CASE No.

47

Large Exhibits

OCD

Telephone 720 G. R.

P. O. Box 126

C. J. DEXTER
PRESIDENT

BERT ASTON
VICE-PRESIDENT

FRED BRAINARD
SECRETARY-TREASURER

Loco Hills
Pressure Maintenance Association, Inc.
ARTESIA, NEW MEXICO

MEMBERS
S. P. YATES
C. M. POPE, JR.
EMERY CARPER
A. B. OWEN
J. M. MURRAY SR.
MARTIN YATES, JR.

February 8, 1944

State Oil Conservation Commission
Santa Fe, New Mexico

Gentlemen:

The writer of this letter is President of Loco Hills Pressure Maintenance Association, Inc.; Mr. Bert Aston of Roswell, New Mexico is Vice President and Mr. Fred Brainard of Artesia, New Mexico is Secretary and Treasurer.

We had hoped that one or more of the officers would be able to attend the hearing set for February 10, 1944 to establish a pro ration plan for the Loco Hills field but it now appears that on account of illness and other matters, we may not be able to have any of the officers present.

Mr. Sam Sanders, a stockholder in the Association and a member of the executive committee is very well informed as to all of the activities of the Association and is very familiar with the Loco Hills field and will represent the writer of this letter at the hearing.

Yours very truly,

Dexter

President
Loco Hills Pressure Maintenance Association, Inc.

Ex. 6

C. N. BASSETT, PRESIDENT

R. W. MCAFEE, VICE PRESIDENT
W. W. SCOTT, VICE PRESIDENT
OLD O MATKIN, VICE PRESIDENT
FORREST M. SMITH, CASHIER

R. H. ANDERSON, ASST. CASHIER
E. D. MAGRUDER, ASST. CASHIER
W. L. CANTON, ASST. CASHIER
R. M. DAUGHERTY JR., ASST. CASHIER

2881

THE STATE NATIONAL BANK
OF EL PASO
EL PASO, TEXAS

January 17, 1944

O.C.

Loco Hills Pressure Maintenance Association, Inc.
P. O. Box 126,
Artesia, N. M.

Gentlemen:

We would like to have the allowable on our No. 6 well canceled at this time and receive reimbursement from the Association.

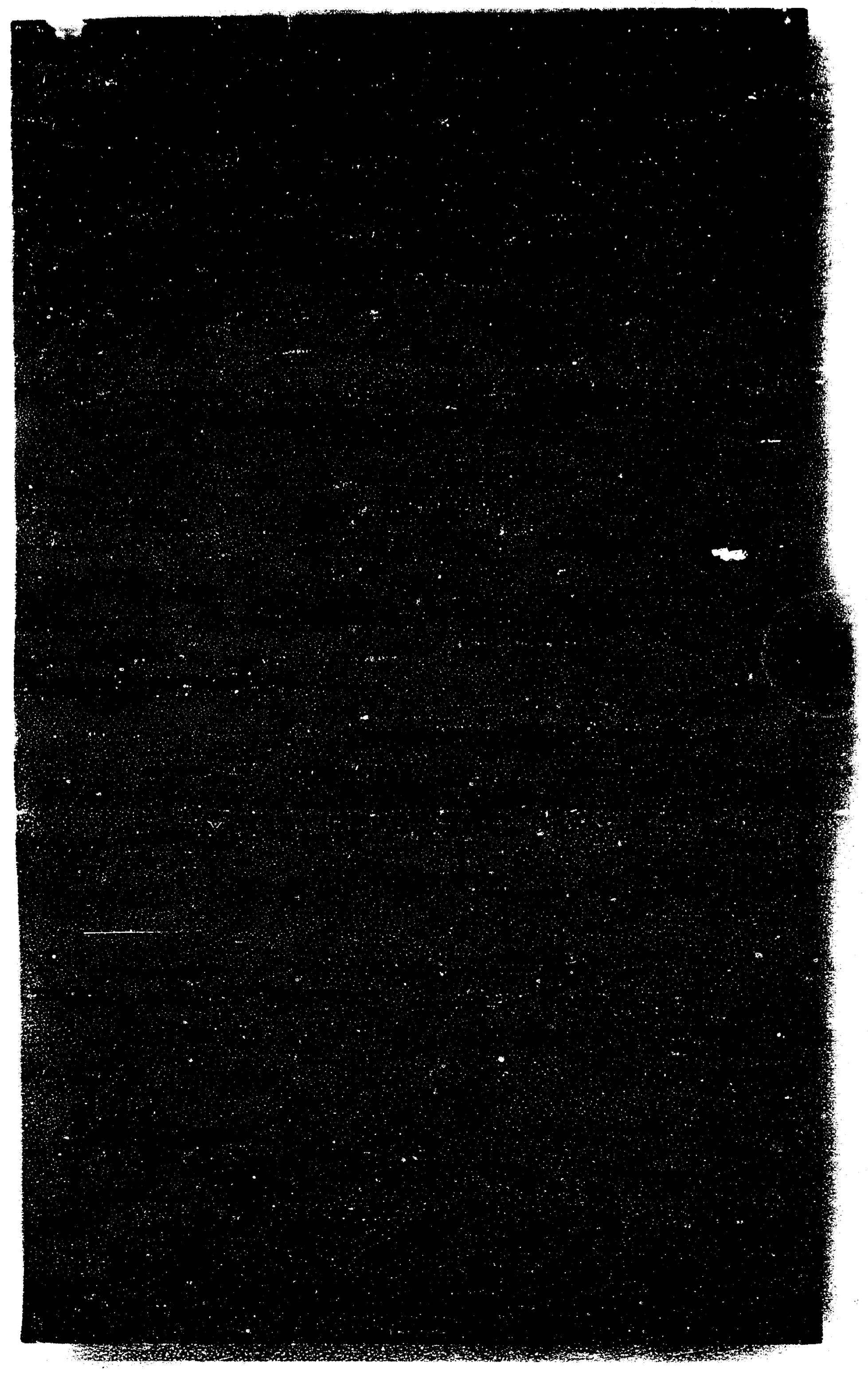
Will this letter be sufficient or do forms have to be executed in order to cancel the allowable on the well as soon as it becomes an input well ?

We are sending the forms in connection with making our No. 6 an input well to Santa Monica, California, for Mr. Bassett's signature.

Yours very truly,

Bassett Bing et al
by [illegible]
~~CASHIER~~.

HMD:P



BEFORE THE OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF)
LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.)
TO ESTABLISH A PRORATION PLAN FOR THE)
LOCO HILLS FIELD IN EDDY COUNTY, NEW MEXICO)

BRIEF IN SUPPORT OF APPLICATION
Dated January 28, 1944

Comes now the Loco Hills Pressure Maintenance Association, Inc., and, as supporting data with respect to the request made to the Oil Conservation Commission for the Loco Hills Field with respect to the production of oil and gas from said field, respectfully submits the following:

1. That there is filed with this brief a map of the area included in the Loco Hills Oil and Gas Field in Eddy County, New Mexico, and such map is attached hereto as an exhibit.

2. That Loco Hills Pressure Maintenance Association, Inc. is a New Mexico corporation organized in March of 1941. That there is filed with this brief a certified copy of the by-laws with a certified copy of the Articles of Incorporation of said association.

3. That the stockholders of the Loco Hills Pressure Maintenance Association, Inc., in connection with the financing of the construction of the pressure maintenance system, have executed a Uniform Agreement and Assignment. That there is filed with this brief a printed form of said Uniform Agreement and Assignment, together with a certificate showing the operators in the Loco Hills Field who have executed copies of said Agreement and Assignment.

4. That the supporting data filed with this brief is furnished in connection with the application made by Loco Hills Pressure Maintenance Association, Inc., under date of January 28, 1944, for an order of the Oil Conservation Commission to be entered with respect to the Loco Hills Field in Eddy County, New Mexico as follows:

a. Continuing the two thousand cubic foot gas-oil ratio limitation now in effect.
b. Establishing an allowable for the month of March, 1944, of thirty barrels per well per day with a provision for the Loco Hills Pressure Maintenance Association, Inc. to make application for such maximum rate of withdrawal as may seem advisable with such rate to be not below twenty barrels per well per day, nor forty barrels per well per day.
c. That the order heretofore entered, allowing other wells on the same basic lease to make up the allowable for a well being used by the association as an input well, be rescinded.

5. That in the hearing to be held on February 10, 1944, the applicant, Loco Hills Pressure Maintenance Association, Inc., will present testimony of its engineer and supporting data by the engineer with respect to the above request.

Respectfully submitted,

LOCO HILLS PRESSURE MAINTENANCE ASS'N INC.

By Neil B. Watson
Attorney for Association
Artesia, New Mexico

CERTIFICATE OF SECRETARY

STATE OF NEW MEXICO)
:ss
COUNTY OF EDDY)

I, Fred Brainard, Secretary of Loco Hills Pressure Maintenance Association, Inc., a corporation, do hereby certify:------------------

That I am the Secretary of Loco Hills Pressure Maintenance Association, Inc., a New Mexico corporation and as such have in my possession the Articles of Incorporation and the By-laws of said corporation, that attached to this certificate are true and correct copies of the Articles of Incorporation and the By-laws of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said corporation on this the 8 day of February, A.D., 1944.

Fred Brainard
Secretary
LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.

ARTICLES OF INCORPORATION

OF

LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.

The undersigned, who are all of lawful age and are citizens of the United States of America and Citizens and residents of the State of New Mexico, do hereby form a corporation under the laws of the State of New Mexico in accordance with the following declarations and provisions, and do hereby certify.

I.

The name of the corporation shall be Loco Hills Pressure Maintenance Association, Inc.

II.

The principal office of the corporation in the State of New Mexico shall be located at Artesia in Eddy County. The name of the agent of the corporation in said office and in charge thereof upon whom process against the corporation may be served is Fred Brainard and his Post Office address is Artesia, New Mexico

III.

The principal object for which the corporation is formed is to construct, maintain, and operate a pressure maintenance system in the Loco Hills Oil and Gas Field in Eddy County, New Mexico in futherence of proper conservation of the reservoir energy in said oil and gas field. To that end the corporation shall have power to do and perform any act, transaction, or undertaking which in the opinion of its Board of Directors is expedient, necessary, or conducive to the furtherance of said principal object, including the acquisition, holding, and disposing of real and personal property and interests therein or pertaining thereto, the borrowing of money, the pledging or encumbering of the assets of the corporation as security for money borrowed or debts owed by the corporation, and the acquisition, holding, and disposing of shares of the capital stock of the corporation, provided, however, that transactions by the corporation with reference to shares of the capital stock of the corporation acquired by it shall be subject to the provisions of Section VIII.

The enumeration of a specific power herein shall not be considered as excluding other powers not mentioned herein and which in the opinion of the Board of Directors are necessary, expedient, or convenient in the carrying on of the business of the corporation.

IV.

The total authorized capital stock of the corporation that may be issued by it shall consist of 250,000 shares of common stock without nominal or par value and the number of shares with which the corporation will commence business is 30 shares. The value of the entire authorized capital stock will not exceed $25,000.00.

V.

The names of the incorporators and their respective Post Office addresses and the number of shares of the capital stock of the corporation respectively subscribed for by each are:

Bert Aston, Smith, New Mexico----------------10 shares
Martin Yates, Jr., Artesia, New Mexico -----10 shares
Fred Brainard, Artesia, New Mexico ---------10 shares

VI.

The term of the existence of the corporation shall be fifty years.

VII.

The Board of Directors shall be [illegible] in number. It shall not be necessary [illegible] constitute an act of the Board. Unless required by the by-laws, the directors shall not be elected by ballot but shall be elected upon motion at the annual meeting of the stockholders, provided, however, that vacancies in the Board shall be filled and the number of directors may be changed as prescribed by the by-laws.

The directors for the first three months after the filing of the certificate of incorporation shall be:

Emery Carper.................Artesia, New Mexico
C. J. Dexter.................Artesia, New Mexico
Hugh L. Johnston.............Hobbs, New Mexico
Bert Aston...................Smith, New Mexico
James M. Murray, Sr..........Hobbs, New Mexico
Martin Yates, Jr.............Artesia, New Mexico
Fred Brainard................Artesia, New Mexico

VIII.

Notwithstanding the corporation is not being organized on a cooperative basis as such term is defined by New Mexico law, it is contemplated that the corporation will not be operated for profit to the stockholders through the declaration of dividends, but that the benefits which the stockholders will receive will result from the co-operation by the owners of producing oil and gas wells in the said oil and gas field in furthering the plan for the conservation of the reservoir energy in said field. To that end it is considered essential that the ownership of the capital stock of the corporation be limited to the owners of the producing oil and gas wells in said field and the ownership of the shares of capital stock issued on account of producing well shall follow the ownership of such well and any attempted ownership, control, or transfer of any of the capital stock of the corporation in violation of the restrictions upon stock ownership imposed by this section shall be null and void. In the event a well is abandoned, all shares of capital stock issued on account of such well shall cease to carry voting rights, excepting in matters pertaining to the dissolution of the corporation.

IX.

The capital stock of the corporation shall be issued and disposed of for such consideration and upon such terms as may be fixed by the Board of Directors.

X.

The Board of Directors shall not be required in January in each year or at any other time to declare a dividend among its stockholders of the whole or of any part of its accumulated profits but the Board in its discretion may cover such accumulated profits into an operating fund or a reserve fund or both, as may be provided in the by-laws.

(Sgd) Bert Aston
(Sgd) Martin Yates, Jr.
(Sgd) Fred Brainard

STATE OF NEW MEXICO)
: ss
COUNTY OF EDDY)

On this the 1st day of March, A.D., 1941, before me personally appeared Bert Aston, Martin Yates, Jr., and Fred Brainard to me personally known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year in this certificate first above written.

My Commission Expires
Dec. 22, 1941

(Sgd) J.S. Ward
Notary Public

(SEAL)

No. 22243
Cor. Rec'd. Vol. 5 Page 112

CERTIFICATE OF INCORPORATION
OF
Loco Hills Pressure
Maintenance Association, Inc.

Ent'd J. J. R.
Rec'd ____________
In'x'd M. I. T.

FILED IN OFFICE OF
STATE CORPORATION COMMISSION
OF NEW MEXICO

MAR 7 1941- 9:40 a.m.

J. J. Romero
CLERK

Filing $25.00
C.C. $ 2.40

BY-LAWS
OF
LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC., A NEW MEXICO CORPORATION

ARTICLE I

Stockholders

Section 1. Annual Meeting. A meeting of the stockholders of the corporation shall be held annually at the principal office of the corporation in the State of New Mexico at 10:00 o'clock in the forenoon on the first Tuesday of February in each year, if not a legal holiday and if a legal holiday then on the next succeeding Tuesday not a legal holiday, for the purpose of electing directors and for the transaction of such other business as may be brought before the meeting.

Written notice of the annual meeting shall be mailed at least ten days prior to the meeting to each stockholder of record at his address as the same appears on the stock book of the corporation. A failure to mail such notice or any irregularity in such notice shall not affect the validity of any annual meeting or of any proceedings at any such meeting.

Section 2. Special Meetings. Special meetings of the stockholders of the corporation may be held at the principal office of the corporation in the State of New Mexico whenever called in writing, or by vote, of a majority of the board of directors or by a majority in interest of the stockholders.

Written notice of such special meeting stating the day, hour, and place thereof and in general terms the business to be transacted thereat shall be mailed at least fifteen days prior to the meeting to each stockholder of record at his address as the same appears on the stock book of the corporation. If all the stockholders shall waive notice of a special meeting, no notice of such meeting shall be required; and whenever all the stockholders shall meet in person or by proxy such meeting shall be valid for all purposes without call or notice and at such meeting any corporate action may be taken.

Section 3. Quorum. At any meeting of the stockholders the holders of the majority of the capital stock issued and outstanding and having voting rights present in person or represented by proxy shall constitute a quorum for all purposes, but when a quorum is not present a majority in interest of the stockholders present in person or by proxy may adjourn from time to time without notice other than by announcement at the meeting until holders of the amount of stock requisite to constitute a quorum shall attend. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

Section 4. Voting. Subject to the restrictions and provisions of Section 2, Article IV, at each meeting of the stockholders every stockholder shall be entitled to vote in person or by proxy appointed by instrument in writing subscribed by such stockholder or by his duly authorized attorney and delivered to the Secretary at the meeting; and he shall have one vote for each share of stock standing registered in his name. Upon demand of any stockholder, the votes upon any question before the meeting shall be taken by roll call. At each meeting of the stockholders a full, true, and complete list in alphabetical order of all stockholders entitled to vote at such meeting and indicating the number of shares held by each shall be furnished.

ARTICLE II

Board of Directors

Section 1. Number and Term of Office. The business and the property of the corporation shall be managed and controlled by the board of directors. They shall be seven in number and the vote of a majority of the Directors then in office shall be required to constitute an act of the board. The number of directors may be increased or diminished by an amendment to the articles of incorporation when authorized by the vote of the holders of three-fourths of the outstanding capital stock having voting rights. The directors shall act only as a board and an individual director shall have no power or authority as such. It shall be necessary for a director to be a stockholder or a resident of the State of New Mexico, provided however, that any director not a stockholder must be an employee of a corporation which is a stockholder or a member of a co-partnership owning stock in the corporation. The termination of such employment or membership or the transfer of his stock by a director who is a stockholder shall operate as a resignation by the director concerned. Directors shall hold office for one year and until their successors are elected and qualified, provided however, that the directors named in the articles of incorporation shall hold office until June 7, 1941 and until their successors are elected and qualified and their successors shall hold office until the annual meeting of the corporation in 1942 and until their successors are elected and qualified.

Section 2. Election. The directors shall be elected at the annual meeting of the stockholders and it shall not be necessary to conduct an election for such purpose in the manner specified by the statutes of New Mexico, but upon demand of any stockholder, the voting for directors shall be made by roll call.

Section 3. Vacancies. If any vacancy shall occur among the directors by death, resignation, or otherwise, the remaining directors by an affirmative vote of a majority thereof may elect a successor to hold office for the unexpired portion of the term of the director whose place shall be vacant and until the election and qualification of his successor.

Section 4. Place of Meeting. The directors shall hold their meetings at the principal office of the corporation in the State of New Mexico.

Section 5. Regular Meetings. Regular meetings of the board of directors shall be held monthly on the first Tuesday of each month if not a legal holiday and if a legal holiday then on the next succeeding Tuesday not a legal holiday. No notice shall be required for any such regular meeting of the board.

Section 6. Special Meetings. Special meetings of the board of directors shall be held whenever called by the president or not less than one-third of the directors then in office. Notice of each special meeting shall be given by mail or by telegraph to each director not less than five days before the meeting but such notice may be waived in writing by any director. At any meeting at which every director shall be present, even though without notice, any business may be transacted.

Section 7. Quorum. A majority of the board of directors then in office shall constitute a quorum for the transaction of business but less than a quorum present may adjourn the meeting from time to time until a quorum shall be present.

Section 8. Designation of Depositaries. The board of directors shall designate the bank or banks in which shall be deposited the money or securities of the corporation and shall regulate the manner of deposit and withdrawal of same.

Section 9. Reports and Records. The board of directors shall cause quarterly reports to be made to the stockholders reflecting the operations of the corporation for the preceding three months and such reports shall contain complete statements of the receipts and disbursements of monies by the corporation. The books and records of the corporation, including the records and reports of all working committees, shall be open to inspection at all times by any stockholder. An annual audit of the books and accounts of the corporation shall be made by a certified public accountant at the end of each calendar year which shall be the fiscal year of the corporation and a report of such audit shall be furnished to the stockholders.

ARTICLE III

Officers and Committees

Section 1. Officers. The officers of the corporation shall be chosen by the board of directors from among the directors and no director shall be disqualified to vote for himself for any office. The officers shall be a president, a vice president, a secretary, and a treasurer, and such other officers as shall from time to time be provided for by the board of directors. The offices of secretary and treasurer may be combined in one person who shall be designated as secretary-treasurer. Such officers shall be elected at the first meeting of the board of directors and at the first meeting of the board of directors after the annual election of directors and shall hold office until their respective successors shall have been duly elected and qualified, provided, however, that all officers, agents and employees of the corporation shall be subject to removal at any time by the affirmative vote of a majority of the board of directors then in office. The duties of any officer, agent, or employee may be changed by a like vote of the board of directors, without the necessity of an amendment to the by-laws. No officer or director of the corporation shall receive compensation from the corporation for his services as such officer or director.

Section 2. Committees. The board of directors may appoint an Engineering Committee whose membership need not be limited to directors and stockholders and the duties of such committee shall be those prescribed by the board of directors. Neither the committee nor any of its members shall have authority to bind the corporation by any act or agreement, excepting as is provided in the Agreement and Assignment referred to in Article VII, Section 4. The board of directors may likewise appoint other working committees which in their opinion are necessary or convenient for the management of the business of the corporation but no such committee nor any member thereof shall have authority to bind the corporation by any act or agreement.

Section 3. Powers and Duties of the President. The president shall be the chief executive officer of the corporation and shall preside at all meetings of the stockholders and of the board of directors. He shall sign and execute all authorized bonds, contracts, obligations, and conveyances in the name of the corporation and with the secretary shall sign all certificates of the shares in the capital stock of the corporation. He shall do and perform such other duties as may from time to time be assigned to him by the board of directors.

Section 4. Powers and Duties of the Vice President. The vice president shall possess the powers and shall perform the duties of the president in his absence or disability or in the event of a vacancy in the office of president. He shall do and perform such other duties as from time to time may be assigned to him by the board of directors.

Section 5. Powers and Duties of the Secretary. The secretary shall keep the minutes of all meetings of the board of directors and the minutes of all meetings of the stockholders. He shall attend to the giving and serving of all notices of the corporation and shall sign with the president in the name of the corporation all contracts and other instruments authorized by the board of directors and shall affix the seal of the corporation thereto. He shall sign with the president in the name of the corporation all certificates of the shares of the capital stock of the corporation and shall affix the seal of the corporation to same. He shall have charge of the books and records and other papers of the corporation and shall in general perform all of the duties incident to the office of secretary, subject to the control of the board of directors and he shall do and perform such other duties as may from time to time be assigned to him by the board of directors.

The secretary shall take the oath of office required by law and if required by the board of directors shall give bond with corporate surety conditioned for the faithful performance of his duties as such secretary, such bond to be approved by the president.

Section 6. Powers and Duties of the Treasurer. The treasurer shall have the custody of all funds and securities of the corporation and when necessary or proper he shall endorse on behalf of the corporation for collection checks, notes, and other obligations and shall deposit the same to the credit of the corporation in a designated depository. He shall sign all receipts and vouchers for payments made to the corporation and he shall sign all checks made by the corporation jointly with the president, and he shall pay out and dispose of the funds of the corporation under the direction of the board of directors. He shall sign with the president all bills of exchange and promissory notes of the corporation and whenever required by the board of directors he shall render a statement of his cash account. He shall enter regularly in books of the corporation to be kept by him for the purpose full and accurate account of all monies received and paid by him on account of the corporation and he shall at all reasonable times exhibit his books and accounts to any director of the corporation upon application at the office of the corporation during

business hours and he shall perform generally all acts incident to the office of treasurer, subject to the control of the board of directors. He shall give a bond with corporate surety in the sum of Five Thousand Dollars conditioned for the faithful performance of his duties as such treasurer, such bond to be approved by the president.

ARTICLE IV

Capital Stock

Section 1. Certificates of Shares. Each holder of stock of the corporation shall be entitled to a stock certificate signed by the president or the vice president and by the secretary. The certificates of shares shall be in such form not inconsistent with the articles of incorporation as shall be prepared or approved by the board of directors and shall have printed thereon references to or extracts from the articles of incorporation and the by-laws with reference to the restrictions upon the ownership, transfer, and voting rights of the capital stock of the corporation contained therein.

All certificates shall be consecutively numbered. The name or names of the person or persons owning the shares represented thereby, with the number of such shares and the date of issue shall be entered on the books of the corporation. All certificates surrendered to the corporation shall be canceled and no new certificate shall be issued until the former certificate for the same number of shares shall have been surrendered and canceled.

Section 2. Issuance and Ownership of Shares. The capital stock of the corporation shall be issued and paid for upon the basis specified and as provided in the Agreement and Assignment referred to in Article VII. The ownership of the shares of stock shall follow the ownership of the producing oil or gas well on account of which the stock is issued as provided in Article VIII of the articles of incorporation and in the event of the abandonment of a well for which shares of stock have been issued, such shares of stock shall cease to carry voting rights excepting in matters pertaining to the dissolution of the corporation as is provided in said Article VIII.

Section 3. Transfer of Shares. Subject to the provisions of said Article VIII of the articles of incorporation, shares of the capital stock of the corporation shall be transferred only on the books of the corporation by the holder thereof in person or by his duly authorized attorney upon surrender and cancellation of certificates for a like number of shares. The stock transfer books shall be closed during the entire day of any meeting of the stockholders.

Section 4. Regulations. The board of directors shall have power and authority to make all such rules and regulations not inconsistent with the articles of incorporation and the said Agreement and Assignment as they may deem expedient concerning the issue, transfer, and registration of certificates for shares of the capital stock of the corporation.

ARTICLE V

Dividends and Working Capital

Section 1. Dividends. It is not contemplated that any profit to the stockholders through the declaration of dividends will accrue through the operation of the business of the corporation and no dividends shall be declared by the board of directors out of the surplus or net profits of the corporation, unless authorized and directed by a vote of holders of three-fourths of the outstanding stock of the corporation having voting rights at a regular meeting or a special meeting called for that purpose.

Section 2. Working Capital. The board of directors are authorized to maintain a working capital or a reserve fund as is provided in the Agreement and Assignment referred to in Article VII and any surplus or net profit resulting from the operations of the corporation shall become a part of such working capital or reserve fund, unless otherwise directed by a vote of the stockholders as provided in Section 1 of this article.

ARTICLE VI

Corporate Seal

Section 1. The seal of the corporation shall be in the form shown below and shall be retained in the custody of the secretary.

ARTICLE VII

Construction and Operation of the System

Section 1. Construction. The construction and installation of the pressure maintenance system referred to in Article III of the articles of incorporation shall be controlled and supervised by the board of directors pursuant to plans and specifications to be prepared by the Engineering Committee and approved by the board of directors.

Section 2. Funds for Construction. The directors are authorized to obtain funds for the construction and installation of the system through a bank loan with an interest rate not in excess of four per centum per annum, such loan to be secured by an assignment to the bank of the amounts which the corporation is or shall be entitled to receive in payment for its capital stock and by a first mortgage upon the system and the rights, easements, and other privileges granted to the corporation by the operators who shall execute the Agreement and Assignment mentioned in Section 4. The promissory note of the corporation shall be executed to the bank for the full amount of such loan with a maturity date not more than three years from the date of the note and if any amount of such loan remains unpaid at the maturity date of said note the board of directors may negotiate such renewal or extension of the note as to such unpaid balance as may be agreed upon with the bank. The amount of such loan shall not exceed the amount required for the installation and construction of the system plus a sum not in excess of Five Thousand Dollars which may be added to constitute an operating fund. The board of directors shall have authority to enter into a contract with the bank for such loan upon such terms and conditions not inconsistent with these by-laws and with the terms and provisions of the said Agreement and Assignment as in their opinion may be reasonable and proper. The president and the secretary are authorized in the name of the corporation to execute the said assignment and mortgage to the bank in such form as may be approved by the board of directors. The bank making such loan shall be entitled to rely upon a certificate of the president or secretary of the corporation showing the cost of the installation and construction of the system and any amount loaned by the bank on the basis of such certificate shall be a binding obligation of the corporation although such sum may be in excess of the actual cost of installation and construction plus the sum of Five Thousand Dollars for an operating fund.

Section 3. Operation. The system shall be operated by the board of directors for the purpose of securing and maintaining within reasonable limits a state of equilibrium as to bottom hole pressure among the producing wells affected by the system but no officer, agent, or employee of the corporation shall have authority in behalf of the corporation to guarantee such result. The system shall at all times be operated in compliance with the valid orders, rules and regulations of any regulatory body having jurisdiction in the premises. The expenses of operation shall be assessed, collected, and paid as provided in the said Agreement and Assignment.

Section 4. Agreement with Operators. The form of Agreement and Assignment shown as an appendix to these by-laws is approved and made a part of these by-laws to the same extend and effect as if the said form were set forth in full herein instead of being attached as an appendix. The president and the secretary are authorized in the name of the corporation to execute in the name of the corporation such Agreement and Assignment with any and all of the owners of operating rights for oil and gas in the Loco Hills Oil and Gas Field as such operating rights and Field are described and defined in the said Agreement and Assignment. No provision of these by-laws nor any subsequent by-law which may be adopted by the stockholders of the corporation shall be construed to have or be given the effect of violating any of the terms and provisions of the said Agreement and Assignment.

ARTICLE VIII

Amendment of By-Laws

Section 1. The by-laws of the corporation, excepting Section 4, Article VII, may be altered, amended, or repealed by the stockholders at any regular meeting or at any special meeting, provided that notice of such proposed alteration, amendment, or repeal at a special meeting shall be given in writing in the same manner that notice of a special meeting of the stockholders is required to be given.

ACCEPTANCE OF BY-LAWS BY STOCKHOLDER

The undersigned ______________________________, being one of the stockholders of Loco Hills Pressure Maintenance Association, Inc., hereby approves, accepts, and adopts the foregoing by-laws as the by-laws of the corporation and consents that the said by-laws shall be given the same full force and effect as if they had been adopted by the stockholders at a meeting called for that purpose.

Signed at ______________________________, this ______ day of ______________, A. D., 1941.

____

____

CERTIFICATE OF SECRETARY

STATE OF NEW MEXICO)
: ss
COUNTY OF EDDY)

I, Fred Brainard, do hereby certify that I am Secretary of Loco Hills Pressure Maintenance Association, Inc., a New Mexico Corporation and have in my possession the records of said corporation.

That attached to this certificate is the printed form of the uniform agreement and assignment executed by all of the stockholders of the Loco Hills Pressure Maintenance Association, Inc. in connection with the financing of the plant and system and the operating of said plant and system.

I further certify that the association has in its file, copies of the said agreement and assignment executed by the following operators covering the various tracts in the Loco Hills oil and gas field; to-wit:

Allen, Fair and Pope
Aston, Lucas & Aston
Aston and Fair
Bassett & Birney, et al
Banner Oil Company
Bowers & Bowers
Bright & Gordon
Brainard & Guy
Continental Oil Company
Gordon M. Cone
Carper Drilling Co.
Continental and Yates
Dixon & Yates
Fair, N.N. & F.
Fair & Bright
R.W. Fair
Franklin Petroleum Corp.
Franklin & Yates
Flynn, Welch & Yates
Friendship Oil Corporation
Grayburg Oil Company of New Mexico
Jones & Yates
Kinfolks Trust
[illegible]
[illegible]
[illegible]
[illegible]

Yates & Continental
S.P. Yates
Yates, et al
Sanders Brothers
Sallee & Yates
Stroup & Yates

IN WITNESS WHEREOF, I have hereunto set my hand and the official seal of said corporation this the 8 day of February, A.D., 1944.

Fred Brainard
Secretary
LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.

AGREEMENT AND ASSIGNMENT

The undersigned Loco Hills Pressure Maintenance Association, Inc., a New Mexico corporation, and the undersigned ____

____

do hereby agree:

1. This contract is executed in furtherance of a cooperative plan for the conservation of the reservoir energy in the Loco Hills Oil and Gas Field located in Eddy County, New Mexico by the installation of a pressure maintenance system and shall become effective and binding upon the parties when identical contracts have been executed by the owners of not less than 130 producing wells located in said Field as such Field is defined herein.

2. When used in this agreement:

(a) The term "Association" refers to the said Loco Hills Pressure Maintenance Association, Inc.

(b) The term "Operator" refers to the said ____

____

(c) The term "Field" refers to the said Loco Hills Oil and Gas Field and comprises the area specified in paragraph 3, as such area now exists or may hereafter exist through modification as authorized in said paragraph 3.

(d) The term "operators" refers to and includes persons, co-partnerships, and corporations who own the operating rights for oil and gas as defined herein in one or more tracts of land located in the Field whose operating rights have been committed to the conservation plan by the execution of agreements in this or in similar form.

(e) The "operating rights" in a tract of land included in the Field consist of the exploration, development, and production rights for oil and gas and other carboniferous substances granted by an oil and gas lease or other form of contract whereby the owner is entitled to produce oil and gas and other carboniferous substances from the land and to retain same to his own use and benefit subject to the payment of the prescribed royalties and overriding royalties, if any, and includes ownership and control of the producing well or wells located on the tract or tracts involved.

(f) The term "working interest" as used with reference to oil or gas wells shall be considered as equivalent to seven-eights (7/8ths) of the amount of production from the well which is saved and marketed.

(g) By a "producing well" is meant a well in the Field from which crude oil, regardless of amount, is being or can be produced or from which natural gas only is capable of being produced from the oil bearing formation.

(h) The Board of Directors of the Association is referred to as "Directors" and the Engineering Committee of the Association is referred to as "Engineering Committee."

(i) By "Commission" is meant the State Conservation Commission of New Mexico or any person lawfully acting under direction of the Commission.

(j) By "Secretary" is meant the Secretary of the Interior or any person lawfully acting under his authority.

(k) The term "system" refers to the pressure maintenance system mentioned in paragraph 1 and which is more fully described in paragraph 6.

(l) The term "original incorporators" refers to all of the operators who execute this form of agreement prior to a date to be fixed by the Directors, which date shall be considered as the date of the commencement of the installation of the system.

(m) The term "subsequent participants" refers to all operators in the Field who are not included in the term "original incorporators."

(n) The term "gas" refers to the natural gas which is produced with the crude oil from the wells in the Field.

3. The Field comprises the area consisting of the following described tracts of land located in said Eddy County, New Mexico:

Township 17 South, Range 29 East: S½S½ of Section 32; S½SW¼ of Section 35; and S½ of Section 36.

Township 17 South, Range 30 East: NE¼NE¼, S½N½ and S½ of Section 31; and W½, W½E½ of Section 32.

Township 18 South, Range 29 East: All of Sections 1, 2, 3, 4, 5, and E½ of Section 6; all of Sections 8, 9, 10, 11, N½N½, S½NE¼ and SE¼ of Section 12; N½N½ of Section 14; NE¼NE¼, N½NW¼ of Section 15; N½ of Section 16; and N½ of Section 17.

Township 18 South, Range 30 East: N½NW¼ of Section 5; all of Section 6; and W½ of Section 7.

Subsequent operations and development may disclose that some tracts included in the present limits of the Field should be excluded from the Field and that some tracts adjacent to the present limits of the Field should be included in and designated as a part of the Field. Such action may be taken by the Directors with the approval of the holders of a majority of the outstanding stock of the Association, provided, however, that no tract shall be excluded from the Field on which is located a producing well belonging to the Operator on account of which stock of the Association has been issued as provided herein, unless the Operator consents to the exclusion of such tract.

4. The Operator represents and warrants that he is the owner of the operating rights in the tracts of land described in sub-paragraph (a) below and that said operating rights are free and clear of liens and encumbrances and the lawful claims and interests of other persons therein excepting as shown in sub-paragraph (b) below.

(a) Said tracts of land and the producing wells located thereon are the following:

(b) The above described operating rights are subject to certain liens and encumbrances and the lawful claims and interests of other persons therein as follows:

5. The Association represents that it is a New Mexico corporation organized and existing on a non-profit basis, having a term of existence of fifty years commencing in the year 1941, and with its principal object the installation and maintenance of the system. In the management of its corporate affairs, the Association shall at all times comply with the following requirements:

(a) The authorized capital stock shall be Two Hundred Fifty Thousand (250,000) shares of common stock without any nominal or par value.

(b) The affairs of the Association shall be managed by a Board of Directors who shall be seven in number, and each director must be an operator owning the operating rights in one or more producing wells in the Field or must be an employee of a corporation or a member of a co-partnership owning such operating rights.

(c) The authorized capital stock of the Association and the number of directors may be increased or diminished by the vote of the holders of three-fourths (3/4ths) of the capital stock at a regular or at a special meeting called for such purpose.

(d) The by-laws shall be made and amended or repealed by the stockholders at a regular meeting or at a special meeting called for such purpose.

(e) All working committees, including the Engineering Committee and all employees, shall be appointed by the Board of Directors.

(f) No officer or director shall receive any compensation from the Association for his services as such.

(g) Each original incorporator shall be required to subscribe for the number of shares of the capital stock specified in paragraph 9 (c). Payment for the stock subscribed for shall be made in the manner specified in this agreement on the basis of One Dollar ($1.00) per share. The shares of stock issued on account of each well shall be included in separate certificates and shall be delivered to the subscriber as provided in paragraph 9 (c). The initial certificate for ten shares provided for in said paragraph 9 (c) shall not be delivered to the subscriber until the approval by the title attorneys of the Association of the title to the operating rights in the producing well on account of which the stock is being issued. Certificates issued on account of wells thereafter completed shall not be delivered until evidence has been furnished of the acceptance of such well as a producing well by the Conservation authority having jurisdiction. The shares of stock represented by such certificates shall be considered as fully paid and non-assessable and the provisions in this agreement providing for the apportionment of operating expenses shall not be considered or construed as an assessment upon the stock of the Association.

(h) Any subsequent participant may be admitted to participation in the plan upon such reasonable terms and conditions as may be imposed by the Directors, provided, however, that such subsequent participant shall be required to execute an agreement with the Association containing the applicable provisions of this agreement and provided further that the shares of capital stock which may be issued to such subsequent participant on account of a producing well shall not be in excess of the number which would have been issued on account of such well if the subsequent participant had been an original incorporator and the amount which the subsequent participant shall be required to pay for the shares of stock issued to him shall not be less than One Dollar ($1.00) per share.

(i) The ownership of the shares of the capital stock which are issued on account of a producing well must follow the ownership of the operating rights in such well and in the event of a transfer of the operating rights in a well the stock certificate issued on account of such well must be transferred to the new owner of such operating rights. If the operating rights in a well are owned by more than one person or corporation the stock certificate shall include the names of all such owners and in the event of a transfer of either the entire operating rights or an undivided interest in same, the new certificate will likewise contain the names of all of the owners of the operating rights in such well after such transfer.

(j) In the event of the abandonment of any well on account of which shares of the capital stock of the Association have been issued or have become issuable, the holder of such stock certificate shall not possess any voting rights with respect to the shares of stock represented by such certificate, excepting in matters pertaining to the dissolution of the Association.

(k) It is not contemplated that any profits shall inure to the Association by reason of its operations or that any dividends shall be paid to the stockholders excepting upon dissolution. The Directors shall maintain an operating fund not exceeding at any time the sum of Five Thousand Dollars ($5,000.00) composed of monies received from the sources specified herein and of any other income received by the Association out of which operating fund payment shall be made for operating expenses, repairs, and replacements, and for such other purposes as are specified in this agreement. No mortgage or other encumbrance of the system other than the mortgages provided for herein shall be valid and binding upon the Association or a lien upon the system unless authorized by a vote of the holders of three-fourths (3/4ths) of the outstanding capital stock having voting rights.

(l) The Directors shall cause quarterly reports to be made to the stockholders reflecting the operations of the Association for the preceding three months and such reports shall contain complete statements of the receipts and disbursements of monies by the Association. The books and records of the Association, including the records and reports of all working committees, shall be open to inspection at all times by any stockholder. An annual audit of the books and accounts of the Association shall be made by a certified public accountant at the end of each fiscal year and a report of such audit shall be furnished to the stockholders.

(m) Any time after but not before the bank loan referred to in paragraph 7 is retired, the Association may be dissolved by a vote of the holders of two-thirds (2/3rds) of the issued capital stock.

6. The Association is obligated to construct and install and to maintain and operate an adequate pressure maintenance system in the Field in accordance with the following stipulations, conditions, and requirements:

(a) The plans and specifications for the system shall be prepared by the Engineering Committee and approved by the Directors.

(b) The cost of the system installed shall not exceed Two Hundred Fifty Thousand Dollars ($250,000.00).

(c) The system will utilize the gas obtained from the operators in the Field by returning such gas to the oil bearing formations but in the furtherance of the conservation plan natural gas from other fields or from formations within the Field other than the oil bearing formations also may be utilized.

(d) The system shall be operated for the purpose of securing and maintaining within reasonable limits a state of equilibrium as to bottom hole pressure among the producing wells in the Field, but such result is not guaranteed by the Association.

(e) In order to avoid the expense of drilling wells for use in returning the gas to the oil bearing formations, producing oil wells in the Field may be used as input wells. Such input wells shall be changed at proper intervals as recommended by the Engineering Committee and approved by the Directors.

(f) Any owner of the operating rights in a producing well or wells who becomes dissatisfied for any reason on account of the operation of the system or any feature of such operation shall be entitled to submit his objections in writing to the Engineering Committee who shall grant a full and complete hearing upon such objections. Such operator also shall be entitled to appeal to the Directors from the decision of the Engineering Committee after such hearing and the decision of the Directors shall be final unless thereafter disapproved by the Commission if the well or wells involved are located on State land or privately owned land, or by the Secretary if the well or wells involved are located on Government lands, provided, however, that nothing contained in this sub-paragraph shall be construed as authorizing any action to be taken which will impair the obligation of either party under this agreement or the validity of any lien provided for herein.

7. It is contemplated that the funds for construction and installation of the system will be obtained by the Association through a bank loan with interest rate not in excess of four per centum per annum and that such loan will be secured by an assignment to the bank of the amounts which the Association is or shall be entitled to receive in payment for its capital stock and by a first mortgage upon the system and the rights, easements, and other privileges granted to the Association by the operator in this agreement and by the other operators in similar agreements. The Association shall execute to the bank making the loan its promissory note for the full amount of the loan with a maturity date not more than three years from the date of the notes provided, however, that if any amount of such loan remains unpaid at the maturity date, the Directors may negotiate such renewal or extension of the note as to such unpaid balance as may be agreed upon with the bank, and to that end the Directors may execute a new note for such unpaid balance specifying such maturity date as may be agreed upon with the bank. In the event of any such renewal or extension or issuance of a new note for such unpaid balance, the lien of the mortgage provided for herein shall remain in force and unimpaired as security for such unpaid balance. The amount of such loan shall not exceed the amount required for the installation and construction of the system, provided, however, that a sum not to exceed Five Thousand Dollars ($5,000.00) may be included in the amount of the loan, which said additional amount shall become a part of the operating fund provided for in paragraph 5 (m) above. All amounts received by the bank pursuant to the said assignment from the Association after deducting not more than one cent per barrel of the working interest oil for operating expenses shall be applied monthly toward the payment of the said promissory note, first to the payment of accrued interest and then to the payment of principal. If the amounts received by the bank pursuant to the assignment above mentioned shall be insufficient to pay the said loan at its maturity or at the expiration of any extension or renewal of the loan then the Directors are authorized to refinance the unpaid balance of said loan at the best interest rate obtainable by the execution of a promissory note and mortgage as provided for herein for the original loan and in that event the assignment of five cents per barrel of working interest oil provided for in paragraph 9 (a) herein shall continue in full force and effect until said refinanced loan is fully paid and discharged. The bank making the loan above authorized shall be entitled to rely upon a certificate of the President or other authorized officer of the Association showing the cost of the installation and construction of the system and any amount loaned on the basis of such certificate shall be a binding obligation of the Association, although such sum may be in excess of the actual cost of installation and construction plus the sum of Five Thousand Dollars ($5,000.00) above mentioned.

8. The Operator is obligated as follows:

(a) The Operator at his own expense will prevent the escape of the gas, excepting such as may be unavoidably lost, which shall be produced from all of the producing wells which are or may hereafter be located upon the tracts of land described in paragraph 4. Such gas, excepting such as may be required for operating purposes, shall become the property of the Association and shall be delivered to the Association by the Operator on his lease without removal of the gasoline content and shall be transported to the pressure station by the Association at its own expense and through gathering lines laid by it. To effectuate orderly delivery of such gas, Operator will produce his wells according to such equitable time schedule as may be established by the Engineering Committee, provided, however, Operator shall not be required to produce any well at a time or in a manner detrimental to such well.

(b) The Operator hereby grants to the Association during the continuance of the operating rights of the Operator an easement over and upon the lands in the Field described in paragraph 4 (a) for the purpose of laying and maintaining gathering lines from Operator's wells and also from other wells in the Field and for the laying and maintaining of pressure lines to input wells whether such wells are located on Operator's lease or other leases in the Field and for the purpose of constructing, maintaining, and operating pressure stations and other structures and installations which may be required for the operation of the system, provided, however, that all lines, structures, or installations built or laid upon any lands of Operator in the Field shall be so constructed and laid as to avoid unnecessary interference with Operator's lease operations.

(c) The Operator hereby grants to the Association the right of ingress and egress with respect to all of Operator's said lands and to the producing wells located thereon insofar as may be necessary or convenient for the proper installation and maintenance of the system, provided, however, the Association shall save and keep harmless the Operator from all lawful claims and demands of other persons insofar as any such claim or demand results from the operations of the Association on the Operator's said lands or with reference to the Operator's said wells and provided further the Association shall be liable to the Operator for any damage resulting and resulting only from the negligence of the agents and employees of the Association while engaged in the performance of their duties as such. The Association shall at all times maintain for the protection of Operator adequate property damage and public liability insurance.

(d) The Association shall be entitled to use any well located upon Operator's said lands as an input well for the purpose of returning gas to the oil bearing formations or for the purpose of introducing natural gas from areas outside the Field or from other formations within the Field into the oil bearing formations of the Field. The use of such input wells may be continued for such periods of time as may be recommended by the Engineering Committee subject to the right of the Operator to appeal from the decision of the Engineering Committee in the manner provided in this agreement. The Operator shall be entitled to produce from other wells on his lease the amount of allowable production of oil which would have been produced from an input well during the time of its use as such if such well had remained on production, provided, however, if for any reason Operator is unable to produce such amount of allowable production from other wells located on his lease then he shall be entitled to reimbursement from the Association for all loss sustained by him on account of not being able to produce such allowable amount of oil for such time as such well is used as an input well. In computing such loss consideration shall be given to the expenses of operation which the Operator would have sustained if such well had been operated instead of being used as an input well. (So long as only one producing oil well is located upon the lands described in paragraph 4 (a) such well shall not be used as an input well without Operator's consent.)

(e) If the Operator is or becomes the owner of the operating rights in a well in the Field which produces from an oil bearing formation natural gas only whether such well be located upon the lands described in paragraph 4 or on other lands, Operator will not produce natural gas from said well without the consent of the Directors. With the consent of the Conservation authority having jurisdiction, Operator shall be entitled to produce from any oil well located on the lease during such time as a gas well on the lease is not producing under the provisions of this paragraph, an amount of oil equal to the largest amount which any producing oil well on the lease is permitted to produce.

(f) In the event the operating fund provided herein is not sufficient to defray the current and ordinary operating expenses of the Association at any time prior to the retirement of the loans provided for herein, the Directors shall have authority to make an assessment of not to exceed one cent per barrel of working interest oil against each producing well in the Field committed to the plan for such period of time as may be determined by the Directors, which said amount shall be collected in the same manner as the five cents per barrel of working interest oil shall be collected as provided herein, and the amounts thus received shall be paid into the operating fund. The pipe line company or other purchaser of the working interest oil is hereby authorized and directed to pay said amount thus assessed to the Association out of the proceeds from the sale of the working interest oil from Operator's said wells. After said loan or loans have been paid, an assessment of not to exceed two cents per barrel of working interest oil may be made for such expenses by the Directors, which said assessment shall be collected and paid to the Association as above provided. No expenditures for purposes other than expenditures authorized in this agreement shall be incurred by the Directors without approval of the holders of three-fourths of the outstanding capital stock of the Association.

(g) The Operator upon demand will furnish to the Association for examination by its title attorneys all necessary abstracts of title and other evidences of title reflecting the title to the operating rights described in paragraph 4, but such abstracts of title and other instruments shall remain the property of the Operator and shall be furnished for examination purposes only. If any title defects are disclosed by the examination, Operator will make diligent effort to remedy same.

9. (a) The Operator hereby assigns, transfers, and sets over to the Association out of the proceeds from the sale of the working interest oil which shall be produced, saved, and marketed from and after the date of the commencement of the installation of the system from the producing wells above described and from each producing well which may be completed hereafter upon any of the above described tracts of land an amount equal to five cents for each barrel of such working interest oil until the loan provided for in paragraph 7 has been fully paid and discharged and Operator will execute such transfer orders as may be necessary to secure to the Association or to the said bank and its assigns the payment of said amount. This assignment shall become effective at 7:00 o'clock a. m. of the day on which the installation of the system is commenced, which date shall be the date fixed by the Directors as provided in paragraph 2 (l). Of said amount of five cents per barrel one cent per barrel may be retained by the Association as an operating fund and the remaining amount not so retained shall be applied as a credit toward the purchase price of the capital stock to which the Operator shall become entitled on account of the well from which the amount credited is received. For the purpose of this agreement oil produced as an allowable to the owner of a shut-in gas well or of an input well shall be considered as having been produced from such gas well or input well and shall be obligated to the payment of the five cents per barrel specified in this paragraph and the amounts thus received by the Association shall be applied as if the oil had been produced from the well for which the allowable was made.

(b) The provisions of the sub-paragraph next preceding (9 (a)) shall cease to be in force and effect upon the payment in full of the loan provided for in paragraph 7 and any loan made in substitution for same or any part thereof.

(c) The number of shares of the capital stock of the Association which the Operator shall become entitled to receive and for which such Operator hereby subscribes under the provisions of this agreement for each producing well owned by him or which may be completed by him on lands described in paragraph 4 (a) before the loan provided for in paragraph 7 has been fully paid shall be the number of shares equal to the number of dollars received by the Association out of the production from such well under the provisions of paragraph 9 (a) and credited toward the purchase price of such capital stock as provided in said sub-paragraph. Subject to the provisions of paragraph 5 (g) a certificate for ten shares of the capital stock shall be issued to the Operator for each producing well now existing upon the payment by the Operator of the prescribed price of One Dollar per share. The amount thus paid for each certificate shall be considered as an advance payment to be credited upon the amounts which shall become payable out of the production from such well under the provisions of paragraph 9 (a). On the first day of July, 1941 and semi-annually thereafter while any portion of the loans provided for herein remains unpaid there shall be issued to the Operator certificates representing the number of shares of capital stock for which payment has been received by the Association in the manner provided herein during the preceding six months period. When the said loan or loans are paid in full, the Operator shall receive certificates for the additional capital stock paid for by such Operator since the last day of the previous period for which stock has been issued. No voting rights shall attach to any shares of capital stock for which payment has been received by the Association but for which the Operator has not become entitled to receive certificates as provided in this sub-paragraph.

(d) Excepting as is provided in the sub-paragraph next preceding (9 (c)) none of the authorized capital stock of the Association remaining unissued when the above mentioned loan is fully paid shall be issued for any purpose or on any account other than in connection with the completion thereafter of producing wells in the Field on lands committed to the plan. The number and price of the shares issued shall be fixed by the Directors subject to the provisions of paragraph 5 (h) in the case of wells completed by subsequent participants.

10. The Operator hereby declares that the obligation to pay the above mentioned five cents per barrel of working interest oil which shall be produced from Operator's wells shall constitute a direct obligation of the Operator to the Association and to the above mentioned bank as its assignee which shall be unqualified and unconditional and not revocable for any cause whatsoever so long as the said obligation is held by the said bank or its assigns as security for the said loan.

11. The obligations imposed upon the Operator by this agreement shall be considered as covenants running with the land and shall be binding upon any person or corporation succeeding to the ownership of any or all of the above described operating rights and such succeeding owner shall be entitled to all the benefits and privileges accruing and to accrue to the Operator under this agreement, including the ownership of the shares of stock of the Association previously issued to the Operator on account of any producing well included in the transfer to such successor.

12. Nothing contained in this agreement shall be considered or construed as authorizing, requiring or permitting the performance of any act in violation of any valid rule, regulation or order of any regulatory body having jurisdiction in the premises.

IN WITNESS WHEREOF, this agreement has been signed in ______________ by the parties on this the ______________ day of ______________, A. D., 19____.

LOCO HILLS PRESSURE MAINTENANCE ASSOCIATION, INC.

ATTEST:

____
Secretary

By______________________
President

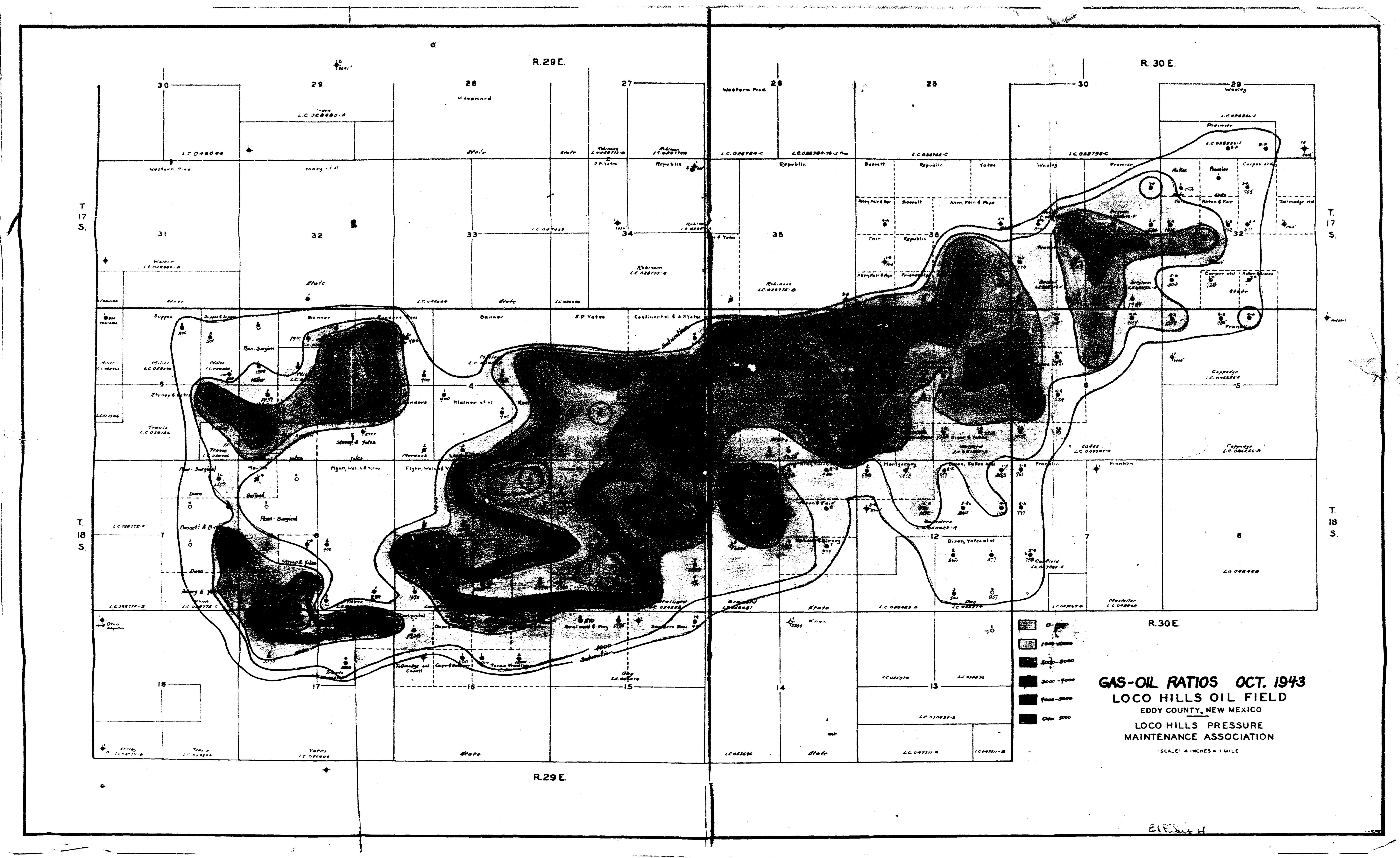
STATE OF ______________ }
COUNTY OF ______________ } ss.

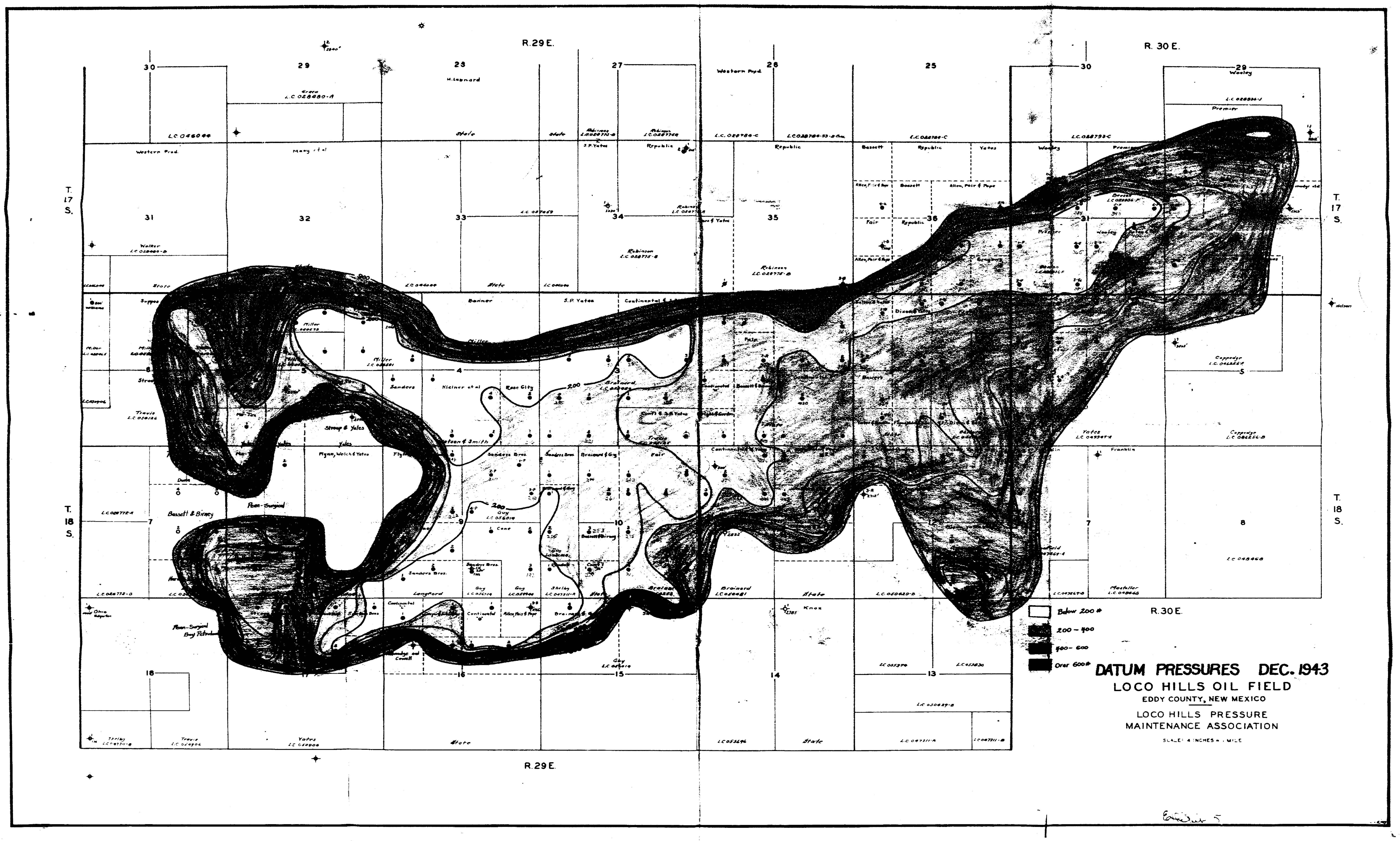
On this the ________ day of ______________, A. D., 19____, before me personally appeared ____ to me personally known, who, being by me duly sworn, did say that he is the ________ President of Loco Hills Pressure Maintenance Association, Inc., and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said ______________ acknowledged said instrument to be the free act and deed of said corporation.

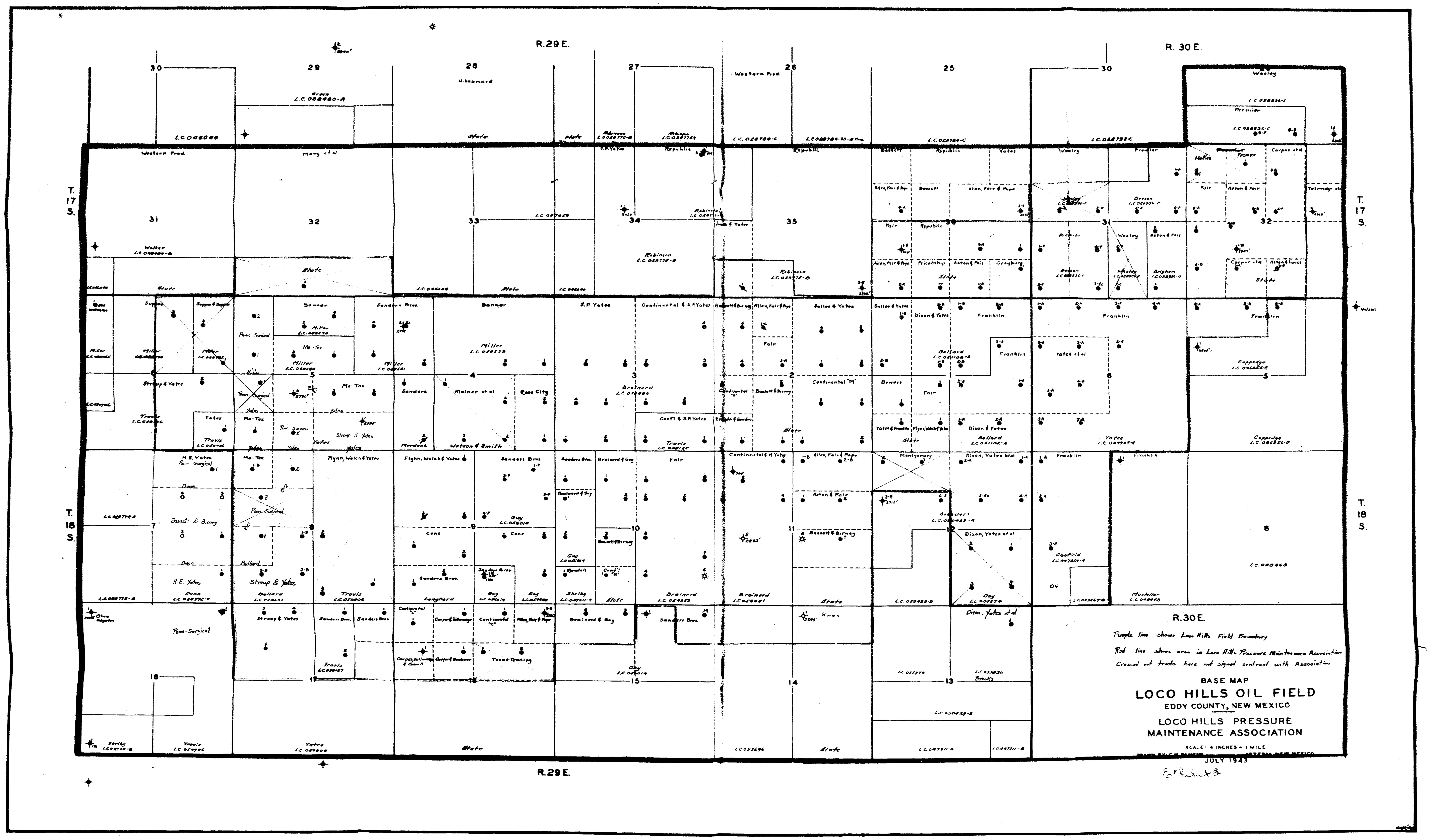
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the day and year in this certificate first above written.

My commission expires ______________

____
Notary Public


R. 29 E.
R. 30 E.
T. 17 S.
T. 18 S.
3000-4000
4000-5000
Over 5000
GAS-OIL RATIOS OCT. 1943
LOCO HILLS OIL FIELD
EDDY COUNTY, NEW MEXICO
LOCO HILLS PRESSURE
MAINTENANCE ASSOCIATION
SCALE: 4 INCHES = 1 MILE


R. 29 E.
R. 30 E.
T. 17 S.
T. 18 S.
Below 200 #
200 – 400
400 – 600
Over 600 #
DATUM PRESSURES DEC. 1943
LOCO HILLS OIL FIELD
EDDY COUNTY, NEW MEXICO
LOCO HILLS PRESSURE
MAINTENANCE ASSOCIATION
Exhibit 5


R. 29 E.
R. 30 E.
T. 17 S.
T. 18 S.
Purple line shows Loco Hills Field Boundary
Red line shows area in Loco Hills Pressure Maintenance Association
Crossed out tracts have not signed contract with Association
BASE MAP
LOCO HILLS OIL FIELD
EDDY COUNTY, NEW MEXICO
LOCO HILLS PRESSURE
MAINTENANCE ASSOCIATION
SCALE: 4 INCHES = 1 MILE
JULY 1943
Exhibit 3