25) for a one year lease with 1/4 royalty is acceptable. We also accept your requirement that the deep rights below 100' below production be released after expiration of the primary term.

Please call when the lease is executed and we will deliver our check for \$906.25.

Thank you.

Yours very truly,

  
E. M. Gorence

ENG/sg

Lease has been received

# OIL & GAS LEASE

THIS AGREEMENT made this 16 day of October, 1981, between

J. Hiram Moore, Betty Jane Moore and Michael Harrison Moore, Trustees

of \_\_\_\_\_  
(Post Office Address)

herein called lessor (whether one or more) and E. M. Gorence 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, including gas, waters, other fluids, and air into subsurface strata, laying pipelines, 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 \_\_\_\_\_ Lea \_\_\_\_\_ County, New Mexico, to-wit:

NW/4 SW/4 and S/2 SW/4 Section 3, Township 20 South, Range 37 East

Said land is estimated to comprise 120 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 one year from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 1/4 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 1/4 of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 1/4 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 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 intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made; if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessor to make a proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments thereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 90 days thereafter. 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 dig and remove casinghead. 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 their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut-in royalties payable 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, 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 or his 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 shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

12. Following the expiration of the primary term and any extension thereof which may occur in accordance with any provisions contained in this lease, rights under this lease shall terminate as to all depths below 100 feet below the base of the deepest formation from which oil and/or gas is then being produced on the leased premises. It is agreed that at the end of the primary term of the lease, Lessee will prepare and properly record the necessary instruments to indicate the depth earned during the primary term.

Executed the day and year first above written.

J. Hiram Moore, Trustee

Betty Jane Moore, Trustee

Michael Harrison Moore, Trustee

September 17, 1981

NW/4 SW/4 and S/2 SW/4 Section 3-20S-37E, Lea County, New Mexico:

J. Hiram Moore, Betty Jane Moore and Michael Harrison Moore, Trustees,  
own mineral interests totaling 6.041648 net acres in subject lands.

Guardian Deed  
dated 10/14/47:

Helen Bolding Phillips, Guardian of Jean Bolding  
Wagner to J. Hiram Moore. Deed recites interest  
conveyed as 1/36 of 1/4; however, Jean Bolding  
Wagner only owned 1/36 of 5/8 of 1/4 or 5/1152,  
being .520824 net acres.

Mineral Deed  
dated 9/24/47:

Ellen Dean Haynes, et vir, A. C. Haynes to J.  
Hiram Moore conveyed 1/36 of 5/8 of 1/4 or 5/1152  
being .520824 net acres.

Mineral Deed  
dated 9/8/47:

James E. Weir, et ux to J. Hiram Moore conveyed  
1/24 interest being 5.00 net acres.

Above deeds total 6.041648 net acres

Oil and gas lease offer at \$150.00 per acre, total \$906.25; 3/16 royalty;  
three year term; paid up lease.

*Defendant to J. Hiram Moore 9/17/81*  
*682-1181*  
*for mineral to J. Hiram Moore - one 1/24 interest being 5.00 net acres*  
*10/1/81. 1/24 interest to J. Hiram Moore - one 1/24 interest being 5.00 net acres*  
*1/24 interest to J. Hiram Moore - one 1/24 interest being 5.00 net acres*  
*1/24 interest to J. Hiram Moore - one 1/24 interest being 5.00 net acres*

# OIL & GAS LEASE

THIS AGREEMENT made this 31st day of August 19 81, between  
Ellen Dean Haynes, dealing in her sole and separate property, Star Route, Box 54,  
Monument, New Mexico 88265

of \_\_\_\_\_  
 (Post Office Address)

herein called lessor (whether one or more) and E. M. Gorence, Box 10460, Midland, Texas 79702, 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 \_\_\_\_\_ Lea \_\_\_\_\_ County, New Mexico, to-wit:

NW/4 SW/4 and S/2 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 120 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 three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 3/16 of the amount realized from such sale; (c) and at any time when this lease is not terminated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being 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 shut-in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut-in royalties payable 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) than the royalties, shut-in royalty, 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 lessor fail to execute this lease it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his 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 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

Ellen Dean Haynes  
 Ellen Dean Haynes

Soc. Sec. No. 571-24-1802

STATE OF NEW MEXICO  
County of LEA

INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)

The foregoing instrument was acknowledged before me this 8th day of SEPTEMBER, 19 81 by Ellen Dean Haynes, dealing in sole and seperate property

My Commission expires Sept. 2, 1984, 19     

Madelina J. Shacteloped  
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

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

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. <u>    </u>	
OIL AND GAS LEASE NEW MEXICO	
FROM	TO
Date <u>    </u> , 19 <u>    </u>	
Section <u>    </u> , Township <u>    </u> , Range <u>    </u>	
No. of Acres <u>    </u>	
County, New Mexico	
Term <u>    </u>	
STATE OF NEW MEXICO	
COUNTY OF <u>    </u>	
I hereby certify that this instrument was filed for record on the <u>    </u> day of <u>    </u> , A. D. 19 <u>    </u> , at <u>    </u> o'clock <u>    </u> m., and was duly recorded in Book <u>    </u> at Page <u>    </u> of the Records of said County.	
By <u>    </u> County Clerk	By <u>    </u> Deputy

STATE OF       
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 of      a      corporation on behalf of said corporation.

My Commission Expires:     

Notary Public



# OIL & GAS LEASE

THIS AGREEMENT made this 31st day of August, 19 82, between

Jannet Ann Funk, dealing in her sole and separate property, 1700 Oriole Drive,  
Hobbs, New Mexico 88240

of \_\_\_\_\_  
(Post Office Address)

herein called lessor (whether one or more) and

B. H. Gorence

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, including gas, waters, other fluids, and air into subsurface strata, laying pipelines, 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 \_\_\_\_\_ Lea \_\_\_\_\_ County, New Mexico, to-wit:

III/4, SW/4 and S/2 SW/4 Section 3, TOWNSHIP 20S, Range 37E

Said land is estimated to comprise 120 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 three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used,

provided that on gas sold on or off the premises, the royalties 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 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 shut-in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made. If lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage in the land covered by this lease include 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 therefrom.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessee's wells and tanks, for its operations hereunder, and the royalty shall be computed after deducting any oil 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 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 their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut-in royalties payable 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, 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 or his 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 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.

Jannet Ann Funk  
Jannet Ann Funk

Soc. Sec. No. \_\_\_\_\_



# OIL & GAS LEASE

THIS AGREEMENT made this 31st day of August, 19 81, between Melvyn H. Wagner, Sr., Attorney-in-fact for Melvyn H. Wagner, Jr., 1700 Oriole Drive, Hobbs, New Mexico 88240

of \_\_\_\_\_  
(Post Office Address)

herein called lessor (whether one or more) and F. H. Gorence, 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, water, 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 \_\_\_\_\_ Lea County, New Mexico, to-wit:

NW/4 SW/4 and S/2 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 120 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 three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used,

provided that on gas sold on or off the premises, the royalties 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 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 shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by this 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made. If lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 drain 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 their heirs, executors, administrators, successors and assigns, but no change in the ownership of, or in the ownership of, or rights to receive, royalties or shut-in royalties, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payment.

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 operator 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 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 to apply royalties and shut-in royalties payable 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 royalties, 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 or his 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 shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

This 3rd day of September, 1981

Executed the day and year first above written.

Donat Perry

My Commission Expires 10/16/83

Melvyn H. Wagner, Sr.  
Melvyn H. Wagner, Sr., Attorney-in-fact for  
Melvyn H. Wagner, Jr.  
Soc. Sec. No. \_\_\_\_\_

# OIL & GAS LEASE

THIS AGREEMENT made this 31st day of August, 19 81, between

Kay Lynn Simer, dealing in her sole and separate property, 1813 Runyan, Artesia,  
New Mexico, 88210

of \_\_\_\_\_  
(Post Office Address)

E. M. Gorence

herein called lessor (whether one or more) and

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 pipelines, 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 \_\_\_\_\_ Lea \_\_\_\_\_ County, New Mexico, to-wit:

NW/4 SW/4 and S/2 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 120 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 three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and 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 pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used,

provided that on gas sold on or off the premises, the royalties 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 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 shut-in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made. If lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments for certified copies thereof as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate. If lessee commences operations for additional drilling or for reworking within 60 days thereafter, 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 their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut-in royalties payable 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, 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 or his 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 shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Witness the day and year first above written.

Kay Lynn Simer  
Kay Lynn Simer

Soc. Sec. No. 585-26-9814

# OIL & GAS LEASE

THIS AGREEMENT made this 31st day of August, 1981, between Jane L. Andrus, dealing in her sole and separate property, Box 307, Hagerman, NM

(Post Office Address)

herein called lessor (whether one or more) and E. M. Gorence 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, including gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephonic 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 Lea County, New Mexico, to-wit:

NW/4 SW/4 and S/2 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 120 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 three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used.

provided that on gas sold on or off the premises, the royalties 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 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 shut in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made. If lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessor, 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, at its option, pay or tender any royalties or shut in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereto shall properly comply or make such payments.

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 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 to apply royalties and shut in royalties payable 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, 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 or his 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 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.

Jane L. Andrus  
 Jane L. Andrus  
 Soc. Sec. No. 5135 Pk-8185

# OIL & GAS LEASE

THIS AGREEMENT made this 31st day of August, 19 81, between

Emma Jane Brooke, dealing in her sole and separate property, #78 Lubbock Mobile Home Village, 2233 Auburn, Lubbock, Texas 79401 7/9/81

E. M. Gorence

(Post Office Address)

herein called lessor (whether one or more) and

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 Lea County, New Mexico, to-wit:

NW/4 SW/4 and S/2 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 120 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 three years from this date (called "primary term") and as long thereafter as oil or gas is introduced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, so long as delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used,

provided that on gas sold on or off the premises, the royalties 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 or condensate is not being 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 shut-in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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 portion thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 net oil or gas acreage in the land covered by this lease includes 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 fuel. 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 their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessor 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut-in royalties payable 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, 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 or his 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 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.

Emma Jane Brooke  
Emma Jane Brooke

Soc. Sec. No. 571-24-0069



Printed and for sale by Hall-Poorbaugh Press, Roswell, N.J.

## OIL & GAS LEASE

THIS AGREEMENT made this 20th day of October 1981, between

Braille Institute of America, Inc.

of \_\_\_\_\_  
(Post Office Address)

E. M. Gorence, Box 10460, Midland, Texas 79702

herein called lessor (whether one or more) and, E. M. Gorence, Box 10460, Midland, Texas 79702

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, including gas, waters, other fluids, and all into subsurface strata laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save

For care of, legal process, store and transport said minerals, the following described land in \_\_\_\_\_

S/2 SW/4 Section 3, Township 20S, Range 37E

80

and land is estimated to comprise \_\_\_\_\_ acres, whether it actually comprises more or less.

one year

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of one year from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3.1. Royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, \_\_\_\_\_ of that produced and saved from said land, some to be delivered at the well or to the credit of lessor in the pipeline to which the well may be connected, (b) on gas, including casinghead gas or other gaseous substance produced

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 In, on, saved and used on the premises or used in the manufacture of gasoline or other products, the market value at the well of \_\_\_\_\_ of the gas used.

provided that on gas sold on or off the premises, the royalties shall be 1/4 of the amount realized from such sale; (c) and at any time when this lease is not valid by either party, either in effect and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production, thereon, then on or before 90 days after said well is shut in, the author at annual intervals, lessors may pay or tender an advance shut-in royalty of \$1.00 per acre due to lessor's gas 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 be terminated. It shall 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 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made. Lessee shall deliver to each owner, within 30 days after Lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written notice of the estimated copies thereof as are necessary to enable Lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the market as reflected in the oil and gas bulletin by Lessee and gas purchaser for such time and under such conditions as are customary in the industry. "Price" shall mean the net amount received by Lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event Lessee compresses, treats, purifies or dehydrates such gas (whether on or off the leased premises) or the reports gas off the leased premises, Lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and Lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve Lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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 portion thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Any pooled hereunder shall not exceed the standard proration unit fixed by law as by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said lands is situated, plus a tolerance of ten percent. 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 conducted and conducted upon production from the unit so designated in this lease. There shall be no pooling or combination of this lease included in any instrument that purports to include a portion of it, and production of pooled minerals from wells in the unit, after designating any unit, 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 a proper 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.

3. If the leased premises and the primary term of this lease are not upon, sold land capable of producing oil or gas, but Lessee has commenced operations for drilling or reworking thereon, this lease shall continue in full force and effect if operations are prosecuted with no cessation of more than 90 consecutive days. Whether such operations be on the same well or on different or additional wells, or on the same or different acreage, or the production of oil or gas, so long thereafter as oil or gas is produced from sold land. If, after the expiration of the primary term, all wells upon said land are plugged, abandoned, or otherwise rendered incapable of producing in any manner, this lease shall terminate. If Lessee commences operations for additional drilling or for reworking within 90 days thereafter, if any drilling, additional drilling, or reworking operations hereunder result in production, then on this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have the 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 such use. 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, venter, required by lessor, Lessee will bury all pipes lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft) of any residence or farm 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 storage and inside lights in the principal dwelling thereon, but if any surplus gas is 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 their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however assigned shall operate to enlarge the obligations or diminish the rights of lessor, 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 of conveyance 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, at its option, pay for or assign any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with acceptable satisfactory title to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessor or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 for a substantial period of time, or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any other 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 so prevented. Should Lessee be prevented by any such cause from conducting drilling or reworking operations 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. Lessee 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 the same are not so discharged, shall be obligated to such lien with the right to enforce same and to pay royalties and shut in royalties as possible hereunder toward satisfying same. Without impairment of lessee's rights herein provided, if the 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 or not) interest is being sold in, for an interest in, royalty, shut in royalty, and other payments, if any, accruing from any part as to which it is lease covers less than such full interest, shall be paid only, in the proportion where the interest in the oil, gas, or other minerals 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 lessor fail to execute this lease it shall nevertheless be binding upon the party or parties executing the same.

31. The assessor of the county, or his successors, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, or assigns by delivering to the lessor or his heirs, successors, or assigns a written instrument of surrender, and by placing a release thereof of record in the County in which said land is situated, thereupon lessors shall be relieved from all obligations, express or implied, of this lease, as to acreage so surrendered, and thereafter the shut in royalty payable hereunder of all but the acre in the proportion that the acreage covered hereby is to the total acreage of this lease.

Anything contained herein to the contrary notwithstanding it is understood that:

- a. If at the expiration of the primary term of this lease and any extension thereof which may occur in accordance with any provisions contained in this lease, any part or parts of the herein leased land is not included within a well unit or units from which production of either oil or gas is being obtained, this lease shall terminate as to such part or parts of the leased land which is not included within such producing well unit or units. Any of the leased land which is allocated to a producing oil or gas well and which is receiving an allowable credit under the rules and regulations of The State of New Mexico or other governmental authority having jurisdiction in the premises, shall be considered as being included within a well unit and a well unit may consist entirely of the land covered by this lease or it may consist of a pooled unit which includes all or a portion of the herein leased land.
- b. The period within which Lessee may extend this lease by payment of shut-in gas royalty on gas wells shall not exceed Two (2) years past the end of the primary term hereof.
- c. Following the expiration of the primary term and any extension thereof which may occur in accordance with any provisions contained in this lease, rights under this lease shall terminate as to all depths below 100 feet below the total depth drilled in the deepest well commenced on or before the expiration of the primary term on the leased premises or on any land pooled therewith. It is agreed that at the end of the primary term of the lease, Lessee will prepare and properly record the necessary instruments to indicate the depth earned during the primary term.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

ATTEST:

BRAILLE INSTITUTE OF AMERICA, INC.

BY:

Leslie E. Stocker  
LESLIE E. STOCKER,  
DEVELOPMENT DIRECTOR

BY:

R. W. Kirbey  
R. W. KIRBEY, EXEC. DIRECTOR

Henry B. Jordan  
HENRY B. JORDAN, PRESIDENT

TAX ID#95 1641226

STATE OF California

COUNTY OF Los Angeles

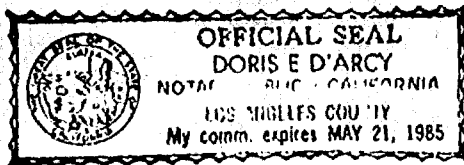
ss.

ON October 9, 19 81,

before me, the undersigned, a Notary Public in and for said State, personally appeared Henry B. Jordan, R. W. Kirbey & Leslie E. Stocker

known to me to be the  
President, Executive Director & Development Director  
of the Braille Institute of America, Inc.

the Corporation that executed the within Instrument, known to me to be the person who executed the within Instrument, on behalf of the Corporation, therein named, and acknowledged to me that such Corporation executed the same.



WITNESS my hand and official seal.

Doris E. D'Arcy  
Notary Public in and for said State.



Anything contained herein to the contrary notwithstanding it is understood that:

- a. If at the expiration of the primary term of this lease and any extension thereof which may occur in accordance with any provisions contained in this lease, any part or parts of the herein leased land is not included within a well unit or units from which production of either oil or gas is being obtained, this lease shall terminate as to such part or parts of the leased land which is not included within such producing well unit or units. Any of the leased land which is allocated to a producing oil or gas well and which is receiving an allowable credit under the rules and regulations of The State of New Mexico or other governmental authority having jurisdiction in the premises, shall be considered as being included within a well unit and a well unit may consist entirely of the land covered by this lease or it may consist of a pooled unit which includes all or a portion of the herein leased land.
- b. The period within which Lessee may extend this lease by payment of shut-in gas royalty on gas wells shall not exceed Two (2) years past the end of the primary term hereof.
- c. Following the expiration of the primary term and any extension thereof which may occur in accordance with any provisions contained in this lease, rights under this lease shall terminate as to all depths below 100 feet below the total depth drilled in the deepest well commenced on or before the expiration of the primary term on the leased premises or on any land pooled therewith. It is agreed that at the end of the primary term of the lease, lessee will prepare and properly record the necessary instruments to indicate the depth earned during the primary term.

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

ATTEST:

BY:

ASST. VP & TR. OFFICER

REPUBLICBANK DALLAS, N.A.

BY:

ASST. VP & TR. OFFICER

TRUSTEE FOR SELMA E. ANDREWS TRUST

#5188-00

Tax ID #75-6095965



My Commission expires \_\_\_\_\_, 19\_\_\_\_

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

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

CORPORATION ACKNOWLEDGMENT

THE STATE OF TEXAS

County of Dallas }

BEFORE ME, the undersigned, a Notary Public,

Brad Lindsey in and for said County, Texas, on this day personally appeared

PATRICIA ANN COX known to me to be the person and officer whose name

is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said \_\_\_\_\_

RepublicBank Dallas

a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, This 2 Day of October, A.D. 1991

BRAD LINDSEY Notary Public  
State of Texas

My Commission Expires 04-09-85

Brad Lindsey

County of \_\_\_\_\_

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

# OIL & GAS LEASE

THIS AGREEMENT made this 31st day of August, 19 81, between

Mary Beth Wood, dealing in her sole and separate property, 1108 W. Avenue N,  
Lovington, New Mexico 88260

of \_\_\_\_\_ (Post Office Address)

herein called lessor (whether one or more) and E. M. Gorence, 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 \_\_\_\_\_ Lea \_\_\_\_\_ County, New Mexico, to wit:

S/2 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 80 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 three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used,

provided that on gas sold on or off the premises, the royalties 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 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 shut-in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made. If lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 of unit operations, which the net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessor, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut-in royalties payable 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, 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, 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 or his 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 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.

Mary Beth Wood  
Mary Beth Wood

Soc. Sec. No. 525-44-1681

Mailing Address P O Box 272  
Lovington NM 88260

# OIL & GAS LEASE

THIS AGREEMENT made this 31st day of August, 19 81, between  
Lee Roberts, dealing in his sole and separate property, General Delivery,  
Powell, Missouri 65730  
 of \_\_\_\_\_  
 (Post Office Address)

herein called lessor (whether one or more) and E. H. Gorence (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, water, 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 Lea County, New Mexico, to-wit:

S/2 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 80 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 three years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are, (a) on oil, and other liquid hydrocarbons saved at the well, 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used,

provided that on gas sold on or off the premises, the royalties 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 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 shut in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut in royalties may be made by check or draft. Any timely payment or tender of 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 or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a part up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. 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 in the net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 bath house 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 stores 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 their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut-in royalties payable 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, 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 or his 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 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.

Lee Roberts

Leo Roberts

Soc. Sec. No. 526-30-7428

## OIL & GAS LEASE

THIS AGREEMENT is made 31st day of

## Ապրիլ

19 81. 12/20/81

Green Garwood Hall, dealing in her sole and separate property, 4004 Terrace Drive,  
Amarillo, Texas 79109

E. M. Gorence

(Post Office Address)

herein called to us, give other one or more and

**lassen:**

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, lets and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil or gas, reflecting oil, waters, other fluids, and air into surface strata, laying pipelines, 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 \_\_\_\_\_ **Lea** \_\_\_\_\_ County, New Mexico, to-wit:

Lea

County, New Mexico, to-wit:

S/2 S1/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 80 acres, whether it actually comprises more or less.

TWO YEARS by Gen. Hall

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of 30 years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. There is to be no royalty for: (a) oil, and other liquid hydrocarbons saved at the well, of that produced and saved from said land, same to be delivered to the wells or to the credit of lessor in the pipeline to which the wells may be connected, (b) on gas, including casinghead gas or other gaseous substance produced from said land, if used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16 of the gas used,

4. This is a gold license and therefore shall not be obligated during the primary term hereof to commence or continue any operations of whatever character or to make any payments hereunder. In order to maintain this lease in force during the primary term, however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee via this deed, grants the right and power, from time to time, to possessor combine this lease, the Land covered by it or any part or portion thereof with any other land, leases, mineral estate and tract of land for the purpose of drilling or operating a well for gas. The well shall be located on said land or on a standard geologic line flowing to or by the Oil Conservation District of Georgia and shall be a part of the Gas Unit of said Lease. No other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent, is less than all the other units of production in the County in which the premises are located and such units may be designated 1 from time to time and either before or after the completion of wells, drilling or operations on any 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 no production from 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 unit's percentage payments, which the net income as proceeds in the land covered by this lease is 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 twenty 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 at the expiration of the primary term this oil is not well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in full force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a "forest" or "wildcat" well or wells and if, as a result of the production of oil or gas, so long thereafter as oil or gas is produced from said land, if, after the expiration of the primary term, said well or wells are not being able to produce for any cause, this lease shall terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, well, or drilling or reworking operations hereunder fail to produce, 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 a proportion of the cost of all the fuel oil, gas and water used during or after the expiration of this lease to operate all property and fixtures placed by lessee on said land, including the right to draw oil from all existing wells. If, by any time, lessee will bury all pipe lines on cultivated lands to a normal plow depth, and no well shall be drilled within a radius of one-half (1/2) mile of any residence or habitation 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 building thereon, but of any surplus gas not used in this manner, it shall be sold hereunder.

6. The right of other party hereto may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change in the ownership of all or part of the above property, or rights to receive royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessor, and no such change of title shall be binding upon lessor for any purpose until 30 days after lessor has been furnished by certificate of title to lessor's principal place of business with acceptable instruments of title reflecting the same and telling the chain of title from the original owner. If any such change in ownership occurs within the death of the owner, (including, at the option, payor bonds, a) royalties shall be payable in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as to see that he is furnished with evidence satisfactory to lessor as to their names entitled to such sums. b) readjustment of this lease in whole or in part shall, to the extent of such adjustment, relate to the change in ownership only and shall not, if the owner assigns all or part hereof, shall fail or be in default in the payment of the proportionate part of royalty or shut-in royalty then from contract to be assigned. Notwithstanding the above provisions of this lease, such default shall not affect this lease insofar as it covers a part of the lands upon which there is any shut-in royalty or shut-in royalty payable by royalty or shut-in royalty payments.

• The employer shall ensure that the following conditions are met:

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 of discharge by lessee, the title to said land shall remain with a right to sell and to convey to lessee and shall in no event be payable hereunder. Lessor shall not be liable for any taxes levied on said land under the laws of this state or any taxes levied on the other part of said land in the future and undivided. If the single state (or states) in which said land is located is (are) not the same as the states, shall have, did, and other jurisdictions, if any, accruing from the parties to this lease covers less than such full interest, shall pay, and only in the proportion which the full and undivided, covered by this lease, bears to the full and undivided the single estate therein. Should any one or more of the parties named above as lessors fail to execute this lease in that state or states, the leading upon the party or parties executing the same.

11. Lessee, its heirs, successors, heirs and assigns, shall have the right of any third party to surrender this lease, in whole or in part, to restore his heirs, successors, and assigns, by dying or making a will, the right of the lessor or, by giving a release thereof and in the county in which said land is situated, their option hereby shall have, and in all other cases, express or inferred, of this lease shall be as to acreage so surrendered, and thereafter the shut in royalty payable hereunder shall be reduced in the proportion that the acreage surrendered bears to the acreage owned by the lessor.

*Green Garwood Hall*  
Green Garwood Hall

Sec. Sec. No. 546 349697

# OIL & GAS LEASE

THIS AGREEMENT made this 22nd day of September 1981, between

Cecil Frank Wilson  
613 NE 5th Street, Amarillo, Texas 79107

of \_\_\_\_\_  
 (Post Office Address)

herein called lessor (whether one or more) and

E. E. Gormez

lessor

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is hereunto acknowledged, 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 into subsurface strata, laying pipelines, stringing out, building tanks, and other structures and other things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in \_\_\_\_\_ County, New Mexico, to wit:

s/2 SW/4 Section 3, Township 20S, Range 37E

Said land is estimated to comprise 80 acres, whether it actually comprises more or less.

two years

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of \_\_\_\_\_ from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, \_\_\_\_\_ of that produced and saved from said land, same to be delivered at the well or by the owner or lessee in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of \_\_\_\_\_ of the gas saved,

provided that on gas sold on or off the premises, the royalties shall be \_\_\_\_\_ 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 or condensate is not being so sold or used as said 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 shut-in royalty equal to \$1.00 per net acre of lessor's gas 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 shall 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. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make a proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

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, 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 Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file within 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 on this lease 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 or pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage 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 at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. 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 wells 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 their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, 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, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. 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 royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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 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 to apply royalties and shut-in royalties payable hereunder toward and 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 undivided fee simple estate (whether or lessor's interest is herein specified or not) than the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be apportioned 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 as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his 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 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.

Cecil Frank Wilson  
 Cecil Frank Wilson

# NETTER DOWD & ALFIERI

RICHARD NETTER  
HECTOR G. DOWD  
JOHN B. ALFIERI  
MORTON I. HAMBURG  
HOWARD J. ADLER  
CARL F. AXELROD  
EDWARD M. BERMAN  
PAUL FROHMAN  
DAVID MALKIN

ATTORNEYS AND COUNSELORS AT LAW  
660 MADISON AVENUE • NEW YORK, N.Y. 10021  
(212) 486-8600

A. WALTER SOCOLOW, P.C.  
COUNSEL  
CABLE  
NETTERLAW  
TELEX 620177  
WRITER'S DIRECT DIAL NUMBER  
486-8627

November 6, 1981

Mr. E. M. Gorence  
P. O. Box 10460  
Midland, Texas 79702

Dear Mr. Gorence:

Thank you for arranging for the abstract company to send me a copy of the 1927 mineral deed to Max Gutman, which confirmed your identification of the property to the Northwest quarter of the Southwest quarter of Section 3, T20S, R37E, Lea County, New Mexico.

I confirm our telephone conversation that I am individually participating in the proposed drilling of the well by Doyle Hartman to the extent of my working interest therein as outlined in your letter to me dated October 22, 1981. I maintain an account with Mr. Hartman on other wells in Lea County and I reiterate my commitment to pay my share of the actual drilling and completion costs applicable to my interest. No force pooling should be involved and I should be pleased to pay my share of such cost promptly as billed, provided that such drilling will be commenced within the next month.

Thank you for your cooperation in arranging to advise me of the date drilling is commenced and of the details thereof.

Very truly yours,

  
A. Walter Socolow

AWS:k

NOV 12 1981



(915) 686-8721

XXXXXXXX - OFFICE  
683-4329 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702  
October 22, 1981

Re: NW/4 SW/4 Section 3-20S-37E  
Lea County, New Mexico

Mr. A. Walter Socolow  
660 Madison Avenue  
New York, New York 10021

211-456-8527

Dear Mr. Socolow:

This is in response to your telephone call of October 20, 1981 concerning our offer to lease oil and gas rights in the captioned lands owned by Edith G. Socolow and A. Walter Socolow, as Trustees under Agreement dated November 24, 1976. This interest covers an undivided 1/18 interest, or 2.2222 net acres in the captioned lands.

This is to confirm that Doyle Hartman, 500 North Main, Midland, Texas 79701, plans to drill a 4100' Eumont gas well at a non-standard location in SW/4 SW/4 Section 3-20S-37E on a non-standard 120-acre drilling unit covering NW/4 SW/4 and S/2 SW/4 Section 3-20S-37E. The estimated cost of this well is \$322,500 for a completed producer.

You have advised that the subject interest you represent desires to participate in the drilling of the proposed well as a working interest partner. The percentage working interest attributable to the 2.2222 net acres in the 120-acre drilling unit is 1.85185%.

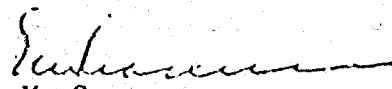
A hearing before the Oil Conservation Division of the State of New Mexico is scheduled on November 18, 1981 in Santa Fe, New Mexico for the purpose of seeking approval for the non-standard location and unit and force pooling any interests not firmly committed to leasing to Mr. Hartman or working interest joinder.

Enclosed find copy of land plat of the subject area and Mr. Hartman's AFE for the drilling of the proposed well. Please furnish prior to the November 18, 1981 hearing date an approved copy of the AFE and check in the amount of \$5,972.22 as an advance payment for the estimated drilling and completion costs attributable to the subject 1.85185% interest.

If such check and a firm commitment to join or a commitment to lease to Mr. Hartman is not received prior to November 18, 1981, we will be forced to include the subject interest in the force pooling proceedings. The proposed well is intended to be commenced in the time slot of November 22, 1981 to December 1, 1981.

We will appreciate your early response.

Very truly yours,

  
E. M. Gorence

EMG/sg

10/29/81 - Mr. Socolow called - requested (1) copy deed conveying title to Mr. Hartman (Reg. with E. M. Gorence - Edith Socolow); (2) AFE to be signed by Mr. Hartman (called Mr. Hartman - he says they intend to join him we need letter with him commitment prior to 11/18/81)

(915) 686-8721  
XXXX-XXXX - OFFICE  
013-4329 - HOME

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

October 16, 1981

Re: NW/4 SW/4 Section 3-20S-37E  
Lea County, New Mexico

Mr. & Mrs. A. Walter Socolow  
45 East 82nd Street  
New York, New York 10028

*E. M. Gorence*  
*11-11-81*

Dear Mr. & Mrs. Socolow:

*211-1155-8127*

A check of the county records indicates that Edith G. Socolow and A. Walter Socolow, as Trustees under Agreement dated November 24, 1976, own oil and gas leasing rights covering an undivided 1/18 (the Louis Gutman Estate owned an undivided 1/6) interest, or 2.22222 net acres in the captioned lands.

*1.35-185*

We are interested in purchasing a one year paid up oil and gas lease for a consideration of 1/4 royalty and \$150.00 per acre cash bonus, or a total of \$333.34. My check for such amount is enclosed.

If this offer is acceptable, please have the enclosed lease executed by each of you as Trustees before a notary public. The acknowledgments on the reverse side should also be completed. Your early return of the executed oil and gas lease will be much appreciated.

Please do not hesitate to call collect if you have any questions in this matter.

Yours very truly,

*E. M. Gorence*

E. M. Gorence

EMG/sg

THE FIRST NATIONAL BANK  
OF NEW YORK  
CORPORATE BANK  
NEW YORK, N.Y. 10038

NUMBER

48

88-388  
1163

October 16 1981

PAY TO THE ORDER OF Edith G. Socolow and A. Walter Socolow, as Trustees under Agreement dated November 24, 1976 \$ 333.34

Three hundred thirty-three and 34/100ths - - - - - DOLLARS

THIS CHECK IS DELIVERED FOR PAYMENT ON THE FOLLOWING ACCOUNTS

Bonus consideration		
Oil and Gas Lease		
NW/4 SW/4 Section 3-20S-37E		
Lea County, New Mexico		

E. M. GORENCE, SPECIAL

*E. M. Gorence*



**DOYLE HARTMAN**

*Oil Operator*

560 N. MAIN

P. O. BOX 10426

MIDLAND, TEXAS 79702

(915) 684-4011

November 4, 1981

Mr. A. Walter Socolow  
660 Madison Avenue  
New York, New York 10021

Re: Proposed Eumont (Gas) Well  
S/2 SW/4 and NW/4 SW/4  
Section 3, T-20-S, R-37-E  
Lea County, New Mexico

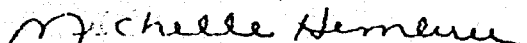
Dear Mr. Socolow:

At your request, we are enclosing two copies of the Authority for Expenditure and Detail Well Estimate which have been signed by our engineer, Larry Nermyr, and which set out the anticipated costs of drilling a 4100-foot Eumont (Gas) test. In the event you choose to participate in the drilling of the proposed well, please execute one copy of the enclosed AFE and return it to this office along with your check for your invoiced share of the anticipated cost of drilling the well. The second copy of the AFE may be retained for your files. Your prepayment will be credited against your account, and as the actual bills come in, your account will be adjusted accordingly.

Please let us know if we can furnish any further information in this regard.

Very truly yours,

DOYLE HARTMAN



Michelle Hembree  
Administrative Assistant

/mh

Enclosures as above

## DOYLE HARTMAN

Oil Operator

SUITE 500

LEA COUNTY COURTHOUSE

MIDLAND, TEXAS 79701

(214) 684-4011

## INVOICE

DATE October 31, 19 81

Edith G. Socolow and A. Walter Socolow,  
As Trustees Under Agreement Dated  
November 24, 1976  
660 Madison Avenue  
New York, New York 10021

INVOICE NO. DH-1051PLEASE SHOW INVOICE NUMBER ON YOUR  
REMITTANCE.BY Debit YOUR ACCOUNT AS FOLLOWS:

To invoice you for your proportionate share of the prepaid  
drilling cost on the Doyle Hartman operated Ellen Weir #1,  
Lea County, New Mexico.

Estimated Drilling  
CostYour Billing  
PercentageTotal Due

\$322,500.00

X

1.85185%

\$5972.22

AUTHORITY FOR EXPENDITURE  
and

DETAIL WELL ESTIMATE

LEASE NO. \_\_\_\_\_ APPR. NO. \_\_\_\_\_  
 LEASE NAME Weir WELL NO. 1 W. I. 100%  
 COUNTY Lea STATE New Mexico FIELD Eumont (Gas)  
 LOCATION: S/2 SW/4 & NW/4 SW/4 Section 3, T-20-S, R-37-E

DRILLING INTANGIBLES:

		PRODUCER	DRY HOLE
1. Drilling Cost	4100 Feet @ 18.50 Per Foot	75,900	75,900
2. Day Work	1 1/2 days @ 5500/day	8,300	8,300
3. Coring Service	Well Surveys 6,500	6,500	6,500
4. Testing			
5. Fuel	Water	4,900	4,900
6. Mud	Mud Logging	6,700	6,700
7. Cementing Service	Cement Floats	10,700	3,600
8. Company Labor	Contract Labor	300	
9. Digging Pits	Filling Pits	8,000	8,000
10. Roads & Bridges	Dredging & Grading		
11. Acidizing	6000 Fracturing 49,000 Perforating 2200	57,200	
12. Plugging		12,000	12,000
13. Trucking Cost		6,000	3,000
14. Development Superintendence	20 days @ \$ 300 /day	2,000	
15. Rental Equipment		6,500	
16. Swabbing and Testing		1,500	1,500
17. Other Costs	Surface Damages	900	900
	Lining Pits	400	400
	Stake Location		
	Total Intangibles	207,800	133,200

WELL EQUIPMENT:

18. Casing	400 Ft. of 9 5/8 @ 13.54 Per Ft.	43,800	5,400
	4100 Ft. of 7 @ 9.35 Per Ft.	13,700	
	Ft. of @ Per Ft.		
19. Tubing	3900 Ft. of 2 3/8 @ 3.50 Per Ft.	1,200	900
20. Casing Head		2,000	
21. Xmas Tree or Pumping Connections		22,500	
22. Pumping Unit		1,600	
23. Engine		7,100	
24. Sucker Rods		2,300	
25. Pump		3,300	
26. Tank Battery			
27. Separator or Dehydration Equip.		4,000	
28. Metering Equipment		3,200	
29. Flow Lines		6,000	
30. Other	Water Tank	4,000	
	Power Line		
	Miscellaneous		
	Total Tangibles	114,700	6,300

TOTAL COST OF WELL

322,500 139,500

REMARKS: The subject well is to be drilled as a 4100-foot Eumont (Gas) well test and assigned to a 120-acre proration unit consisting of S/2 SW/4 and NW/4 SW/4 Section 3, T-20-S, R-37-E.

Originated by Larry Nermyr Larry C. Nermyr Title Engineer Date October 1, 1981  
 Approved \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

E.M. GORENCE  
Oil & Gas Properties  
P.O. BOX 10460  
MIDLAND, TEXAS 79702

(915) 683 6222 -- OFFICE  
CAJ 4329 -- HOME

September 30, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

*Box 978*  
Mr. Roy G. Barton  
300 W. Taylor  
Hobbs, New Mexico 88240

Dear Mr. Barton:

This is in confirmation of our telephone conversation of this date. A check of the records indicates that you own oil and gas leasing rights covering an undivided 1/24 interest or 5.00 net acres in the captioned lands.

We are interested in securing a lease on this interest and offer you the option of leasing for one year for 1/4 royalty and no cash or leasing for two years for 3/16 royalty and \$150.00 per acre, totaling \$750.00.

We are taking the liberty of enclosing a paid up lease for execution by you and Mrs. Barton. This lease will have to be completed depending on the decision you make on this request. If a cash payment is necessary we will be glad to send a check immediately.

Your cooperation in this matter is much appreciated. Please do not hesitate to call collect if you have any further questions in this matter.

Yours very truly,

*[Signature]*  
E. H. Gorence

ENG/sg

*Sorry - no lease  
with participate*



October 12, 1981

Re: NW/4 SW/4 and S/2 SW/4  
Section 3-20S-37E  
Lea County, New Mexico

Mr. Roy G. Barton  
P. O. Box 978  
Hobbs, New Mexico 88240

Dear Mr. Barton:

Thank you for your early reply to our request for an oil and gas lease covering a 5.00 net acre interest (1/24) in the captioned lands.

We understand your desire to participate especially since it is our intention to cause the drilling of a well in the near future. To date, all other interests have elected to lease to us; therefore, we would like to make one more offer to you in the hope that we could remove the problems of an operating agreement, etc. This offer is a 30% royalty for a 6 months lease.

We realize you may again elect to join but we did want to make this counter-offer available to you.

Your response in the enclosed stamped envelope will be much appreciated.

Yours very truly,

EEG/sg

E. M. Gorence

*No response*

*11/4/81 - EEG*

**DOYLE HARTMAN**

Oil Operator  
800 N. MAIN  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

(915) 684-4011

November 5, 1981

Mr. Roy G. Barton  
P. O. Box 978  
Hobbs, New Mexico 88240

Re: NH/4 SW/4 and S/2 SW/4  
Section 3, T-20-S, R-37-E  
Lea County, New Mexico

Dear Mr. Barton:

Reference is made to recent correspondence from Mr. E. M. Gorence concerning the leasing of your 5.00 net acre interest (1/24) in the above captioned lands.

It is our understanding that you would like to participate in the drilling of a proposed 4100-foot Eumont Gas test. Enclosed are two copies of Authority for Expenditure and Detail Well Estimate showing our estimated costs for the drilling of the proposed well. Please indicate your intention to join by signing and returning one copy of the AFE. The second copy may be retained for your files.

We are also enclosing an invoice for your proportionate share of the anticipated cost of the well. Please return your check in the amount of \$13,437.47 with the executed AFE.

In the event you decide not to participate in the drilling of the proposed well, please feel free to accept one of the previous offers extended to you by Mr. Gorence. We hope to drill the well in early December, depending on rig availability.

Thank you very much for your consideration in this matter, and please do not hesitate to contact us if we can answer any questions.

Very truly yours,

DOYLE HARTMAN

*Michelle Hembree*

Michelle Hembree  
Administrative Assistant

/mh

Enclosures as above

AUTHORITY FOR EXPENDITURE  
and

DETAIL WELL ESTIMATE

LEASE NO. \_\_\_\_\_ APPR. NO. \_\_\_\_\_  
 LEASE NAME Weir WELL NO. 1 W. I. 100%  
 COUNTY Lea STATE New Mexico FIELD Eumont (Gas)  
 LOCATION: S/2 SW/4 & NW/4 SW/4 Section 3, T-20-S, R-37-E

DRILLING INTANGIBLES:

		PRODUCER	DRY HOLE
1. Drilling Cost	4100 Feet @ 18.50 Per Foot	75,900	75,900
2. Day Work	1 1/2 days @ 5500/day	8,300	8,300
3. Coring Service	Well Surveys 6,500	6,500	6,500
4. Testing			
5. Fuel	Water	4,900	4,900
6. Mud	Mud Logging	6,700	6,700
7. Cementing Service	Cement Floats	10,700	3,600
8. Company Labor	Contract Labor	300	---
9. Digging Pits	Filling Pits	8,000	8,000
10. Roads & Bridges	Dredging & Grading		
11. Acidizing	6000 Fracturing 49,000 Perforating 2200	57,200	---
12. Plugging			1,500
13. Trucking Cost		12,000	12,000
14. Development Superintendence	25 days @ \$ 300 /day	6,000	3,000
15. Rental Equipment		2,000	---
16. Swabbing and Testing		6,500	---
17. Other Costs	Surface Damages	1,500	1,500
	Lining Pits	900	900
	Stake Location	400	400
	Total Intangibles	207,800	133,200

WELL EQUIPMENT:

18. Casing	400 Ft. of 9 5/8 @ 13.54 Per Ft.	4100 Ft. of 7 @ 9.35 Per Ft.	41,800	5,400
19. Tubing	3900 Ft. of 2 3/8 @ 3.50 Per Ft.		13,700	900
20. Casing Head			1,200	
21. Xmas Tree or Pumping Connections			2,000	
22. Pumping Unit			22,500	
23. Engine			1,600	
24. Sucker Rods			7,100	
25. Pump			2,300	
26. Tank Battery				
27. Separator or Dehydration Equip.			3,300	
28. Metering Equipment				
29. Flow Lines			4,000	
30. Other	Water Tank		3,200	
	Power Line		6,000	
	Miscellaneous		4,000	
	Total Tangibles		114,700	6,300

TOTAL COST OF WELL

322,500

139,500

REMARKS: The subject well is to be drilled as a 4100-foot Eumont (Gas) well test and assigned to a 120-acre proration unit consisting of S/2 SW/4 and NW/4 SW/4 Section 3, T-20-S, R-37-E.

Originated by Larry Nermyr Title Engineer Date October 1, 1981

Approved \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

INVOICE

DATE October 31, 19 81

Roy G. Barton et ux Opal  
P. O. Box 978  
Hobbs, New Mexico 88240

INVOICE NO. DH-1052

PLEASE SHOW INVOICE NUMBER ON YOUR  
REMITTANCE.

Debit YOUR ACCOUNT AS FOLLOWS:

To invoice you for your proportionate share of the prepaid  
drilling cost on the Doyle Hartman operated Ellen Weir #1,  
Lea County, New Mexico.

Estimated Drilling  
Cost

\$322,500.00

Your Billing  
Percentage

.0416666

Total Due

\$13,437.47



UNLEASED INTERESTS: NW/4 SW/4 and S/2 SW/4 Section 3-20S-37E, Lea County, New Mexico

Owner	NW/4 SW/4		S/2 SW/4		Total Net Acres	Percentage of Unit (120 acres)
	Interest	Net Acres	Interest	Net Acres		
Roy G. Barton and wife, Opal	1/24	1.66667	1/24	3.33333	5.00000	4.1667%
Edith G. Socolow and A. Walter Socolow, Trustees	1/18	2.22222			2.22222	1.8518%
B. A. Christmas, Jr.	1/96	.41667	1/96	.83333	1.25000	1.0417%
Mary T. Christmas Holladay	1/384	.10417	1/384	.20833	.31250	.2604%
Candy Christmas Alewine	1/384	.10417	1/384	.20833	.31250	.2604%
Helen Jane Christmas Barby	1/384	.10417	1/384	.20833	.31250	.2604%
Bradford Christmas	1/384	.10417	1/384	.20833	.31250	.2604%
Security Trust Company, Albuquerque, NM, Trustee, and Joyce Christmas Brown	1/48	.83333	1/48	1.66667	2.50000	2.0834%
Estate of George Wesley Weir (Sole heirs appear to be Jimmy C. Weir, George W. Weir and Sue Ellen Weir)	1/24	1.66667	1/24	3.33333	5.00000	4.16667%
Gaines Hoyt Bolding	38/5760	.26389	38/5760	.52778	.79167	.6597%
Dorothy Jean Sparger	38/5760	.26389	38/5760	.52778	.79167	.6597%

NATIONAL LABOR RELATIONS BOARD	
OFFICE OF INVESTIGATION	
HARTMAN	5
Case No.	7421
Conducted by	Atcock
Hearing Date	11/19/81

Locket No 40-81 is tentatively set for December 16, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

**DOCKET: EXAMINER HEARING - WEDNESDAY - DECEMBER 2, 1981**

**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 7396: (Continued from November 4, 1981, Examiner Hearing)**

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Sentry Oil Exploration Company and Lawyers Surety Corporation to appear and show cause why Farr Well No. 1, located in Unit G of Section 6, Township 31 North, Range 34 East, Union County, New Mexico, should not be ordered plugged and abandoned in accordance with a Division-approved plugging program.

**CASE 7429:** Application of Mark D. Wilson 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 line and 1650 feet from the East line of Section 12, Township 17 South, Range 27 East, Wolfcamp-Pennsylvanian formations, the N/2 of said Section 12 to be dedicated to the well.

**CASE 7430:** Application of Amoco Production Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Fruitland and Pictured Cliffs formations in the wellbore of its Gutierrez Gas Com "C" Well No. 1, located in the NE/4 of Section 4, Township 29 North, Range 9 West.

**CASE 7431:** Application of Wainoco Oil & Gas Company for compulsory pooling and a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Northeast Lovington Penn Pool underlying a 101.65-acre non-standard oil proration unit comprising Lots 3 & 4 of Section 12, Township 16 South, Range 37 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

**CASE 7425: (Continued and Readvertised)**

Application of H. L. Brown, Jr. for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 26, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon, provided that in the event the subject well encounters production in the Casey-Strawn Pool and/or the West Knowles Drinkard Pool, the lands pooled would be the S/2 SW/4 of said Section 26. Applicant further seeks approval for the commencement of a second well within 120 days after completion of the first well, said well to be drilled at an unorthodox location 1650 feet from the South line and 660 feet from the West line of Section 26, and dedicated to the N/2 SW/4 of said Section 26 which applicant also seeks to be pooled. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

**CASE 7402: (Continued and Readvertised)**

Application of MGF Oil Corporation for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down to and including the Abo formation underlying the NW/4 NW/4 of Section 5, Township 20 South, Range 39 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

**CASE 7432:** Application of Maddox Energy Corporation for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Bone Spring formation underlying the S/2 SW/4 of Section 27, Township 23 South, Range 28 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

**CASE 7421:** (Readvertised)

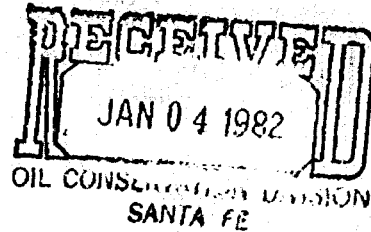
Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 2,310 feet from the South line and 330 feet from the West line of Section 3. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

**DOYLE HARTMAN**

*Oil Operator*  
500 N. MAIN  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

(915) 684-4011

December 29, 1981



Mr. R. L. Stamets  
State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

Re: Compulsory Pooling  
Case No. 7421  
Ellen Weir No. 1  
S/2 SW/4 and NW/4 SW/4  
Section 3, T-20-S, R-37-E  
Lea County, New Mexico

Dear Mr. Stamets:

Reference is made to the above captioned case, which was being readvertized and was to be heard in early January.

We have now received leases from all parties who indicated they would lease to us, and have received firm commitments from those three parties who indicated they would join in the drilling of the well. It will no longer be necessary to hold a compulsory pooling hearing in order to pool any unleased interests. We appreciate very much your patience in this matter.

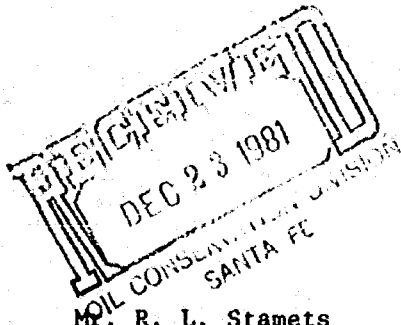
Very truly yours,

DOYLE HARTMAN

Michelle Hembree  
Administrative Assistant

/mh

cc: Mr. William F. Carr



**DOYLE HARTMAN**

*Oil Operator*

500 N. MAIN  
P. O. BOX 10426  
MIDLAND, TEXAS 79702

(915) 684-4011

December 21, 1981

Mr. R. L. Stamets  
State of New Mexico  
Energy and Minerals Department  
Oil Conservation Division  
P. O. Box 2088  
Santa Fe, New Mexico 87501

*File*

Re: Compulsory Pooling  
Case No. 7421  
Allen Weir No. 1  
S/2 SW/4 and NW/4 SW/4  
Sec. 3, T-20-S, R-37-E  
Lea County, New Mexico

Gentlemen:

Reference is made to the above captioned case, which is being readvertized and is to be heard in early January.

We have now received leases from all the parties who indicated they would lease to us. We do not wish to dismiss the case, however, until we have received something in writing or the payment of the bills from the three parties who indicated they wished to participate. When a firm commitment is received from those three parties, the Commission will be notified.

Very truly yours,

DOYLE HARTMAN

*Michelle Hembree*

Michelle Hembree  
Administrative Assistant

mh

*Call Carol  
12/23  
and till the 28th*

Dockets Nos. 3-82 and 4-82 are tentatively set for January 20 and February 3, 1982. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 6, 1982

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 7410: (Continued from December 16, 1981, Examiner Hearing)

Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

CASE 7448: (Continued and Readvertised)

Application of Energy Reserves Group Inc. for creation of a new gas pool and an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new gas pool for Cisco production comprising the S/2 of Section 12 and the N/2 of Section 13, Township 6 South, Range 33 East; applicant further seeks approval of the unorthodox location of its Miller Com Well No. 1-Y located 660 feet from the South and West lines of said Section 12.

CASE 7451: Application of Yates Petroleum Corporation for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Abo formation underlying the SE/4 of Section 11, Township 6 South, Range 25 East, 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 7452: Application of Superior Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Wolfcamp-Penn well to be drilled 1980 feet from the South line and 2480 feet from the East line of Section 14, Township 23 South, Range 32 East, the S/2 of said Section 14, to be dedicated to the well.

CASE 7453: Application of T. D. Skelton for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and and Mississippian formations underlying the NE/4 NW/4 of Section 7, Township 12 South, Range 38 East, to be dedicated to the re-entry of an old well at a standard location thereon. Also to be considered will be the cost of re-entering and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well and a charge for risk involved in re-entry of said well.

CASE 7454: Application of Uriah Exploration, Inc., for approval of 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 1090 feet from the North line and 560 feet from the East line of Section 30, Township 22 South, Range 25 East, Wolfcamp-Pennsylvanian formations, the N/2 of said Section to be dedicated to the well.

CASE 7455: Application of H. L. Brown, Jr. for compulsory pooling at an unorthodox location, Roosevelt County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the Wolfcamp formation to the base of the Granite Wash formation underlying the S/2 of Section 11, Township 6 South, Range 33 East, to be dedicated to a well to be drilled at an unorthodox location 1300 feet from the South line and 660 feet from the East line of said Section 11. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

- CASE 7456:** Application of Colonial Production Company for gas well commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the commingling of Dallard-Pictured Cliffs production from its Jicarilla Apache Wells Nos. 9 and 10, located in Units A and C of Section 15, Township 23 North, Range 4 West, prior to metering.
- CASE 7457:** Application of E. T. Ross for nine non-standard gas proration units, Harding County, New Mexico. Applicant, in the above-styled cause, seeks approval for nine 40-acre non-standard gas proration units in the Bravo Dome Carbon Dioxide Area. In Township 19 North, Range 30 East: Section 12, the NW/4 NW/4 and NE/4 NW/4; Section 14, the NW/4 NE/4, SW/4 NE/4, and SE/4 NE/4. In Township 20 North, Range 30 East: Section 11, the NE/4 SW/4, SW/4 SE/4, SE/4 SW/4, and NW/4 SE/4.
- CASE 7458:** Application of Marks & Garner Production Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of salt water into the Bough C formation in the perforated interval from 9596 feet to 9616 feet in its Betenbough Well No. 2, located in Unit M of Section 12, Township 9 South, Range 35 East.
- CASE 7459:** Application of Red Mountain Associates for the Amendment of Order No. R-6538, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6538, which authorized applicant to conduct waterflood operations in the Chaco Wash-Mesa Verde Oil Pool. Applicant seeks approval for the injection of water through various other wells than those originally approved, seeks deletion of the requirement for packers in injection wells, and seeks an increase in the previously authorized 68-pound limitation on injection pressure.
- CASE 7460:** Application of Northwest Pipeline Corporation for 13 non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for 13 non-standard Pictured Cliffs gas proration units ranging in size from 142.39 acres to 176.77 acres and each comprised of various contiguous lots or tracts in Sections 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said proration units result from corrections in the survey lines on the North and West sides of Township 31 North, Range 7 West and overlap seven non-standard Mesaverde proration units previously approved by Order No. R-1056.
- CASE 7461:** Application of Wainoco Oil & Gas Company for an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for a well to be drilled at an unorthodox location 660 feet from the South and West lines of Section 18, Township 16 South, Range 37 East, Northeast Lovington Penn Pool, said location being 177.7 feet west of the center of lot 4 whereas the pool rules specify that well be drilled within 150 feet of the center of the lot. Lots 3 and 4 of said Section 18 would be dedicated to the well.
- CASE 7421:** (Readvertised)
- Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 330 feet from the West line of Section 3. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

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Docket No. 2-82

DOCKET: COMMISSION HEARING - MONDAY - JANUARY 11, 1982  
9 A.M. - OIL CONSERVATION COMMISSION - ROOM 205  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

**CASE 7393: (DE NOVO)**

Application of Uriah Exploration Incorporated for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Cisco, Canyon and Morrow formations underlying the W/2 of Section 13, Township 22 South, Range 24 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

Upon application of Supron Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.



COMMISSION HEARING - MONDAY - JANUARY 11, 1982

CASE 7394: (DE NOVO)

Application of Supron Energy Corporation for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above styled cause, seeks approval for the unorthodox location of a Pennsylvanian well to be drilled 467 feet from the North line and 1650 feet from the West line of Section 13, Township 22 South, Range 24 East, the N/2 of said Section 13 to be dedicated to the well.

Upon application of Supron Energy Corporation, this case will be heard De Novo pursuant to the provisions of Rule 1220.

Dockets Nos. 38-81 and 39-81 are tentatively set for December 2, and December 15, 1981. Application for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - THURSDAY - NOVEMBER 19, 1981

9 A.M. - OIL CONSERVATION DIVISION CONFERENCE ROOM  
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

The following cases will be heard before Richard L. Stamets, Examiner, or Daniel S. Nutter, Alternate Examiner:

- ALLOWABLE:**
- (1) Consideration of the allowable production of gas for December, 1981, from fifteen prorated pools in Lea, Eddy and Chaves Counties, New Mexico.
  - (2) Consideration of the allowable production of gas for December, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

**CASE 7410:** Application of B.O.A. Oil & Gas Company for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2035 feet from the South line and 2455 feet from the East line and one to be drilled 2455 feet from the North line and 1944 feet from the East line, both in Section 31, Township 31 North, Range 15 West, Verde-Gallup Oil Pool, the NW/4 SE/4 and SW/4 NE/4, respectively, of said Section 31 to be dedicated to said wells.

**CASE 7356:** (Continued from October 21, 1981, Examiner Hearing)

Application of S & I Oil Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the W/2 SW/4 of Section 12, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

**CASE 7411:** Application of Viking Petroleum, Inc., for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North and East lines of Section 12, Township 11 South, Range 27 East, the NE/4 of said Section 12 to be dedicated to the well. (This case will be dismissed).

**CASE 7412:** Application of Gulf Oil Corporation for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower Yates, Queen, San Andres and Delaware formations in the open hole interval from 4375 feet to 7452 feet in its Lea "20" State Well No. 1 located in Unit M of Section 30, Township 13 South, Range 35 East, Air-Strip Field.

**CASE 7413:** Application of Gulf Oil Corporation for Directional Drilling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Arnett Ramsey Well No. 12, the surface location of which is 500 feet from the South line and 1400 feet from the East line of Section 32, Township 25 South, Range 37 East, to a bottomhole location within 150 feet of a point 500 feet from the South line and 800 feet from the East line of Section 32, Township 25 South, Range 37 East, Langlie Mattix Pool, the SE/4 SE/4 of said Section 32 to be dedicated to the well.

**CASE 7414:** Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Wantz-Granite Wash production in the wellbore of its Hugh Well No. 10, located in Unit C of Section 14, Township 22 South, Range 37 East.

Examiner Hearing - Thursday - November 19, 1981

**CASE 7415:** Application of Gulf Oil Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Tubb and Drinkard production in the wellbore of its T. R. Andrews Well No. 3, located in Unit J of Section 32, Township 22 South, Range 38 East.

**CASE 7379:** (Continued from October 21, 1981, Examiner Hearing)

Application of JEM Resources, Inc., for vertical pool extension and special GOR limit, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks the vertical extension of the Cave-Grayburg Pool to include the San Andres Formation, and the establishment of a special gas-oil ratio limit for said pool to 6000 to one or, in the alternative, the abolishment of the gas-oil ratio limit in said pool, all to be effective October 1, 1981.

**CASE 7407:** (Continued from November 4, 1981, Examiner Hearing)

Application of Mesa Petroleum Company for compulsory pooling, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Abo formation underlying the NE/4 of Section 23, Township 5 South, Range 24 East, 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

**CASE 7416:** Application of El Paso Natural Gas Company for pool creation and redelineation, Lea County, New Mexico. Applicant, in the above-styled cause, seeks to contract the horizontal limits of the Jalmat Gas Pool by deleting therefrom all lands in Township 26 South, Range 37 East. Applicant also proposes to contract the horizontal limits of the Rhodes Yates - Seven Rivers Oil Pool by deleting therefrom all of the gas productive lands in the North end thereof and to create the Rhodes Yates-Seven Rivers Gas Pool comprising all such deleted lands. Applicant further proposes the deletion of certain oil productive lands from said Rhodes oil pool and the extension of the Scarborough Pool to include said lands. Applicant further proposes to contract the horizontal boundaries of the Rhodes Gas Storage Unit to delete certain lands and wells not participating in the Rhodes Gas Storage Project and to withdraw without restriction all gas remaining in the newly created Rhodes Gas Pool.

**CASE 7417:** (This case will be dismissed.)

Application of Northwest Pipeline Corporation for 13 non-standard gas proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for 13 non-standard Pictured Cliffs gas proration units ranging in size from 142.39 acres to 176.77 acres and each comprised of various contiguous lots or tracts in Sections 4, 5, 6, 7, and 18 of Township 31 North, Range 7 West. Said proration units result from corrections in the survey lines on the North and West sides of Township 31 North, Range 7 West and overlap seven non-standard Mesaverde proration units previously approved by Order No. R-1066.

**CASE 7418:** Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Drinkard Pool including a special gas-oil ratio of 6,000 to one.

**CASE 7419:** Application of Morris R. Antweil for special pool rules, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the promulgation of special pool rules for the West Nadine-Blinbry pool including a special gas-oil ratio of 4,000 to one.

**CASE 7420:** Application of Southland Royalty Company for two unorthodox oil well locations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two previously drilled wells, the first being 760 feet from the South line and 660 feet from the East line of Section 5 the other being 660 feet from the North and West lines of Section 9, both in Township 19 South, Range 35 East, both to be plugged back to the Scharb-Bone Springs Pool, the S/2 SE/4 of Section 5 and the N/2 NW/4 of Section 9, respectively, to be dedicated to the wells.

**CASE 7421:** Application of Doyle Hartman for compulsory pooling, unorthodox well location and non-standard spacing unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Eumont Gas Pool underlying a 120-acre non-standard spacing unit consisting of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 2,310 feet from the South line and 330 feet from the West line of Section 3. 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, designation of applicant as operator of the well and a charge for risk involved in drilling said well.

Page 3-

Examiner Hearing - Thursday - November 14, 1981

- CASE 7422:** Application of Conoco, Inc. for dual completion and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its Southeast Monument Unit Well No. 121, to produce oil from the Skaggs Grayburg and an undesignated Paddock pool through parallel strings of tubing. Applicant further seeks approval of the unorthodox location of said well 1310 feet from the North line and 1330 feet from the West line of Section 19, Township 20 South, Range 38 East, the NE/4 NW/4 of said Section 19 to be dedicated to the well.
- CASE 7423:** Application of Conoco, Inc., for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority for three companies to institute a cooperative waterflood project in the Blinebry oil and gas pool by the injection of water into the Blinebry formation through 13 injection wells located on leases operated by Conoco, Shell Oil Company, and Southland Royalty Company, in Sections 33 and 34, Township 20 South, Range 38 East, and Sections 2 and 3, Township 21 South, Range 37 East.
- CASE 7424:** Application of Rice Engineering and Operating, Inc., for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Lower San Andres formation in the perforated interval from 4300 feet to 4852 feet in its Eunice-Monument Elmont SWD "G" Well No. 8, located in Unit G of Section 8, Township 20 South, Range 37 East.
- CASE 7425:** Application of H. L. Brown, Jr. for compulsory pooling and an unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from the top of the San Andres formation to the base of the Pennsylvanian formation underlying the S/2 of Section 36, Township 16 South, Range 37 East, to be dedicated to a well to be drilled at an unorthodox location 554 feet from the South and West lines of said Section 26, provided that in the event the subject well encounters production in the Casey-Strawn Pool and/or the West Knowles-Drinkard Pool, the lands pooled would be the W/2 SW/4 of said Section 26. 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7426:** Application of Phillips Petroleum Company for Amendment of Division Order No. R-5897 and certification of a tertiary recovery project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the Amendment of Division Order No. R-5897, to include the injection of carbon dioxide in the previously authorized pressure maintenance project in the East Vacuum Grayburg-San Andres Unit, for conversion of existing injectors to water/carbon dioxide injection, and for certification to the Secretary of the IRS that the East Vacuum Grayburg-San Andres Unit Project is a qualified tertiary oil recovery project.
- CASE 7427:** Application of Belco Petroleum Corporation for a special allowable, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an adjustment to the manner in which allowables are calculated for wells in the South Carlisbad-Morrow Gas Pool in order to grant relief to the over-produced status of its Douglas Com. Well No. 1 located in Unit H of Section 7, Township 22 South, Range 27 East, said well being subject to shut-in being more than six times its allowable over-produced. In the alternative, applicant seeks to make up the over-production at a rate less than complete shut-in by curtailing production from the well to 80 percent of its top allowable until it is back in balance.
- CASE 7428:** In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating; and extending certain pools in Chaves, Eddy, Lea, and Roosevelt Counties, New Mexico.

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Wolfcamp production and designated as the North Antelope Ridge-Wolfcamp Gas Pool. The discovery well is J. C. Williamson Triple A Federal Well No. 1 located in Unit F of Section 10, Township 23 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
Section 10: N/2 and N/2 SW/4

(b) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Diamondtail-Wolfcamp Pool. The discovery well is the Superior Oil Company Triste Draw Federal Well No. 1 located in Unit J of Section 14, Township 23 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 32 EAST, NMPM  
Section 14: SE/4

Examiner Hearing - Thursday - November 14, 1981

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Grama Ridge-Bone Spring Pool. The discovery well is the Hunt Oil Company State 4 Well No. 1 located in Unit T of Section 4, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM  
Section 4: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the Grassland-Wolfcamp Pool. The discovery well is C. F. Qualia State 23 Well No. 1 located in Unit X of Section 23, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM  
Section 23: SW/4

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Spring production and designated as the North Lusk-Bone Spring Pool. The discovery well is Petroleum Development Corporation Shelly Federal Com. Well No. 1 located in Unit H of Section 5, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM  
Section 5: NE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the McMillan-Atoka Gas Pool. The discovery well is Southland Royalty Company Pecos River 21 Federal Com Well No. 1 located in Unit K of Section 21, Township 19 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 27 EAST, NMPM  
Section 21: S/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Springs-Morrow Gas Pool. The discovery well is Jake L. Hamon State 33 Com Well No. 1 located in Unit I of Section 33, Township 20 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM  
Section 32: E/2  
Section 33: All

(h) EXTEND the Antelope Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM  
Section 11: All  
Section 15: N/2

(i) EXTEND the Baldridge Canyon-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM  
Section 14: N/2

(j) EXTEND the Bear Draw-Queen-Grayburg-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 29 EAST, NMPM  
Section 28: N/2 SE/4

(k) EXTEND the Bluit-Wolfcamp Gas Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH RANGE 37 EAST, NMPM  
Section 10: SE/4

(l) EXTEND the Buffalo Valley-Pennsylvanian Gas Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM  
Section 4: All

Examiner Hearing - Thursday - November 14, 1981

- (m) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM  
Section 13: SE/4 SW/4

- (n) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM  
Section 35: W/2

- (o) EXTEND the Eagle Creek-Strawn Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM  
Section 27: N/2

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM  
Section 1: All

- (p) EXTEND the Golden Lane-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 29 EAST, NMPM  
Section 8: S/2

- (q) EXTEND the Kennedy Farms-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 34: N/2  
Section 35: N/2

- (r) EXTEND the North Mason-Delaware Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 32 EAST, NMPM  
Section 8: S/2 S/2

- (s) EXTEND the West Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 35 EAST, NMPM  
Section 35: N/2

- (t) EXTEND the West Parkway-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM  
Section 29: W/2

- (u) EXTEND the Peterson-Mississippian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 4 SOUTH, RANGE 33 EAST, NMPM  
Section 29: NE/4

- (v) EXTEND the POW-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 26 EAST, NMPM  
Section 4: S/2

- (w) EXTEND the Saunders-Permo Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 33 EAST, NMPM  
Section 32: NE/4

Examiner Hearing - Thursday - November 14, 1981

- (x) EXTEND the Scharb-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 35 EAST, NMPM  
Section 8: NE/4

- (y) EXTEND the East Siete-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM  
Section 10: NE/4

- (z) EXTEND the Teague-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 37 EAST, NMPM  
Section 27: NW/4

- (aa) EXTEND the Tom-Tom-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM  
Section 28: SE/4

- (bb) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM  
Section 21: All

- (cc) EXTEND the North Young-Bone Spring Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 32 EAST, NMPM  
Section 9: NE/4

CAMPBELL, BYRD & BLACK, P.A.  
LAWYERS

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October 28, 1981

Mr. Joe D. Ramey  
Division Director  
Oil Conservation Division  
New Mexico Department of  
Energy and Minerals  
Post Office Box 2088  
Santa Fe, New Mexico 87501

Case 7421

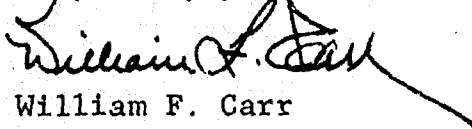
Re: Application of Doyle Hartman for Compulsory  
Pooling, Unorthodox Well Location and Non-  
Standard Spacing Unit, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Doyle Hartman  
in the above-referenced matter.

The applicant requests that this matter be included on  
the docket for the examiner hearing scheduled to be held  
on November 19, 1981.

Very truly yours,

  
William F. Carr

WFC:lr

Enclosures

cc: Mr. Doyle Hartman  
Mr. William P. Aycock



BEFORE THE  
OIL CONSERVATION DIVISION  
NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION  
OF DOYLE HARTMAN FOR COMPULSORY  
POOLING, UNORTHODOX WELL LOCATION  
AND NON-STANDARD SPACING UNIT  
LEA COUNTY, NEW MEXICO.

Case 7421

APPLICATION

Comes now DOYLE HARTMAN, by and through his undersigned attorneys, and hereby applies to the New Mexico Oil Conservation Division for an order creating a nonstandard spacing unit consisting of 120 acres being the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, N.M.P.M., Eumont Gas Pool, pooling all interests in said nonstandard spacing unit and approving the unorthodox well location of his Ellen Weir Gas Com No. 1 Well to be located 2,310 feet from the South line and 330 feet from the West line of said Section 3 and in support thereof would show the Division:

1. Applicant owns or controls through farmout 77% of the working interest in and under the 120 acre nonstandard spacing unit comprised of the S/2 SW/4 and the NW/4 SW/4 of Section 3, Township 20 South, Range 37 East, N.M.P.M., Lea County, New Mexico and has the right to drill thereon.

2. Applicant proposes to dedicate the above-referenced nonstandard spacing unit to its Ellen Weir Gas Com No. 1 Well to be drilled at an unorthodox location 2,310 feet from the South line and 330 feet from the West line of said Section 3.

3. Applicant has sought and obtained either voluntary agreement for pooling or farmout from all working interest owners in the above-referenced nonstandard spacing unit except the

following:

J. Hiram Moore; Betty Jane Moore, and Michael Harrison Moore, Trustees	5% WI
Roy G. Barton	4.17% WI
Estate of George W. Weir	4.17% WI
Gaines Hoyt Bolding	.66% WI
Dorothy Jean Sparger	.66% WI
Security Trust Company, Albuquerque, New Mexico, Trustee under certain trust agreement executed by John Allen Brown and Joyce Christmas Brown	2.08% WI
B.A. Christmas	1.04% WI
Helen Jane Christmas Barby	.26% WI
Candy Christmas Alowine	.26% WI
Mary T. Christmas Holladay	.26% WI
Bradford Christmas	.26% WI
Charles Gutman	2.28% WI
Edith G. Socolow and A. Walter Socolow, Trustees of the Rodanjo Trust	1.85% WI

4. Approval of the proposed nonstandard spacing unit, the pooling of interests therein and approval of the unorthodox well location for the Ellen Weir Gas Com No. 1 Well will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.

5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interest should be pooled and the applicant should be designated operator of the well to be drilled.

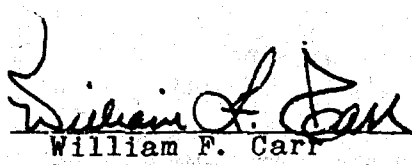
WHEREFORE, applicant prays that this application be set for hearing before the Division's duly appointed examiner and that after notice and hearing is required by law, the Division enter its order (1) creating the proposed nonstandard spacing unit, (2) approving the unorthodox location for the Ellen Weir

Gas Com No. 1 Well and (3) pooling the lands, including provisions designating the applicant is operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, and its cost of supervision while drilling, and after completion, including overhead charges, and imposing a risk penalty for the risk assumed by the applicant in drilling, completing and equipping the well, and making such other and further provisions as may be proper in the premises.

Respectfully submitted.

CAMPBELL, BYRD & BLACK, P.A.

By

  
William F. Carr  
Post Office Box 2208  
Santa Fe, New Mexico 87501  
(505) 988-4421  
Attorney for Applicant

HEARD  
ORDERS

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. 7421  
Order No. R-6877

APPLICATION OF DOYLE HARTMAN FOR COMPULSORY  
POOLING, UNORTHODOX WELL LOCATION AND NON-  
STANDARD SPACING UNIT, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 6,  
1982, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter

NOW, on this \_\_\_\_\_ day of January, 1982, the Division  
Director, having considered the record and the recommendations  
of the Examiner, and being fully advised in the premises,

FINDS:

That the applicant's request for dismissal should be  
granted.

IT IS THEREFORE ORDERED:

That Case No. 7421 is hereby dismissed.

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

STATE OF NEW MEXICO  
OIL CONSERVATION DIVISION

JOE D. RAMEY,  
Director

S E A L.