CASE NO. [illegible] AMERADA HESS CORP., AMERADA HESS, USA, INC. FOR COMPULSORY POOLING AND AN UNORTHODOX LOCATION, EDDY COUNTY, NEW MEXICO

Continued to

May 21

CASE 6886: AMINOIL USA, INC. FOR COMPULSORY POOLING AND AN UNORTHODOX LOCA-

[redacted] COUNTY, NEW MEXICO

Continued to

May 21

Case No.

6886

Application

Transcripts

Small Exhibits

ETC

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
4 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Aminoil USA, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

CASE 6886

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

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MR. NUTTER: We'll call at this time Case Number 6886.

MR. PADILLA: Application of Amminoil USA for compulsory pooling and unorthodox location, Eddy County, New Mexico.

MR. COFFIELD: Conrad Coffield with the Hinkle Law Firm in Midland, Texas, appearing on behalf of the applicant, and we have two witnesses to be sworn.

(Witnesses sworn.)

JAMES S. WELIN

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q. Mr. Welin, for the record, would you please state your name, address, occupation, and employer?

A. I'm James S. Welin. I'm from Midland, Texas. I'm a Senior Landman for Amminoil USA, Incorporated.

Q. Have you previously testified before the Division as a landman?

A. No, I have not.

Q. Mr. Welin, would you give the Examiner

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a very brief rundown on your educational background and work experience?

A. Yes. I graduated from the University of Oklahoma in 1977. I took a job with Texas Pacific Oil and spent a year and three months with them -- no, a year and six months with them down in Lafayette, Louisiana. Subsequently came to Midland in October of '78 and I've been there since as a landman.

Q. Are you familiar with Amminoil's application in this case?

A. Yes, I am.

Q. And you're familiar with the property and the proposed well? Also, are you familiar with the land ownership and history of negotiations on the drilling of the well?

A. Yes, sir, I am.

MR. COFFIELD: Mr. Examiner, do you have any other questions of Mr. Welin?

MR. NUTTER: No, the witness is qualified.

Q. Mr. Welin, would you please state briefly what it is that Amminoil seeks by this application?

A. All right. Amminoil seeks an order pooling all the mineral interests in the Wolfcamp and Pennsylvanian formations underlying the south half of Section 10, Township 24 South, Range 28 East, to be dedicated to a well

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to be drilled in an unorthodox location 2080 feet from the south line, 1773 feet from the east line of said Section 10, and consideration of the costs of drilling and completing said well, and the allocation of the costs thereof as well as actual operating costs and charges for the supervision and consideration of the designation of applicant as operator of the well, and a charge for the risk involved in drilling said well.

MR. COFFIELD: If the Examiner please, I'd like to draw your attention to the fact that the manner in which this particular case was listed on the docket sheet, it calls for -- it indicates that it was an application for an unorthodox location, included in the application.

My client advises me that the unorthodox well location has been approved administratively inasmuch as the matters involved were topographical.

MR. NUTTER: And that portion of this hearing can be dismissed, then.

MR. COFFIELD: Yes, sir.

Q. Mr. Welin, would you please refer to what have been marked Exhibits One-A and One-B and describe those to the Examiner?

A. Yes. These are plats taken from the tax assessor's office of Eddy County, New Mexico, showing the various tracts and the area comprising the south half of

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Section 10, Township 24 South, Range 28 East.

Q. Taken together, then, Mr. Welin, these two plats --

A. These two plats do represent the entire 320 acres of the south half of Section 10.

Q. All right, then, in reference both to that exhibit, Mr. Welin, and Exhibit Two, would you explain Exhibit Two to the Examiner?

A. Yes. Earlier in the year, I believe it was on April 29th of this year, Aminoil formed -- filed of record in Eddy County a designation of pooled unit, showing all interests voluntarily joined, unleased mineral interests, et cetera, and this exhibit is, of course, Exhibit A to that designation of pooled unit.

Q. All right, there are some interests listed there, Mr. Welin, which actually are not committed.

A. This is correct.

Q. Specifically the Barton interest, perhaps, and maybe some others?

A. Yes. Mr. Roy G. Barton, Junior, Ron Tefteller, and Amoco Production Company have not joined in this signing of designation of pooled unit.

There are, however, some overriding royalties listed on this and some unleased mineral interests.

Q. So this includes all interests, not just

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leasehold interests.

A. That's correct.

Q. But other interests as well. Mr. Welin, have you made a calculation as to the total percentage of interests that have been voluntarily committed to this well?

A. Yes, sir. There is about 73.84 percent voluntarily joined to this designation of pooled unit, and we are seeking approximately 26.12 percent to be force pooled.

Q. Okay, with that, let's go on then to Exhibit Three and would you please explain what Exhibit Three represents?

A. Yes. Exhibit Three is a breakdown of all mineral interests that have not been committed to the designation of pooled unit. It also shows our effort to contact the parties, what type of efforts, what type of interest they do have, and description of the tracts.

Q. Mr. Welin, as I understand it, the interests which you have listed there and are represented on Exhibit Three, could be broken down into approximately four categories. Would you explain those various categories?

A. Yes, sir. There are four categories. There are people listed on this that have joined. There are leasehold owners who have not joined. There are mineral interests who have not joined. And mineral interests that we could not locate.

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Q. Let's go back and discuss the first category. Who is it that's listed on that list that has now after the preparation of the exhibit actually joined?

A. As you will note under the type and effort to contact the party, you'll see different people with the connotation of "see note five". These are people who have subsequently joined in the drilling of this well, or committed their interest to it.

Q. Okay, go on then also, and --

A. Okay. The leasehold owners who have not joined, such as Roy Barton, Junior, and Amoco Production Company, are listed in the back.

Q. Are there any others besides Barton and Amoco who are leasehold owners that have not joined?

A. No, there are not.

Q. So you do seek to force pool Barton and Amoco?

A. Yes, sir.

Q. Okay, then the third category you said is mineral interests where you contacted them but they have not yet voluntarily joined.

A. Yes, sir, we will get to this under Exhibit Three-A through Three-J, and there are letters substantiating this fact, that we could not locate -- I mean we have located them but they have not responded.

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Q. All right, would you please describe, then, the balance, the remaining category, those persons who are listed as mineral interest owners that you could not find?

A. We undertook a telephone survey for their last known address, calling to the cities in which they were last known, or could not -- either could or could not find a telephone number for them. The ones that we could, we have contacted. There has been a general mailing made to the people at their last known address and for the people that we had no idea where they were, our title examination did not reflect any last known address.

Q. If the Examiner wants to locate on this schedule, Exhibit Three, Mr. Welin, parties that fall into that fourth category, is there any quick way that he could see which ones they are?

A. These would be -- yes, they would be the ones that are tied to Note Four, as per se, the last one on the first page, Jose Suarza.

Q. So if the Examiner notes anyone with a Note Four in the far righthand tabular column, that would fall in this last category, somebody we could not find?

A. Yes, sir, correct.

Q. Okay. All right, Mr. Welin, let's go now to Exhibits which have been marked Three-A through Three-K, and describe those to the Examiner and the relationship

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they have to our case.

A. Mr. Examiner, as you will note, the first person up if Mr. Roy Barton, Junior. He -- I wrote a letter to him on April the 8th, 1980, and on April the 11th, 1980, he sent me back this letter with the connotation that you may force pool on this well. I've had no further contact with him concerning this matter.

On May 14th, 1980 --

Q. Are you referring now to Exhibit Three-B?

A. Yes, sir, Exhibit Three-B, Amoco Production, they do have a 30-acres of leasehold interest. They sent me --

Q. They being Amoco?

A. Yes, sir, Amoco sent a letter to me, to my attention, confirming our verbal advice from Mr. P. L. Sams, saying that they will participate in the drilling of the well; however, they have not signed an operating agreement; however, they did sign and return a copy of the AFE.

MR. NUTTER: So you expect that they probably will execute the operating agreement?

A. Yes, sir, this is correct. We joined them anyway, for the fact that we have to cover it.

Going on to Exhibit Three-C, being Mr. Dexter Hopkins, this -- we had some brokers contact these people, and as you can see by the letter from the broker to myself, that a Mr. Dexter Hopkins wishes to diversify his

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risk and therefor has requested to be force pooled in this matter. Yes, he does own an unleased mineral interest, being Lot 4, Block 1, which comprises approximately, oh, .1148 acres.

Exhibit Three-D represents the Miller interest in this deal. All these people own an undivided interest in one lot, being Lot 15, Block 1, Townsite of Malaga. We have located all the heirs of the Millers and we have not received any reply from the ones here.

I would make note that Miss Daisy Buchwald has indicated her desire to join in this drilling of this well by paying her proportionate share.

MR. NUTTER: Is she one of the owners of this Lot 15, Block 1?

A. Yes, sir, she owns approximately .0041 acres out of this .1148 acres comprising Lot 15.

Q. Is Ms. Buchwald in the examination room today?

A. Yes, Ms. Buchwald is in the examination room today.

Going on to Three-E, this is a letter to the lawyer, Mr. Essley, of the estate of Mr. A. S. Cumming, whose sole and only heir is a Miss Ruth Rock from Bethany, Missouri. He called requesting that we send him a lease, et-cetera, drafted in terms of a lease so that he might review

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it and have her join. We did this as a protection lease. There is a question as to the ownership of this tract.

Next group is Mr. -- Well, Dr. Thriekeld, whose five heirs were located in Ada, Oklahoma. Well, there is three located in Oklahoma; the other two were out-of-state. He was furnished -- he is the attorney for the Thriekeld estate and he was furnished with copies -- well, the originals of the drafts and leases themselves.

Q. Has he responded?

A. Yes, he has responded in a favorable manner. He said that they will get them executed and supply them to us shortly. They own Lot 7, Block 1, Townsite of Malage, which comprises approximately .1148 acres.

Okay, Exhibit Three-G is a letter to the Atchison, Topeka, & Santa Fe Railway Company. They own approximately 1.5 acres in the south half of Section 10. I contacted these people on March 24. They responded with a letter of April 15th, saying that they have put into their management the proper recommendations and approvals for this lease, and so far they have not come back. They have not materialized with a lease. I'd have various other conversations with them. They said it just takes a long time to get it through management approval.

MR. NUTTER: This letter from them says they want a lease on the basis of $250 per acre bonus and a

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quarter royalty for the term of one year.

A. Yes, sir.

MR. NUTTER: Is that the terms you offered them?

A. Yes, sir, that's the terms I wrote in my letter of March 14th.

MR. NUTTER: So you think they will accept eventually?

A. Yes, sir, they will eventually but we had to join them in this.

Exhibit Three-H is a letter from our brokers to a Miss Paula B. Lujan. There is a -- we offered her $100 bonus, 3/16ths royalty for a lease covering the west 100 feet of the north 108 feet of the north half northwest northwest southeast of Section 10. She has not responded to this so far.

Exhibit Three-I is a letter to Pablo Ramirez and Josefa Ramirez. There is a question as to the identity of these people, whether they're one and the same people as Pablo Carrasco Ramirez, Senior, and wife, so I wrote them a letter asking that they contact us so that we may prepare an affidavit of identity to clear up this title matter. They own Lots 14, 15, and 16 of Block 2, Townsite of Malaga. These people have subsequently leased to a person by the name of James H. Isbell in Midland, Texas, and I

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have contacted Mr. Isbell in regards to this matter. He informed me by letter that he will not attempt to clear any of these title problems up until after the well has been established as a producer;therefor I had to take it upon myself to contact these people.

Exhibit Three-J is a letter to a Miss Thelma Walker. Now in this particular instance there is a tract description discrepancy in that the lease that she executed was in the -- okay, she owns approximately a 1-acre tract in the southeast corner -- no, the southwest corner of the southwest southeast southeast of Section 10. She has previously executed a lease, as I said earlier; however, in the title examination it was reported that this 1-acre tract appeared in a different location than the one set out in the lease and therefor we tried to get her to sign a correction of description of oil and gas and mineral lease and she called our broker back Monday and said that she is not in agreement to where this 1-acre tract is located; therefor she is going to get in contact with me later on as to what her understanding of where the tract is located is.

Earlier I spoke of a general mailing under mineral owners that could not be located. This letter to Mr. W. W. Bessing, Exhibit Three-K, is an example of such a mailing and is just entered for yourall's information.

Q. Now, Mr. Welin, this general letter to

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which you've just made reference, is the type of letter that was mailed out to all of the parties, for example, that you could not get in contact with?

A. Yes sir, this is for people that we did have -- that we could not contact either by telephone, we just made a -- just made a general mailing, much the same that the Hinkle Law Firm mailed for the --

Q. Docket.

A. -- docket for this compulsory pooling hearing.

Q. All right, Mr. Welin, in addition to the written communications and correspondence that you had, have you also had verbal contact with some of the parties?

A. Yes. I had a verbal contact with a Mr. Ron Tefteller. He owns an unleased mineral interest in the south half of Section 10. Excuse me just a minute, I'll tell you what he owns. Okay, he owns 1/2 interest in Lot 10, Block 19, Townsite of Malaga. He and another man, Mr. Ed Anderson of Midland, Texas, bought this property and I've been in contact with Ed Anderson and Ron Tefteller by telephone. Ed has subsequently joined in the designation of pooled unit; however, Ron Tefteller has neither signed the designation of pooled unit or committed to give me a lease or committed to join the drilling of the well.

Q. Can you tell from your contact with Mr.

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Tefteller whether he is going to join?

A. He has given favorable indication to farm out under a half backin, but we are in communication right now. He doesn't know if he wants to farmout to Aminoil or to another third party, and I'm just trying to make the best deal possible with him.

Q. Do you have anything further to add in connection with these parties that you've tried to contact?

A. No, sir.

Q. Mr. Welin, let's go to what has been marked as Exhibit Four and describe what that is.

A. Okay, this is an evidence of mailing of the docket for the hearing, reflecting everyone to the party on Exhibit Three except for those we have -- except for those who we have no address for.

Q. Now this mailing was done by the --

A. By the Hinkle Law Firm, and the general mailing reflected earlier used the very same addresses as these.

Q. So the mailing that you made in connection with the items that you described in Exhibit Three-K, the general mailing, you say the addresses were virtually identical to the addresses used by the Hinkle Law Firm in mailing the docket?

A. Yes, sir, this is correct.

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Q. Okay, would you go ahead and refer to what we've marked as Exhibit Five?

A. Okay, this is an example of the joint operating agreement furnished to the parties on April 21st, 1980, reflecting a 400 percent nonconsent penalty; however, it has been subsequently changed to 300 percent.

Attached as an exhibit to this operating agreement is a COPAS form providing for $3450 per month drilling well rate and a producing well rate of $345 per month. These have been signed by the parties who have joined already, and there has not been too many objections to this form.

Q. Okay, Mr. Welin, refer to what we've marked as Exhibit Six and describe that, please.

A. Exhibit Six is a copy of the AFE and a detailed well cost estimate, which was prepared by our production department, and taken from a file that I'm responsible for.

Q. Is Aminoil seeking to be named as the operator in this particular application?

A. Yes, sir, we are. We own approximately 58 percent of the south half of Section 10.

Q. Mr. Welin, do you have a recommendation to make to the Examiner on the matter of charges for supervision which should be included if a favorable order is

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entered in connection with this case?

A. Yes, sir. Aminoil seeks to request that we have standard 300 percent nonconsent penalty, with a drilling well rate as reflected in the COPAS form attached to the operating agreement, of $3450 and a producing well rate of $345 per month.

Q. Those figures coincide with the joint operating agreement?

A. Correct.

Q. And you have said 300 percent penalty. Are you aware that the maximum allowed by law is 200 percent, which is roughly -- which is equivalent to the 300 percent in the standard nonconsent clause in an operating agreement?

A. No, sir, I was not.

Q. So what you're saying is you seek a maximum penalty?

Maximum penalty, yes, please.

MR. NUTTER: Where is that 300 percent in this operating agreement? Do you know?

A. On page five. It says 400 percent, but this was the file copy and it was not changed. It has been subsequently changed to 300 percent. On page five of the operating agreement down at the bottom.

MR. NUTTER: Okay, I've got it. Now, when you had 400 percent in there, did this mean 100 percent

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of their share plus 300 percent penalty?

A. Yes, sir, correct.

MR. NUTTER: So, and you have amended this --

A. To reflect --

MR. NUTTER: -- to 300.

A. 300 percent.

MR. NUTTER: So that would be 100 percent plus -- of their share plus 200 percent penalty.

A. Yes, sir, correct.

MR. NUTTER: Which is in conformance then with New Mexico law.

MR. COFFIELD: Yes, sir.

A. Yes, sir.

MR. NUTTER: We allow 100 percent share plus 200 percent penalty.

Okay, go ahead.

Q. Mr. Welin, were these exhibits One through Six either prepared by you or under your supervision or taken from files for which you have responsibility?

A. Yes, sir, except for Exhibit Four, which was prepared by the Hinkle Law Firm.

Q. In your opinion will the approval of the application be in the interest of conservation, and the prevention of waste? And the protection of correlative

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rights?

A. Yes, sir.

MR. COFFIELD: Mr. Examiner, I move the admission of Exhibits One through Six.

MR. NUTTER: Applicant's Exhibits One through Six will be admitted in evidence.

MR. COFFIELD: And I have no other questions of Mr. Welin on direct examination.

MR. NUTTER: What's your other witness going to testify to, Mr. Coffield?

MR. COFFIELD: Geology and penalty; and justification of penalty sought.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Welin, did you prepare the cost estimate on this well or was this prepared by someone else in your company?

A. It was prepared by somebody else in my company.

Q. Okay. Are you acquainted with drilling costs in the company? Can you vouch for these estimates?

A. No, sir, I'm not an authority on that.

MR. COFFIELD: Mr. Examiner, I believe our next witness can testify with more authority in that re-

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gard.

MR. NUTTER: Okay.

MR. COFFIELD: I believe Mr. Welin does have some information as to the current nature of that particular AFE.

A. This AFE was prepared in April of 1979. We have subsequently added a 15 percent inflation factor to it, bringing it to $2,155,905, and I am aware of that Aminoil will have to submit a revised AFE in the case that we are granted a forced pooling.

MR. NUTTER: So this AFE, although it was prepared in April of '79, is already obsolete.

A. Yes, sir.

MR. NUTTER: Too cheap?

A. Yes, sir.

MR. NUTTER: Okay. Well, we'll withhold Exhibit Six, then, from admission until after the other witness has testified as to the costs, Mr. Coffield.

Are there any further questions of Mr. Welin?

MR. PADILLA: Mr. Examiner, I have a couple of questions.

CROSS EXAMINATION

BY MR. PADILLA:

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Q. Mr. Welin, I notice some of this correspondence is dated May 23rd through May 30th. Is this the first time that these people were notified of this forced pooling hearing?

A. No, sir, the Hinkle Law Firm notified them with their mailing of May 16th, 1980.

Q. There was no attempt prior to May 16th, 1980, to get these people to join or sign a lease?

A. No, sir.

Q. Do you think that, say, May 30th is adequate notice to someone that --

A. Well, there has been -- the people that we contacted relatively late, during our search for these people we ran onto that they were dead and just by third party information we have contacted one of the heirs to the estate and have subsequently made the lease offers to the people that we knew about. The general offering for the people that we had no idea where they were, the letters came back returned, it was just an attempt to further contact these people.

As far as the question of whether they have had enough time to respond depends on what their desire would be.

Q. Well, this May 31st attempt to get them to sign or join?

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A. We had a telephone survey of May 16th in which to try and contact most of these people. The whole list was in effect contacted by the operator. We contacted them, asked them if they had a general listing or a telephone listing for the person and if they were not, we put it off until we got everybody else done and then there was a letter started. It was just a question of time.

Q. Well, I do notice the operating agreement was sent to some of these people on April 21st.

A. Yes, sir.

Q. Couldn't it also have been sent to everyone or attempts begun as early as April 21st?

A. Our title examination has just recently been completed like last week. These people that were not -- I mean were contacted late, just as the information was supplied to us, we got on it as quickly as possible.

Q. Don't you normally send -- I mean don't you normally commence a forced pooling after you've made a request for people to join or sign a lease?

A. Yes, sir, we had this on the docket for May 21st; however, title examination and the work load made us put it off for another two weeks. We finally got all our information in and subsequently carried our forced pooling hearing to today.

MR. NUTTER: Well, if you had -- some of

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these notices weren't mailed out until May 23rd and May 30th.

A. Yes, sir.

MR. NUTTER: You hadn't even contacted some of the people by May 21st when you were first scheduled for hearing.

A. The people that we mailed those things to have been contacted. The leases themselves that we sent out have been contacted. The general mailing that we made was in -- was in -- we tried to telephone them first. We couldn't get hold of them by telephone, so we made them a general mailing. This was attempted back on May 16th. If we didn't get hold of them we went ahead and wrote them a letter as a further effort to contact them.

MR. NUTTER: But everyone that you had an address for has been contacted by what date, the earliest, or the latest date that everyone has been.

A. The latest date is May 30th.

MR. NUTTER: That you had an address for.

A. Yes, sir. That's everybody that we had information for leases -- I mean the person had died, we found their heirs. The latest date that we had contacted everybody was May 30th.

MR. NUTTER: Which has not given them time to respond if you've been able to contact them now with latest letter.

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A. Correct.

MR. COFFIELD: Mr. Examiner, if I may interject here, the mailing out of our firm's Roswell office relative to the docket, did go out on the 16th.

MR. WELIN: That's when it was received.

MR. COFFIELD: May 16th?

MR. NUTTER: Well, this was the notice of a forced pooling case.

MR. COFFIELD: Yes, sir. And all the notices have come back into our office, I am told, relative to addresses and what not, there's no such address and no such person, things like that. So as far as the notice relative to the docket and the forced pool case, it was the same identical mailing that was subsequently sent out on May 30th through the Aminoil office; same parties and same addresses. And I presume it would be to the same effect. They would come back unknown, no such address, that type of thing.

MR. NUTTER: Well, I asked the question of him whether everyone that he had -- what the latest date for persons that he had an address for, that he had a positive address for, what the latest date that a request for a lease or a farmout was sent, and he stated May 30th. This is persons that he had an address for; not the persons that he doesn't have an address for and sent the dockets and it was returned addressee unknown.

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A. All right, I was just informed that everybody except for Mr. Essley, the A. S. Cumming Estate, Lot 7, Block 19, was contacted prior to May 30th. Everybody else was contacted -- was sent a letter on or before May 23rd, 1980.

MR. NUTTER: Well now, this one notice that you have sent to Mr. Cumming -- all right, the one letter that you sent here to Pablo Ramirez and Josefa Ramirez.

A. Yes, sir.

MR. NUTTER: This is the land that you said was under lease to --

A. Rocky Isbell, yes, sir.

Q. -- Rocky Isbell?

A. This was just to clear up a title matter.

MR. NUTTER: And Isbell has the lease on this.

A. Yes, sir.

MR. NUTTER: And he says that he --

A. He's not going to do anything about clearing title to it until the well has been established as a producer.

MR. NUTTER: He doesn't want to bother to quiet title --

A. Right.

MR. NUTTER: -- until he knows he's going

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to share in the well.

A. Yes, sir.

MR. NUTTER: Producing well. So the question here is to whether the people that executed the lease are the same people that are of record as owning the lease, is that it?

A. Yes, sir.

MR. NUTTER: So you're not asking them to join by this letter of May 30th.

A. No, sir.

MR. NUTTER: Okay. And all the other parties, then, that you had a firm address for were notified no later than May 23rd.

A. Yes, sir.

MR. NUTTER: Okay. Do you have any further questions?

MR. PADILLA: No further questions.

MR. NUTTER: Are there any other questions of Mr. Welin? He may be excused.

G. E. DE LONG

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

DIRECT EXAMINATION

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BY MR. COFFIELD:

Q. Mr. DeLong, would you please state your name, address, occupation, and employer?

A. My name is Gene Edward DeLong. I'm from Midland, Texas. I'm a Senior Development Geologist for Aminoil USA, Incorporated.

Q. Have you previously testified before the Division as a geologist?

A. No, I haven't.

Q. Briefly state for the Examiner's benefit your educational background and work experience as a geologist.

A. I graduated from Kansas State University with a Bachelor of Science degree in geology in 1952. I was employed with Phillips Petroleum Company for 22 years, 8 years in Kansas; the rest of the time in the Permian Basin, where my responsibilities was southeast New Mexico. I've currently been employed with Aminoil for a year and a half as a Senior Development Geologist.

Q. Has your experience included the Permian Basin area?

A. Yes, sir.

Q. Of west Texas and New Mexico?

A. Both;in Aminoil's area of responsibility it covers from the Gulf Coast onshore to the Canadian line; however, most of our production is from the Permian Basin

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and a good part of that is from southeast New Mexico.

Q. Are you familiar with Aminoil's application in this case?

A. Yes, I am.

Q. And are you familiar with the property and the well involved?

A. Yes, I am.

MR. COFFIELD: Do you have any other questions of the witness?

MR. NUTTER: The witness is qualified.

Q. Mr. DeLong, before we actually start with your testimony, would you please advise the Examiner of the status of the well? What is the situation on the well?

A. The No. 1 Kirkes was spudded on April 28th, 1980. It is currently at a TD of 9830 by this morning's 8:00 o'clock report. We are logging, preparing to run our 9-5/8ths intermediate casing. This will be in the top of the Wolfcamp.

Q. Mr. DeLong, also, the Examiner has delayed the admission of Exhibit Six, which is the AFE, pending your taking the stand, or taking the chair here for testimony.

I believe you have more close contact with matters relating to an AFE than our prior witness. Can you describe the preparation of that AFE to the best of your knowledge?

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A. May I have a question from the Examiner on what specific items he'd like to discuss?

MR. NUTTER: Well, already since April the 30th we've got to have another 15 percent on this. I want to know how this AFE relates to the cost of previous wells that your company has drilled in this area to similar depths, and so forth.

A. This AFE was prepared in April, 1979, and since that time the cost of rig expense, tubular goods especially, have increased approximately 15 percent. The Mattix Energy has submitted an AFE to drill a Morrow test to 13,250 in Section 23, which is south and east of this proposed location. Their cost is $2,300,000 plus.

MR. NUTTER: That company submitted this AFE to your company?

A. Yes.

MR. NUTTER: For participation?

A. Just recently, within the last week.

MR. NUTTER: What's your company's attitude towards the cost as estimated for their well?

A. I asked the operations superintendent to look over that AFE cost and make his recommendation to if that was too high or not, and he came back in and said it was right on line, and I said how about this one that's only submitted for $1,874,700, and he said we're going to have

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to submit another AFE to complete the well.

This well was scheduled to be drilled in mid-summer last year but due to the difficulties of even yet today we don't know who owns all the leases, it was set aside and we drilled the north half of Section 10 first, and that's why the delay of the AFE and why we have to, say, change it or upgrade it.

This AFE has been signed by most of the participants and, like I say, in early summer, and we will have to submit to them a new AFE.

MR. NUTTER: Is this the same AFE for $1,874,000 that was submitted to Amoco and that they returned to you approved?

A. That was the original, yes, sir.

MR. NUTTER: Have you discussed the 15 percent increase in cost with them since they --

A. No, sir, I haven't, because that's not my responsibility.

MR. NUTTER: Do you know if your company has?

A. No, sir, I don't.

MR. NUTTER: Well, actually, although the AFE, the itemized sheet is dated April 30th, 1979, the front sheet here gives the date as being September 13th, 1979, and the total cost including the 20 percent contingency is

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$1,874,000. Now, --

A. We use that 20 percent contingency and have found it to be quite adequate. We have plotted our AFE an exact cost basis with a -- the actual costs, and found out that using the 20 percent contingency, we were within a 10 percent range of accuracy.

The date on the AFE, I'm not sure. I do know our procedure on the drilling cost estimates are submitted far in advance of the AFE, and that's the only reason I can give you for the difference in the date.

Q. Mr. DeLong, if I may interrupt a moment, is Aminoil extensively experienced in this area with this type of well?

A. Yes, sir.

Q. Do you have any guess as to approximately how many other wells you operate in the close vicinity?

A. We operate two in Willow Lake, the No. 1 CNB. We've currently drilled the No. 1 Guitar. We're presently drilling the No. 1 Vasquez in the west half of Section 3, and the subject test.

Q. Is this AFE under discussion now comparable to AFE's which have been prepared and submitted in connection with some of these other wells?

A. For the date that it was designed for, yes, and with our anticipated 15 percent added cost due to

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inflation we'll be in the ballpark.

MR. NUTTER: Okay, go ahead with your geological testimony.

Q. Okay, let's refer to what we've marked as Exhibit Seven, Mr. DeLong, and would you discuss that for the Examiner?

A. Exhibit Seven is a structural plat contoured on top of the Atoka formation. The contour interval is 50 feet. The color yellow identifies the acreage assigned to the drilling unit, which is the south half of Section 10. The red arrow locates the well under discussion. The other arrows on the plat locate some of the nearby producers or recently drilled Morrow tests. As you can see, the subject well is offset in every direction. It is completely surrounded by deep Morrow tests.

The acrylic overlay is an Isopach map on the Atoka pay sand, and shows the latest interpretation of the Atoka sand channel, which extends from the Culibre Bluff Field in the township to the north, through the proposed well, and on into the Willow Lake Unit to the south. Our original interpretation had to be changed due to the absence of Atoka sand in the direct north and south offsets to the subject well. This change makes the Atoka sand a more meandering channel that at first thought.

Q. Okay, now refer to what we've marked as

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Exhibit Number Eight and discuss that, please.

A. Exhibit Eight is a accumulation gas production plat, showing production to January 1, 1980. The data was taken from the New Mexico Oil and Gas Engineering Committee Annual Report for 1979. All the figures are used from that report except the Morrow accumulation for the CNB Well, which is located in Section 11. For some reason the State has us accountable for almost twice as much production as what we have record of.

If my memory serves me correct, I believe there is one month back on some of your annual reports that had misplaced a decimal point.

MR. NUTTER: And who is the operator of that well?

A. Aminoil. Originally it was drilled by Burma, who is now Aminoil.

The Atoka production is -- oh, excuse me. Again, the yellow color identifies the drilling unit in the south half of 10, and the red arrow the location of the proposed well.

The Atoka production is featured in yellow and Morrow production is underlined in red. There is no Strawn production within the boundaries of this plat; however, Amoco, in Section 35, the well spot would be hidden by our title block, it would be located immediately south of

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the word "southwest" in the title block. They had attempted a completion in the Strawn and it depleted quite rapidly and that well is currently plugged back to the Bone Spring.

I believe it is evident that the Atoka sand is the primary producer and is extremely important to the successful payout of a deep test in the Malaga area. If you would note the Mattix Malaga Well in Section 3, with 2.322 billion cubic feet of gas, has accumulated that production in a short period of six months.

The Willow Lake No. 1, located in Section 22, with 1.851 billion cubic feet of gas, accumulated that within about a five year period.

Q. Refer to what we've marked as Exhibits Nine and Ten now, please, Mr. DeLong, and discuss these exhibits.

A. I'd like to discuss Exhibit Nine first, although these two exhibits do go hand in hand.

This is an exact copy of a cross section that was submitted to our management in April last year for approval to drill the subject well. The cross section identifies each producing sand zone that is present in the Malaga area and they are highlighted in yellow and show contiguous relationship to the proposed well.

The Strawn sand, located at that upper yellow line, for the most part is untested. The Willow Lake

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No. 1 did run a drill stem test over the section and they recovered somewhat, 345,000 to 350,000 cubic feet of gas a day. Other than that there have been no tests within the area.

The Atoka sand zone is the primary producer in the area and is present on three of the nearby wells.

The Morrow sands to be -- appear to be well developed, and I would like to speak to that on Exhibit Ten, especially in reference to our Aminoil No. 1 CNB, which is the second log to the right on our cross section.

Exhibit Ten is a three part exhibit. Exhibit Ten-1 is the Mattix Energy Corporation Malaga No. 1, which is located just 1 mile north of the proposed location. Highlighted in red is the Atoka sand pay zone and here we have 12 feet of beautifully developed sand. I believe we can understand why that well has produced 2.3 billion a day in only a short period of six months.

Exhibit Ten-2, two logs -- by the way, these logs are reduced Xeroxed copies of the logs actually run on these wells. The Adams Energy Corporation "N" Com is the direct south offset to the proposed well. It was drilled in the north half of Section 15. It encountered absolutely no Atoka sand.

The Aminoil USA Guitar No. 1, just recently drilled and logged on April 15th of this year, also encountered

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no Atoka sand.

Exhibit Ten-3 is an enlarged scale, as shown on the cross section. It does identify the producing horizons in the area. It shows their pay thickness and what I wish to point out on this exhibit is that the Morrow sands, although so beautifully developed, gave up only 166 million cubic feet of gas.

It is essential for an economical well in this area to find and develop the Atoka sand.

MR. NUTTER: Has it been abandoned in the Morrow?

A. Yes, sir, it's been plugged back to the Atoka.

MR. NUTTER: Now which was the formation that you said the stat report showed too much production for?

A. It was on this Morrow sand zone.

MR. NUTTER: On the Morrow. And it produced a total of about 166,000, and our books show it produced about 320,000?

A. 321, I believe, sir.

MR. NUTTER: We'll get a correction on that.

A. Could I look that up just a moment? I have a Xeroxed copy of that data with me.

Yes, sir, it would be on page 552 in the

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1979 New Mexico Engineering Committee's Annual Report.

MR. NUTTER: Page 552?

A. 5-5-2, yes, sir. That does show us to have prcduced 311,398,000.

MR. NUTTER: And the correct figure for total ultimate production would be 167, 072.

A. Yes, sir.

MR. NUTTER: Do you know when that error occurred? So we can go back and correct it?

A. Yes, sir, it was about the middle of a year and I think it came up with just almost the exact difference in the data. I don't know exactly which year, but it was on the -- you could look back through the annual.

MR. NUTTER: Was it one month's production that was in error and it was picked up and carried to the cumulative column.

A. Yes, that's right, but the period was shifted.

Q. Do you have anything further on Exhibits Nine and Ten, Mr. DeLong?

A. I'd like to add just one thought. These exhibits have been presented to point out that the drilling of the subject test is a very high risk venture, since the direct north and south offsets encountered no Atoka sand. The east/west wells do have presence of it and the CNB is

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the only one that will be a commercial well.

I haven't spoke of the HNG No. 1 Woods Com in the section to the west, but they have recently attempted a completion in the Atoka and our latest data shows it flowing 144,000 cubic feet of gas a day.

MR. NUTTER: That's this well in Section 9 that has a 169,000 from the Morrow?

A. That is true.

MR. NUTTER: Very small in the Atoka, then.

A. Yes, sir. In fact, I'm extremely disappointed in that.

MR. NUTTER: Okay. Now, you mentioned Culibre Bluff. Is that big well in the Atoka that blew out for Delta on this map here?

A. No, sir.

MR. NUTTER: It would be to the north?

A. I believe that's in Section 23, up to your -- it will be to the -- right north of the Culibre Bluff South Field and a little bit west.

MR. NUTTER: It's off the exhibit to the north, then.

A. Right. These wells up here at the upper part of the plat are listed on the Culibre Bluff Atoka-Morrow accumulation.

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Q. Mr. DeLong, could you discuss very briefly for the Examiner the economic projections involved in this particular well?

A. Now please remember that you're talking to a geologist, or listening to one.

Q. Well, in that regard, do you have knowledge of some of the economic considerations?

A. Yes, sir, I do.

Q. To the extent that you are privy to that information, could you discuss it with the Examiner, please?

A. Yes, sir, I will. The accumulation plat shows that the Morrow production, only one well has produced over a half a billion cubic feet of gas. In my estimation I would say that a Morrow well could produce a half a billion in the location that we're currently drilling.

Although the Strawn zone has been completely untested in the area, there are indications from nearby electric logs and sample data gas shows to indicate we might obtain as much as a half a billion cubic feet of gas out of this zone. The engineers with their volumetric calculations have upgraded that to a billion, but I would like to testify only on my knowledge and what I do believe.

Currently we're in high hopes of finding, and desperately need, the Atoka sand, which I would attribute two to three billion cubic feet of gas. I feel that's a

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very realistic figure on the data that I have presented today.

Q. With all of that in mind, do you have a recommendation to make to the Commission as to the risk factor to be awarded in favor of Aminoil in this matter?

A. Well, due to the high risk, and since we're offset with dry holes and only one commercial well, I would recommend that we go for the maximum allowed by law, which I understand is 200 percent. We would need this if we don't get the Atoka. We can't afford to drill out there unless we do.

Q. Mr. DeLong, were these Exhibits Seven through Ten prepared by you or under your supervision?

A. Yes sir.

Q. And is it your opinion that the approval of the application would be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A. Most definitely.

MR. COFFIELD: Mr. Examiner, with the authentication which has been provided by Mr. DeLong relative to Exhibit Six, and his further identification of Exhibits Seven through Ten , I move the admission of Exhibits Six through Ten.

MR. NUTTER: Aminoil Exhibits Six through

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Ten will be admitted in evidence.

MR. COFFIELD: And I have no further questions of Mr. DeLong at this time.

MR. NUTTER: Does anyone have any questions of Mr. DeLong? He may be excused.

Do you have anything further, Mr. Coffield?

MR. COFFIELD: No, sir, I do not.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6886?

We'll take the case under advisement.

(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. 6884 heard by me on 6/4 19.80.

Examiner
Oil Conservation Division

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MAY 28 1980
OIL CONSERVATION DIVISION
SANTA FE

May 19, 1980

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Aminoil USA, Inc. Case No. 6886
Application for Compulsory
Pooling and an Unorthodox
Location in Eddy County,
New Mexico

Dear Dan:

This will confirm our telephone conversation today wherein I requested a further continuance of the above referenced case and that it be continued to the June 4, 1980 docket.

If you have any problems in connection with this request for a continuance, please call.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rh

xc: Mr. Jamie Welin
Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
21 May 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Aminoil USA, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

CASE 6886

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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Phone (505) 455-7409

MR. STAMETS: Call next Case 6886.

MR. PADILLA: Application of Aminoil USA, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

MR. STAMETS: Applicant in this case has requested the case be continued to the June 4th Examiner Hearing, and it so shall be.

(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.

_____

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. _____, heard by me on _____ 19____.

_____, Examiner
Oil Conservation Division

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Phone (505) 435-7409

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
7 May 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Aminoil USA, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

CASE 6886

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division:

Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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

MR. NUTTER: We'll call next Case Number 6886.

MR. PADILLA: Application of Aminoil USA, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

Mr. Examiner, the applicant in this case has requested that it be continued to the May 21st Examiner Hearing.

MR. NUTTER: Case Number 6886 will be continued to the Examiner Hearing scheduled to held at this same place at 9:00 o'clock a. m. May 21, 1980.

(Hearing concluded.)

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REPORTER'S CERTIFICATE

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.

_____

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I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6886 heard by me on 5/7, 1980.

_____, Examiner
Oil Conservation Division

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
7 May 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Aminoil USA, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

CASE 6886

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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(Hearing concluded.)

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REPORTER'S CERTIFICATE

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. 6886 heard by me on 5/7 1980.

, Examiner
Oil Conservation Division

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Docket No. 17-80

Dockets Nos. 19-80 and 20-80 are tentatively set for June 25 and July 9, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - THURSDAY - JUNE 5, 1980

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6927: Application of Doyle Hartman for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and West lines of said Section 24. 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 6928: Application of ARCO Oil and Gas Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the S/2 of Section 24, Township 17 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.

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Docket No. 16-80

DOCKET: EXAMINER HEARING - WEDNESDAY - JUNE 4, 1980

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 6803: (Continued from April 23, 1980, Examiner Hearing)

In the matter of the hearing called by the Oil Conservation Division on its own motion to permit EPROC Associates, Hartford Accident and Indemnity Company, and all other interested parties to appear and show cause why its Monsanto State H Well No. 1 located in Unit E of Section 2, Township 30 North, Range 16 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6906: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its South Mattix Unit Well No. 39 located in Unit G of Section 15, Township 24 South, Range 37 East, to produce oil from the Fowler-Upper Yeso and Fowler-Drinkard Pools thru parallel strings of tubing.

CASE 6907: Application of Amoco Production Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Myers B Federal Well No. 28 located in Unit M of Section 9, Township 24 South, Range 37 East, to produce gas from the Jalmat and Langlie Mattix Pools thru parallel strings of tubing.

CASE 6908: Application of Estoril Producing Corporation for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Curry State Well No. 1, a Pennsylvanian test to be drilled 660 feet from the North and East lines of Section 22, Township 23 South, Range 34 East, Antelope Ridge Field, the N/2 of said Section 22 to be dedicated to the well.

CASE 6909: Application of El Paso Natural Gas Company for downhole commingling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Basin-Dakota and Largo-Gallup production in the wellbore of its Rincon Unit Well No. 164 located in Unit L of Section 2, Township 26 North, Range 7 West.

CASE 6886: (Continued from May 21, 1980, Examiner Hearing)

Application of Aminoil USA, Inc. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6910: Application of Grace Petroleum Corporation for four compulsory poolings, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying four 40-acre proration units, being the SE/4 NE/4, the SE/4 NW/4, and the NW/4 NW/4 of Section 28, and the SW/4 SE/4 of Section 29, all in Township 24 North, Range 7 West, each 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 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 6911: Application of Grace Petroleum Corporation for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Gallup formation underlying the NE/4 NW/4 of Section 11, Township 23 North, Range 7 West, 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 6912: Application of Southland Royalty Company for a dual completion, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion of its State "14" Comm. Well No. 1 located in Unit E of Section 14, Township 19 South, Range 29 East, Turkey Track Field, to produce gas from the Morrow and Atoka formations thru tubing and the casing-tubing annulus, respectively

CASE 6913: Application of Kerr-McGee Corporation for an unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its State F Well No. 14 to be drilled 1310 feet from the North line and 1330 feet from the West line of Section 2, Township 8 South, Range 33 East, Chaveroo-San Andres Pool.

CASE 6914: Application of Wilson Oil Company for a non-standard proration unit and unorthodox location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 29, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, to be dedicated to its State JD Well No. 1 at an unorthodox location 1650 feet from the South line and 1980 feet from the West line of said Section 29.

CASE 6915: Application of Jake L. Hamon for a non-standard gas proration unit and an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 320-acre non-standard gas proration unit comprising the S/2 of Section 8, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South line and 1980 feet from the West line of said Section 8.

CASE 6916: Application of Petro-Lewis Corporation for downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of the Drinkard and Blinebry production in the wellbore of its State DC Well No. 1, a quadruple completion located in Unit F of Section 19, Township 21 South, Range 37 East.

CASE 6917: Application of Yates Petroleum Corporation for an NGPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination for its Goat Roper "LP" Com. Well No. 1 located in Unit P of Section 30, Township 17 South, Range 26 East.

CASE 6918: Application of Yates Petroleum Corporation for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to commingle Upper Penn and Morrow gas production in the wellbore of its Kennedy "JQ" Com. Well No. 1 located in Unit H of Section 33, Township 17 South, Range 26 East, Kennedy Farms Field.

CASE 6919: Application of Yates Petroleum Corporation for downhole commingling or consolidation of two pools, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Wolfcamp and Penn gas production in the wellbore of its Andersen State "CS" Com. Well No. 1-Y located in Unit G of Section 14, and its Fordinkus State "HZ" Com. Well No. 1 located in Unit G of Section 22, both in Township 18 South, Range 24 East, or, in the alternative, the consolidation of the Fordinkus-Cisco Gas Pool and the Penasco Draw Permo-Penn Gas Pool into one Permo-Penn gas pool to include the above-described wells.

CASE 6920: Application of Yates Petroleum Corporation for a dual completion and unorthodox well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its 5 Mile Draw Federal Well No. 1 to produce from the Pennsylvanian and Abo formations thru the tubing and casing-tubing annulus, respectively; applicant also seeks approval for the unorthodox location of said well in the Abo formation 800 feet from the South line and 2100 feet from the East line of Section 34, Township 6 South, Range 25 East, the SE/4 of the section to be dedicated to the well.

CASE 6903: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian-Mississippian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 33, Township 13 South, Range 36 East, the S/2 of said Section 33 to be dedicated to the well.

CASE 6904: (Continued from May 21, 1980, Examiner Hearing)

Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the McDonald Unit Area, comprising 1,440 acres, more or less, of fee lands in Townships 13 and 14 South, Range 36 East.

CASE 6921: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Mississippian formations underlying the S/2 of Section 33, Township 13 South, Range 36 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the South and East lines of Section 33. 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 6922: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Pennsylvanian formations underlying the E/2 of Section 24, Township 18 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 6923: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Cayton-Austin Unit Area, comprising 960 acres, more or less, of State and fee lands in Township 14 South, Range 36 East.

CASE 6924: Application of Caribou Four Corners, Inc. for two unorthodox oil well locations, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of two wells to be drilled, the first being 860 feet from the North line and 2090 feet from the West line, and the second being 910 feet from the North line and 395 feet from the West line, both in Section 13, Township 29 North, Range 15 West, Cha Cha-Gallup Oil Pool, the E/2 and the W/2, respectively, of the NW/4 of said Section 13 to be dedicated to the wells.

CASE 6925: Application of Caribou Four Corners, Inc. for two exceptions to Rule 306, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 306 of the Division Rules and Regulations to permit the permanent flaring of gas from its Kirtland Wells Nos. 1 and 2, located in Units A and B, respectively, of Section 13, Township 29 North, Range 15 West.

CASE 6889: (Readvertised)

Application of Belco Petroleum Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill a well, the surface location of which is 1980 feet from the North line and 920 feet from the West line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom it at an unorthodox location within 660 feet of a point 1320 feet from the North line and 2640 feet from the West line of said Section 36 in the Morrow formation, the N/2 of said Section 36 to be dedicated to the well.

CASE 6896: (Continued from May 21, 1980, Examiner Hearing)

Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

CASE 6926: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating, contracting vertical limits, and extending horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Pennsylvanian production and designated as the Arkansas Junction-Pennsylvanian Pool. The discovery well is Rex Alcorn Bobbi Well No. 1Y located in Unit J of Section 20, Township 18 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 36 EAST, NMPM
Section 20: SE/4

(b) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the Avalon-Delaware Pool. The discovery well is MWJ Producing Company State GW Well No. 1 located in Unit K of Section 36, Township 20 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NMPM
Section 36: SW/4

(c) CREATE a new pool in Eddy County, New Mexico, classified as an oil pool for Delaware production and designated as the East Burton-Delaware Pool. The discovery well is J. C. Williamson TOG Federal Well No. 1 located in Unit F of Section 16, Township 20 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM
Section 16: NW/4

(d) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Strawn production and designated as the Dog Canyon-Strawn Gas Pool. The discovery well is Harvey E. Yates Company Gates Federal Deep Well No. 1 located in Unit P of Section 6, Township 17 South, Range 28 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 28 EAST, NMPM
Section 6: S/2

(e) CREATE a new pool in Chaves County, New Mexico, classified as an oil pool for San Andres production and designated as the South Double L-San Andres Pool. The discovery well is McClellan Oil Corporation Mark Federal Well No. 1 located in Unit I of Section 30, Township 15 South, Range 30 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 30 EAST, NMPM
Section 30: SE/4

(f) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Grayburg production and designated as the Empire-Grayburg Gas Pool. The discovery well is Carl A. Schellinger West Federal Well No. 1 located in Unit G of Section 14, Township 17 South, Range 27 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 27 EAST, NMPM
Section 14: NE/4

(g) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Hume-Morrow Gas Pool. The discovery well is Bass Enterprises Production Company Bass 36 State Well No. 1 located in Unit E of Section 36, Township 15 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 15 SOUTH, RANGE 34 EAST, NMPM
Section 36: W/2

(h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka production and designated as the Lusk-Atoka Gas Pool. The discovery well is Phillips Petroleum Company Lusk Deep Unit A Com Well No. 13 located in Unit K of Section 18, Township 19 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM
Section 18: S/2

(i) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the Milepost-Morrow Gas Pool. The discovery well is Exxon Corporation Scheidt Federal Well No. 1 located in Unit L of Section 30, Township 26 South, Range 26 East, NMPM. Said pool would comprise:

TOWNSHIP 26 SOUTH, RANGE 25 EAST, NMPM
Section 36: N/2 N/2 and Lots, 1, 2, 3, and 4

TOWNSHIP 26 SOUTH, RANGE 26 EAST, NMPM
Section 30: S/2
Section 31: N/2 NW/4 and Lots 3 and 4

(j) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Turkey Track-Atoka Gas Pool. The discovery well is Tenneco Oil Company State HL 11 Well No. 1 located in Unit N of Section 11, Township 19 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 10: E/2
Section 11: S/2

(k) CONTRACT the vertical limits of the East Grama Ridge-Bone Springs Pool to the interval from 10,472 feet to 10,900 feet as found on the type log for the Getty Oil Company State 35 Well No. 1 located in Unit K of Section 35, Township 21 South, Range 34 East, NMPM, and redesignate said pool as the East Grama Ridge-Lower Bone Springs Pool.

(l) EXTEND the Airstrip-Upper Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 25: W/2 SW/4
Section 26: SE/4

(m) EXTEND the Atoka-Yeso Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM
Section 33: NW/4 and N/2 S/2

(n) EXTEND the Brunson-Fusselman Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 37 EAST, NMPM
Section 8: SE/4

(o) EXTEND the Buckeye-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 35 EAST, NMPM
Section 9: NW/4

(p) EXTEND the Burton Flat-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM
Section 13: W/2
Section 14: E/2

(q) EXTEND the Catclaw Draw-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 26 EAST, NMPM
Section 34: S/2

TOWNSHIP 21 SOUTH, RANGE 25 EAST, NMPM
Section 2: Lots 1 through 8

(r) EXTEND the Chaveroo-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
Section 34: NE/4

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 3: SW/4

(ff) EXTEND the Penasco Draw San Andres-Yeso Associated Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 31: SW/4

(gg) EXTEND the East Red Lake Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 25: S/2 S/2
Section 26: S/2 SE/4 and SE/4 SW/4
Section 36: N/2 NW/4

(hh) EXTEND the North Shugart-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 31 EAST, NMPM
Section 17: S/2

(ii) EXTEND the Tomahawk-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 31 EAST, NMPM
Section 25: SE/4

(jj) EXTEND the Turkey Track Seven Rivers-Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 9: E/2 NE/4

(kk) EXTEND the North Vacuum-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 35 EAST, NMPM
Section 17: NW/4

(ll) EXTEND the Winchester-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 28 EAST, NMPM
Section 3: All

(mm) EXTEND the Winchester-Upper Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM
Section 30: W/2

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Docket No. 18-80

DOCKET: EXAMINER HEARING - THURSDAY - JUNE 19, 1980

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:

ALLOWABLE: (1) Consideration of the allowable production of gas for July, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for July, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
4 June 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Aminoil USA, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

CASE 6886

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
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For the Applicant: Conrad E. Coffield, Esq.
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G. E. DE LONG

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MR. NUTTER: We'll call at this time Case Number 6886.

MR. PADILLA: Application of Amminoil USA for compulsory pooling and unorthodox location, Eddy County, New Mexico.

MR. COFFIELD: Conrad Coffield with the Hinkle Law Firm in Midland, Texas, appearing on behalf of the applicant, and we have two witnesses to be sworn.

(Witnesses sworn.)

JAMES S. WELIN

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

DIRECT EXAMINATION

BY MR. COFFIELD:

Q. Mr. Welin, for the record, would you please state your name, address, occupation, and employer?

A. I'm James S. Welin. I'm from Midland, Texas. I'm a Senior Landman for Amminoil USA, Incorporated.

Q. Have you previously testified before the Division as a landman?

A. No, I have not.

Q. Mr. Welin, would you give the Examiner

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a very brief rundown on your educational background and work experience?

A. Yes. I graduated from the University of Oklahoma in 1977. I took a job with Texas Pacific Oil and spent a year and three months with them -- no, a year and six months with them down in Lafayette, Louisiana. Subsequently came to Midland in October of '78 and I've been there since as a landman.

Q. Are you familiar with Amminoil's application in this case?

A. Yes, I am.

Q. And you're familiar with the property and the proposed well? Also, are you familiar with the land ownership and history of negotiations on the drilling of the well?

A. Yes, sir, I am.

MR. COFFIELD: Mr. Examiner, do you have any other questions of Mr. Welin?

MR. NUTTER: No, the witness is qualified.

Q. Mr. Welin, would you please state briefly what it is that Amminoil seeks by this application?

A. All right. Amminoil seeks an order pooling all the mineral interests in the Wolfcamp and Pennsylvanian formations underlying the south half of Section 10, Township 24 South, Range 28 East, to be dedicated to a well

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to be drilled in an unorthodox location 2080 feet from the south line, 1773 feet from the east line of said Section 10, and consideration of the costs of drilling and completing said well, and the allocation of the costs thereof, as well as actual operating costs and charges for the supervision and consideration of the designation of applicant as operator of the well, and a charge for the risk involved in drilling said well.

MR. COFFIELD: If the Examiner please, I'd like to draw your attention to the fact that the manner in which this particular case was listed on the docket sheet, it calls for -- it indicates that it was an application for an unorthodox location, included in the application.

My client advises me that the unorthodox well location has been approved administratively inasmuch as the matters involved were topographical.

MR. NUTTER: And that portion of this hearing can be dismissed, then.

MR. COFFIELD: Yes, sir.

Q. Mr. Welin, would you please refer to what have been marked Exhibits One-A and One-B and describe those to the Examiner?

A. Yes. These are plats taken from the tax assessor's office of Eddy County, New Mexico, showing the various tracts and the area comprising the south half of

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Section 10, Township 24 South, Range 28 East.

Q. Taken together, then, Mr. Welin, these two plats --

A. These two plats do represent the entire 320 acres of the south half of Section 10.

Q. All right, then, in reference both to that exhibit, Mr. Welin, and Exhibit Two, would you explain Exhibit Two to the Examiner?

A. Yes. Earlier in the year, I believe it was on April 29th of this year, Aminoil formed -- filed of record in Eddy County a designation of pooled unit, showing all interests voluntarily joined, unleased mineral interests, et cetera, and this exhibit is, of course, Exhibit A to that designation of pooled unit.

Q. All right, there are some interests listed there, Mr. Welin, which actually are not committed.

A. This is correct.

Q. Specifically the Barton interest, perhaps, and maybe some others?

A. Yes. Mr. Roy G. Barton, Junior, Ron Tefteller, and Amoco Production Company have not joined in this signing of designation of pooled unit.

There are, however, some overriding royalties listed on this and some unleased mineral interests.

Q. So this includes all interests, not just

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leasehold interests.

A. That's correct.

Q. But other interests as well. Mr. Welin, have you made a calculation as to the total percentage of interests that have been voluntarily committed to this well?

A. Yes, sir. There is about 73.84 percent voluntarily joined to this designation of pooled unit, and we are seeking approximately 26.12 percent to be force pooled.

Q. Okay, with that, let's go on then to Exhibit Three and would you please explain what Exhibit Three represents?

A. Yes. Exhibit Three is a breakdown of all mineral interests that have not been committed to the designation of pooled unit. It also shows our effort to contact the parties, what type of efforts, what type of interest they do have, and description of the tracts.

Q. Mr. Welin, as I understand it, the interests which you have listed there and are represented on Exhibit Three, could be broken down into approximately four categories. Would you explain those various categories?

A. Yes, sir. There are four categories. There are people listed on this that have joined. There are leasehold owners who have not joined. There are mineral interests who have not joined. And mineral interests that we could not locate.

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Q Let's go back and discuss the first category. Who is it that's listed on that list that has now after the preparation of the exhibit actually joined?

A As you will note under the type and effort to contact the party, you'll see different people with the connotation of "see note five". These are people who have subsequently joined in the drilling of this well, or committed their interest to it.

Q Okay, go on then also, and --

A Okay. The leasehold owners who have not joined, such as Roy Barton, Junior, and Amoco Production Company, are listed in the back.

Q Are there any others besides Barton and Amoco who are leasehold owners that have not joined?

A No, there are not.

Q So you do seek to force pool Barton and Amoco?

A Yes, sir.

Q Okay, then the third category you said is mineral interests where you contacted them but they have not yet voluntarily joined.

A Yes, sir, we will get to this under Exhibit Three-A through Three-J, and there are letters substantiating this fact, that we could not locate -- I mean we have located them but they have not responded.

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Q. All right, would you please describe, then, the balance, the remaining category, those persons who are listed as mineral interest owners that you could not find?

A. We undertook a telephone survey for their last known address, calling to the cities in which they were last known, or could not -- either could or could not find a telephone number for them. The ones that we could, we have contacted. There has been a general mailing made to the people at their last known address and for the people that we had no idea where they were, our title examination did not reflect any last known address.

Q. If the Examiner wants to locate on this schedule, Exhibit Three, Mr. Welin, parties that fall into that fourth category, is there any quick way that he could see which ones they are?

A. These would be -- yes, they would be the ones that are tied to Note Four, as per se, the last one on the first page, Jose Suarza.

Q. So if the Examiner notes anyone with a Note Four in the far righthand tabular column, that would fall in this last category, somebody we could not find?

A. Yes, sir, correct.

Q. Okay. All right, Mr. Welin, let's go now to Exhibits which have been marked Three-A through Three-K, and describe those to the Examiner and the relationship

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they have to our case.

A. Mr. Examiner, as you will note, the first person up if Mr. Roy Barton, Junior. He -- I wrote a letter to him on April the 8th, 1980, and on April the 11th, 1980, he sent me back this letter with the connotation that you may force pool on this well. I've had no further contact with him concerning this matter.

On May 14th, 1980 --

Q. Are you referring now to Exhibit Three-B?

A. Yes, sir, Exhibit Three-B, Amoco Production, they do have a 30-acres of leasehold interest. They sent me --

Q. They being Amoco?

A. Yes, sir, Amoco sent a letter to me, to my attention, confirming our verbal advice from Mr. P. L. Sams, saying that they will participate in the drilling of the well; however, they have not signed an operating agreement; however, they did sign and return a copy of the AFE.

MR. NUTTER: So you expect that they probably will execute the operating agreement?

A. Yes, sir, this is correct. We joined them anyway, for the fact that we have to cover it.

Going on to Exhibit Three-C, being Mr. Dexter Hopkins, this -- we had some brokers contact these people, and as you can see by the letter from the broker to myself, that a Mr. Dexter Hopkins wishes to diversify his

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risk and therefor has requested to be force pooled in this matter. Yes, he does own an unleased mineral interest, being Lot 4, Block 1, which comprises approximately, oh, .114 acres.

Exhibit Three-D represents the Miller interest in this deal. All these people own an undivided interest in one lot, being Lot 15, Block 1, Townsite of Malaga. We have located all the heirs of the Millers and we have not received any reply from the ones here.

I would make note that Miss Daisy Buchwald has indicated her desire to join in this drilling of this well by paying her proportionate share.

MR. NUTTER: Is she one of the owners of this Lot 15, Block 1?

A. Yes, sir, she owns approximately .0041 acres out of this .1148 acres comprising Lot 15.

Q. Is Ms. Buchwald in the examination room today?

A. Yes, Ms. Buchwald is in the examination room today.

Going on to Three-E, this is a letter to the lawyer, Mr. Essley, of the estate of Mr. A. S. Cumming, whose sole and only heir is a Miss Ruth Rock from Bethany, Missouri. He called requesting that we send him a lease, et cetera, drafted in terms of a lease so that he might review

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it and have her join. We did this as a protection lease. There is a question as to the ownership of this tract.

Next group is Mr. -- Well, Dr. Thriekeld, whose five heirs were located in Ada, Oklahoma. Well, there is three located in Oklahoma; the other two were out-of-state. He was furnished -- he is the attorney for the Thriekeld estate and he was furnished with copies -- well, the originals of the drafts and leases themselves.

Q. Has he responded?

A. Yes, he has responded in a favorable manner. He said that they will get them executed and supply them to us shortly. They own Lot 7, Block 1, Townsite of Malage, which comprises approximately .1148 acres.

Okay, Exhibit Three-G is a letter to the Atchison, Topeka, & Santa Fe Railway Company. They own approximately 1.5 acres in the south half of Section 10. I contacted these people on March 24. They responded with a letter of April 15th, saying that they have put into their management the proper recommendations and approvals for this lease, and so far they have not come back. They have not materialized with a lease. I'd have various other conversations with them. They said it just takes a long time to get it through management approval.

MR. NUTTER: This letter from them says they want a lease on the basis of $250 per acre bonus and a

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quarter royalty for the term of one year.

A. Yes, sir.

MR. NUTTER: Is that the terms you offered them?

A. Yes, sir, that's the terms I wrote in my letter of March 14th.

MR. NUTTER: So you think they will accept eventually?

A. Yes sir, they will eventually but we had to join them in this.

Exhibit Three-H is a letter from our brokers to a Miss Paula B. Lujan. There is a -- we offered her $100 bonus, 3/16ths royalty for a lease covering the west 100 feet of the north 108 feet of the north half northwest northwest southeast of Section 10. She has not responded to this so far.

Exhibit Three-I is a letter to Pablo Ramirez and Josefa Ramirez. There is a question as to the identity of these people, whether they're one and the same people as Pablo Carrasco Ramirez, Senior, and wife, so I wrote them a letter asking that they contact us so that we may prepare an affidavit of identity to clear up this title matter. They own Lots 14, 15, and 16 of Block 2, Townsite of Malaga. These people have subsequently leased to a person by the name of James H. Isbell in Midland, Texas, and I

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have contacted Mr. Isbell in regards to this matter. He informed me by letter that he will not attempt to clear any of these title problems up until after the well has been established as a producer; therefor I had to take it upon myself to contact these people.

Exhibit Three-J is a letter to a Miss Thelma Walker. Now in this particular instance there is a tract description discrepancy in that the lease that she executed was in the -- okay, she owns approximately a 1-acre tract in the southeast corner -- no, the southwest corner of the southwest southeast southeast of Section 10. She has previously executed a lease, as I said earlier; however, in the title examination it was reported that this 1-acre tract appeared in a different location than the one set out in the lease and therefor we tried to get her to sign a correction of description of oil and gas and mineral lease and she called our broker back Monday and said that she is not in agreement to where this 1-acre tract is located; therefor she is going to get in contact with me later on as to what her understanding of where the tract is located is.

Earlier I spoke of a general mailing under mineral owners that could not be located. This letter to Mr. W. W. Bessing, Exhibit Three [illegible], is an example of such a mailing and is just entered for yourall's information.

Q Now, Mr. Welin, this general letter to

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which you've just made reference, is the type of letter that was mailed out to all of the parties, for example, that you could not get in contact with?

A. Yes sir, this is for people that we did have -- that we could not contact either by telephone, we just made a -- just made a general mailing, much the same that the Hinkle Law Firm mailed for the --

Q. Docket.

A. -- docket for this compulsory pooling hearing.

Q. All right, Mr. Welin, in addition to the written communications and correspondence that you had, have you also had verbal contact with some of the parties?

A. Yes. I had a verbal contact with a Mr. Ron Tefteller. He owns an unleased mineral interest in the south half of Section 10. Excuse me just a minute, I'll tell you what he owns. Okay, he owns 1/2 interest in Lot 10, Block 19, Townsite of Malaga. He and another man, Mr. Ed Anderson of Midland, Texas, bought this property and I've been in contact with Ed Anderson and Ron Tefteller by telephone. Ed has subsequently joined in the designation of pooled unit; however, Ron Tefteller has neither signed the designation of pooled unit or committed to give me a lease or committed to join the drilling of the well.

Q. Can you tell from your contact with Mr.

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Tefteller whether he is going to join?

A. He has given favorable indication to farm out under a half backin, but we are in communication right now. He doesn't know if he wants to farmout to Aminoil or to another third party, and I'm just trying to make the best deal possible with him.

Q. Do you have anything further to add in connection with these parties that you've tried to contact?

A. No, sir.

Q. Mr. Welin, let's go to what has been marked as Exhibit Four and describe what that is.

A. Okay, this is an evidence of mailing of the docket for the hearing, reflecting everyone to the party on Exhibit Three except for those we have -- except for those who we have no address for.

Q. Now this mailing was done by the --

A. By the Hinkle Law Firm, and the general mailing reflected earlier used the very same addresses as these.

Q. So the mailing that you made in connection with the items that you described in Exhibit Three-K, the general mailing, you say the addresses were virtually identical to the addresses used by the Hinkle Law Firm in mailing the docket?

A. Yes, sir, this is correct.

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Q. Okay, would you go ahead and refer to what we've marked as Exhibit Five?

A. Okay, this is an example of the joint operating agreement furnished to the parties on April 21st, 1980, reflecting a 400 percent nonconsent penalty; however, it has been subsequently changed to 300 percent.

Attached as an exhibit to this operating agreement is a COPAS form providing for $3450 per month drilling well rate and a producing well rate of $345 per month. These have been signed by the parties who have joined already, and there has not been too many objections to this form.

Q. Okay, Mr. Welin, refer to what we've marked as Exhibit Six and describe that, please.

A. Exhibit Six is a copy of the AFE and a detailed well cost estimate, which was prepared by our production department, and taken from a file that I'm responsible for.

Q. Is Aminoil seeking to be named as the operator in this particular application?

A. Yes, sir, we are. We own approximately 58 percent of the south half of Section 10.

Q. Mr. Welin, do you have a recommendation to make to the Examiner on the matter of charges for supervision which should be included if a favorable order is

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entered in connection with this case?

A. Yes, sir. Aminoil seeks to request that we have standard 300 percent nonconsent penalty, with a drilling well rate as reflected in the COPAS form attached to the operating agreement, of $3450 and a producing well rate of $345 per month.

Q. Those figures coincide with the joint operating agreement?

A. Correct.

Q. And you have said 300 percent penalty. Are you aware that the maximum allowed by law is 200 percent, which is roughly -- which is equivalent to the 300 percent in the standard nonconsent clause in an operating agreement?

A. No, sir, I was not.

Q. So what you're saying is you seek a maximum penalty?

A. Maximum penalty, yes, please.

MR. NUTTER: Where is that 300 percent in this operating agreement? Do you know?

A. On page five. It says 400 percent, but this was the file copy and it was not changed. It has been subsequently changed to 300 percent. On page five of the operating agreement down at the bottom.

MR. NUTTER: Okay, I've got it. Now, when you had 400 percent in there, did this mean 100 percent

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of their share plus 300 percent penalty?

A. Yes, sir, correct.

MR. NUTTER: So, and you have amended this --

A. To reflect --

MR. NUTTER: -- to 300.

A. 300 percent.

MR. NUTTER: So that would be 100 percent plus -- of their share plus 200 percent penalty.

A. Yes, sir, correct.

MR. NUTTER: Which is in conformance then with New Mexico law.

MR. COFFIELD: Yes sir.

A. Yes, sir.

MR. NUTTER: We allow 100 percent share plus 200 percent penalty.

Okay, go ahead.

Q. Mr. Welin, were these exhibits One through Six either prepared by you or under your supervision or taken from files for which you have responsibility?

A. Yes, sir, except for Exhibit Four, which was prepared by the Hinkle Law Firm.

Q. In your opinion will the approval of the application be in the interest of conservation, and the prevention of waste? And the protection of correlative

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rights?

A. Yes, sir.

MR. COFFIELD: Mr. Examiner, I move the admission of Exhibits One through Six.

MR. NUTTER: Applicant's Exhibits One through Six will be admitted in evidence.

MR. COFFIELD: And I have no other questions of Mr. Welin on direct examination.

MR. NUTTER: What's your other witness going to testify to, Mr. Coffield?

MR. COFFIELD: Geology and penalty; and justification of penalty sought.

CROSS EXAMINATION

BY MR. NUTTER:

Q. Mr. Welin, did you prepare the cost estimate on this well or was this prepared by someone else in your company?

A. It was prepared by somebody else in my company.

Q. Okay. Are you acquainted with drilling costs in the company? Can you vouch for these estimates?

A. No, sir, I'm not an authority on that.

MR. COFFIELD: Mr. Examiner, I believe our next witness can testify with more authority in that re-

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gard.

MR. NUTTER: Okay.

MR. COFFIELD: I believe Mr. Welin does have some information as to the current nature of that particular AFE.

A. This AFE was prepared in April of 1979. We have subsequently added a 15 percent inflation factor to it, bringing it to $2,155,905, and I am aware of that Aminoil will have to submit a revised AFE in the case that we are granted a forced pooling.

MR. NUTTER: So this AFE, although it was prepared in April of '79, is already obsolete.

A. Yes, sir.

MR. NUTTER: Too cheap?

A. Yes, sir.

MR. NUTTER: Okay. Well, we'll withhold Exhibit Six, then, from admission until after the other witness has testified as to the costs, Mr. Coffield.

Are there any further questions of Mr. Welin?

MR. PADILLA: Mr. Examiner, I have a couple of questions.

CROSS EXAMINATION

BY MR. PADILLA:

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Q. Mr. Helin, I notice some of this correspondence is dated May 23rd through May 30th. Is this the first time that these people were notified of this forced pooling hearing?

A. No, sir, the Hinkle Law Firm notified them with their mailing of May 16th, 1980.

Q. There was no attempt prior to May 16th, 1980, to get these people to join or sign a lease?

A. No, sir.

Q. Do you think that, say, May 30th is adequate notice to someone that --

A. Well, there has been -- the people that we contacted relatively late, during our search for these people we ran onto that they were dead and just by third party information we have contacted one of the heirs to the estate and have subsequently made the lease offers to the people that we knew about. The general offering for the people that we had no idea where they were, the letters came back returned, it was just an attempt to further contact these people.

As far as the question of whether they have had enough time to respond depends on what their desire would be.

Q. Well, this May 31st attempt to get them to sign or join?

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A. We had a telephone survey of May 16th in which to try and contact most of these people. The whole list was in effect contacted by the operator. We contacted them, asked them if they had a general listing or a telephone listing for the person and if they were not, we put it off until we got everybody else done and then there was a letter started. It was just a question of time.

Q. Well, I do notice the operating agreement was sent to some of these people on April 21st.

A. Yes, sir.

Q. Couldn't it also have been sent to everyone or attempts begun as early as April 21st?

A. Our title examination has just recently been completed like last week. These people that were not -- I mean were contacted late, just as the information was supplied to us, we got on it as quickly as possible.

Q. Don't you normally send -- I mean don't you normally commence a forced pooling after you've made a request for people to join or sign a lease?

A. Yes, sir, we had this on the docket for May 21st; however, title examination and the work load made us put it off for another two weeks. We finally got all our information in and subsequently carried our forced pooling hearing to today.

MR. NUTTER: Well, if you had -- some of

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these notices weren't mailed out until May 23rd and May 30th.

A. Yes, sir.

MR. NUTTER: You hadn't even contacted some of the people by May 21st when you were first scheduled for hearing.

A. The people that we mailed those things to have been contacted. The leases themselves that we sent out have been contacted. The general mailing that we made was in -- was in -- we tried to telephone them first. We couldn't get hold of them by telephone, so we made them a general mailing. This was attempted back on May 16th. If we didn't get hold of them we went ahead and wrote them a letter as a further effort to contact them.

MR. NUTTER: But everyone that you had an address for has been contacted by what date, the earliest, or the latest date that everyone has been.

A. The latest date is May 30th.

MR. NUTTER: That you had an address for.

A. Yes, sir. That's everybody that we had information for leases -- I mean the person had died, we found their heirs. The latest date that we had contacted everybody was May 30th.

MR. NUTTER: Which has not given them time to respond if you've been able to contact them now with latest letter.

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A. Correct.

MR. COFFIELD: Mr. Examiner, if I may interject here, the mailing out of our firm's Roswell office relative to the docket, did go out on the 16th.

MR. WELIN: That's when it was received.

MR. COFFIELD: May 16th?

MR. NUTTER: Well, this was the notice of a forced pooling case.

MR. COFFIELD: Yes, sir. And all the notices have come back into our office, I am told, relative to addresses and what not, there's no such address and no such person, things like that. So as far as the notice relative to the docket and the forced pool case, it was the same identical mailing that was subsequently sent out on May 30th through the Aminoil office; same parties and same addresses. And I presume it would be to the same effect. They would come back unknown, no such address, that type of thing.

MR. NUTTER: Well, I asked the question of him whether everyone that he had -- what the latest date for persons that he had an address for, that he had a positive address for, what the latest date that a request for a lease or a farmout was sent, and he stated May 30th. This is persons that he had an address for; not the persons that he doesn't have an address for and sent the dockets and it was returned addressee unknown.

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A. All right, I was just informed that everybody except for Mr. Essley, the A. S. Cumming Estate, Lot 7, Block 19, was contacted prior to May 30th. Everybody else was contacted -- was sent a letter on or before May 23rd, 1980.

MR. NUTTER: Well now, this one notice that you have sent to Mr. Cumming -- all right, the one letter that you sent here to Pablo Ramirez and Josefa Ramirez.

A Yes, sir.

MR. NUTTER: This is the land that you said was under lease to --

A Rocky Isbell, yes, sir.

Q -- Rocky Isbell?

A This was just to clear up a title matter.

MR. NUTTER: And Isbell has the lease on this.

A Yes, sir.

MR. NUTTER: And he says that he --

A He's not going to do anything about clearing title to it until the well has been established as a producer.

MR. NUTTER: He doesn't want to bother to quiet title --

A Right.

MR. NUTTER: -- until he knows he's going

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to share in the well.

A. Yes, sir.

MR. NUTTER: Producing well. So the question here is to whether the people that executed the lease are the same people that are of record as owning the lease, is that it?

A. Yes, sir.

MR. NUTTER: So you're not asking them to join by this letter of May 30th.

A. No, sir.

MR. NUTTER: Okay. And all the other parties, then, that you had a firm address for were notified no later than May 23rd.

A. Yes, sir.

MR. NUTTER: Okay. Do you have any further questions?

MR. PADILLA: No further questions.

MR. NUTTER: Are there any other questions of Mr. Welin? He may be excused.

G. E. DE LONG

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

DIRECT EXAMINATION

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BY MR. COFFIELD:

Q. Mr. DeLong, would you please state your name, address, occupation, and employer?

A. My name is Gene Edward DeLong. I'm from Midland, Texas. I'm a Senior Development Geologist for Aminoil USA, Incorporated.

Q. Have you previously testified before the Division as a geologist?

A. No, I haven't.

Q. Briefly state for the Examiner's benefit your educational background and work experience as a geologist.

A. I graduated from Kansas State University with a Bachelor of Science degree in geology in 1952. I was employed with Phillips Petroleum Company for 22 years, 8 years in Kansas; the rest of the time in the Permian Basin, where my responsibilities was southeast New Mexico. I've currently been employed with Aminoil for a year and a half as a Senior Development Geologist.

Q. Has your experience included the Permian Basin area?

A. Yes, sir.

Q. Of west Texas and New Mexico?

A. Both; in Aminoil's area of responsibility it covers from the Gulf Coast onshore to the Canadian line; however, most of our production is from the Permian Basin

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and a good part of that is from southeast New Mexico.

Q Are you familiar with Aminoil's application in this case?

A Yes, I am.

Q And are you familiar with the property and the well involved?

A Yes, I am.

MR. COFFIELD: Do you have any other questions of the witness?

MR. NUTTER: The witness is qualified.

Q Mr. DeLong, before we actually start with your testimony, would you please advise the Examiner of the status of the well? What is the situation on the well?

A The No. 1 Kirkes was spudded on April 28th, 1980. It is currently at a TD of 9830 by this morning's 8:00 o'clock report. We are logging, preparing to run our 9-5/8ths intermediate casing. This will be in the top of the Wolfcamp.

Q Mr. DeLong, also, the Examiner has delayed the admission of Exhibit Six, which is the AFE, pending your taking the stand, or taking the chair here for testimony.

I believe you have more close contact with matters relating to an AFE than our prior witness. Can you describe the preparation of that AFE to the best of your knowledge?

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A. May I have a question from the Examiner on what specific items he'd like to discuss?

MR. NUTTER: Well, already since April the 30th we've got to have another 15 percent on this. I want to know how this AFE relates to the cost of previous wells that your company has drilled in this area to similar depths, and so forth.

A. This AFE was prepared in April, 1979, and since that time the cost of rig expense, tubular goods especially, have increased approximately 15 percent. The Mattix Energy has submitted an AFE to drill a Morrow test to 13,250 in Section 23, which is south and east of this proposed location. Their cost is $2,300,000 plus.

MR. NUTTER: That company submitted this AFE to your company?

A. Yes.

MR. NUTTER: For participation?

A. Just recently, within the last week.

MR. NUTTER: What's your company's attitude towards the cost as estimated for their well?

A. I asked the operations superintendent to look over that AFE cost and make his recommendation to if that was too high or not, and he came back in and said it was right on line, and I said how about this one that's only submitted for $1,874,700, and he said we're going to have

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to submit another AFE to complete the well.

This well was scheduled to be drilled in mid-summer last year but due to the difficulties of even yet today we don't know who owns all the leases, it was set aside and we drilled the north half of Section 10 first, and that's why the delay of the AFE and why we have to, say, change it or upgrade it.

This AFE has been signed by most of the participants and, like I say, in early summer, and we will have to submit to them a new AFE.

MR. NUTTER: Is this the same AFE for $1,874,000 that was submitted to Amoco and that they returned to you approved?

A. That was the original, yes, sir.

MR. NUTTER: Have you discussed the 15 percent increase in cost with them since they --

A. No, sir, I haven't, because that's not my responsibility.

MR. NUTTER: Do you know if your company has?

A. No, sir, I don't.

MR. NUTTER: Well, actually, although the AFE, the itemized sheet is dated April 30th, 1979, the front sheet here gives the date as being September 13th, 1979, and the total cost including the 20 percent contingency is

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$1,874,000. Now, --

A. We use that 20 percent contingency and have found it to be quite adequate. We have plotted our AFE an exact cost basis with a -- the actual costs, and found out that using the 20 percent contingency, we were within a 10 percent range of accuracy.

The date on the AFE, I'm not sure. I do know our procedure on the drilling cost estimates are submitted far in advance of the AFE, and that's the only reason I can give you for the difference in the date.

Q. Mr. DeLong, if I may interrupt a moment, is Aminoil extensively experienced in this area with this type of well?

A. Yes, sir.

Q. Do you have any guess as to approximately how many other wells you operate in the close vicinity?

A. We operate two in Willow Lake, the No. 1 CNB. We've currently drilled the No. 1 Guitar. We're presently drilling the No. 1 Vasquez in the west half of Section 3, and the subject test.

Q. Is this AFE under discussion now comparable to AFE's which have been prepared and submitted in connection with some of these other wells?

A. For the date that it was designed for, yes, and with our anticipated 15 percent added cost due to

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inflation we'll be in the ballpark.

MR NUTTER: Okay, go ahead with your geological testimony.

Q. Okay, let's refer to what we've marked as Exhibit Seven, Mr. DeLong, and would you discuss that for the Examiner?

A. Exhibit Seven is a structural plat contoured on top of the Atoka formation. The contour interval is 50 feet. The color yellow identifies the acreage assigned to the drilling unit, which is the south half of Section 10. The red arrow locates the well under discussion. The other arrows on the plat locate some of the nearby producers or recently drilled Morrow tests. As you can see, the subject well is offset in every direction. It is completely surrounded by deep Morrow tests.

The acrylic overlay is an Isopach map on the Atoka pay sand, and shows the latest interpretation of the Atoka sand channel, which extends from the Culibre Bluff Field in the township to the north, through the proposed well, and on into the Willow Lake Unit to the south. Our original interpretation had to be changed due to the absence of Atoka sand in the direct north and south offsets to the subject well. This change makes the Atoka sand a more meandering channel that at first thought.

Q. Okay, now refer to what we've marked as

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Exhibit Number Eight and discuss that, please.

A. Exhibit Eight is a accumulation gas production plat, showing production to January 1, 1980. The data was taken from the New Mexico Oil and Gas Engineering Committee Annual Report for 1979. All the figures are used from that report except the Morrow accumulation for the CNB Well, which is located in Section 11. For some reason the State has us accountable for almost twice as much production as what we have record of.

If my memory serves me correct, I believe there is one month back on some of your annual reports that had misplaced a decimal point.

MR. NUTTER: And who is the operator of that well?

A. Aminoil. Originally it was drilled by Burma, who is now Aminoil.

The Atoka production is -- oh, excuse me. Again, the yellow color identifies the drilling unit in the south half of 10, and the red arrow the location of the proposed well.

The Atoka production is featured in yellow and Morrow production is underlined in red. There is no Strawn production within the boundaries of this plat; however, Amoco, in Section 35, the well spot would be hidden by our title block, it would be located immediately south of

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the word "southwest" in the title block. They had attempted a completion in the Strawn and it depleted quite rapidly and that well is currently plugged back to the Bone Spring.

I believe it is evident that the Atoka sand is the primary producer and is extremely important to the successful payout of a deep test in the Malaga area. If you would note the Mattix Malaga Well in Section 3, with 2.322 billion cubic feet of gas, has accumulated that production in a short period of six months.

The Willow Lake No. 1, located in Section 22, with 1.851 billion cubic feet of gas, accumulated that within about a five year period.

Q Refer to what we've marked as Exhibits Nine and Ten now, please, Mr. DeLong, and discuss these exhibits.

A I'd like to discuss Exhibit Nine first, although these two exhibits do go hand in hand.

This is an exact copy of a cross section that was submitted to our management in April last year for approval to drill the subject well. The cross section identifies each producing sand zone that is present in the Malaga area and they are highlighted in yellow and show contiguous relationship to the proposed well.

The Strawn sand, located at that upper yellow line, for the most part is untested. The Willow Lake

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No. 1 did run a drill stem test over the section and they recovered somewhat, 345,000 to 350,000 cubic feet of gas a day. Other than that there have been no tests within the area.

The Atoka sand zone is the primary producer in the area and is present on three of the nearby wells.

The Morrow sands to be -- appear to be well developed, and I would like to speak to that on Exhibit Ten, especially in reference to our Aminoil No. 1 CNB, which is the second log to the right on our cross section.

Exhibit Ten is a three part exhibit. Exhibit Ten-1 is the Mattix Energy Corporation Malaga No. 1, which is located just 1 mile north of the proposed location. Highlighted in red is the Atoka sand pay zone and here we have 12 feet of beautifully developed sand. I believe we can understand why that well has produced 2.3 billion a day in only a short period of six months.

Exhibit Ten-2, two logs -- by the way, these logs are reduced Xeroxed copies of the logs actually run on these wells. The Adams Energy Corporation "N" Com is the direct south offset to the proposed well. It was drilled in the north half of Section 15. It encountered absolutely no Atoka sand.

The Aminoil USA Guitar No. 1, just recently drilled and logged on April 15th of this year, also encountered

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no Atoka sand.

Exhibit Ten-3 is an enlarged scale, as shown on the cross section. It does identify the producing horizons in the area. It shows their pay thickness and what I wish to point out on this exhibit is that the Morrow sands, although so beautifully developed, gave up only 166 million cubic feet of gas.

It is essential for an economical well in this area to find and develop the Atoka sand.

MR. NUTTER: Has it been abandoned in the Morrow?

A. Yes, sir, it's been plugged back to the Atoka.

MR. NUTTER: Now which was the formation that you said the stat report showed too much production for?

A. It was on this Morrow sand zone.

MR. NUTTER: On the Morrow. And it produced a total of about 166,000, and our books show it produced about 320,000?

A. 321, I believe, sir.

MR. NUTTER: We'll get a correction on that.

A. Could I look that up just a moment? I have a Xeroxed copy of that data with me.

Yes, sir, it would be on page 552 in the

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1979 New Mexico Engineering Committee's Annual Report.

MR. NUTTER: Page 552?

A. 5-5-2, yes, sir. That does show us to have produced 311,398,000.

MR. NUTTER: And the correct figure for total ultimate production would be 167, 072.

A. Yes, sir.

MR. NUTTER: Do you know when that error occurred? So we can go back and correct it?

A. Yes, sir, it was about the middle of a year and I think it came up with just almost the exact difference in the data. I don't know exactly which year, but it was on the -- you could look back through the annual.

MR. NUTTER: Was it one month's production that was in error and it was picked up and carried to the cumulative column.

A. Yes, that's right, but the period was shifted.

Q. Do you have anything further on Exhibits Nine and Ten, Mr. DeLong?

A. I'd like to add just one thought. These exhibits have been presented to point out that the drilling of the subject test is a very high risk venture, since the direct north and south offsets encountered no Atoka sand. The east/west wells do have presence of it and the CNB is

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the only one that will be a commercial well.

I haven't spoke of the HNG No. 1 Woods Com in the section to the west, but they have recently attempted a completion in the Atoka and our latest data shows it flowing 144,000 cubic feet of gas a day.

MR. NUTTER: That's this well in Section 9 that has a 169,000 from the Morrow?

A. That is true.

MR. NUTTER: Very small ir the Atoka, then.

A. Yes, sir. In fact, I'm extremely disappointed in that.

MR. NUTTER: Okay. Now, you mentioned Culibre Bluff. Is that big well in the Atoka that blew out for Delta on this map here?

A. No, sir.

MR. NUTTER: It would be to the north?

A. I believe that's in Section 23, up to your -- it will be to the -- right north of the Culibre Bluff South Field and a little bit west.

MR. NUTTER: It's off the exhibit to the north, then.

A. Right. These wells up here at the upper part of the plat are listed on the Culibre Bluff Atoka-Morrow accumulation.

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Q. Mr. DeLong, could you discuss very briefly for the Examiner the economic projections involved in this particular well?

A. Now please remember that you're talking to a geologist, or listening to one.

Q. Well, in that regard, do you have knowledge of some of the economic considerations?

A. Yes, sir, I do.

Q. To the extent that you are privy to that information, could you discuss it with the Examiner, please?

A. Yes, sir, I will. The accumulation plat shows that the Morrow production, only one well has produced over a half a billion cubic feet of gas. In my estimation I would say that a Morrow well could produce a half a billion in the location that we're currently drilling.

Although the Strawn zone has been completely untested in the area, there are indications from nearby electric logs and sample data gas shows to indicate we might obtain as much as a half a billion cubic feet of gas out of this zone. The engineers with their volumetric calculations have upgraded that to a billion, but I would like to testify only on my knowledge and what I do believe.

Currently we're in high hopes of finding, and desperately need, the Atoka sand, which I would attribute two to three billion cubic feet of gas. I feel that's a

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very realistic figure on the data that I have presented today.

Q. With all of that in mind, do you have a recommendation to make to the Commission as to the risk factor to be awarded in favor of Aminoil in this matter?

A. Well, due to the high risk, and since we're offset with dry holes and only one commercial well, I would recommend that we go for the maximum allowed by law, which I understand is 200 percent. We would need this if we don't get the Atoka. We can't afford to drill out there unless we do.

Q. Mr. DeLong, were these Exhibits Seven through Ten prepared by you or under your supervision?

A. Yes sir.

Q. And is it your opinion that the approval of the application would be in the interest of conservation, the prevention of waste, and the protection of correlative rights?

A. Most definitely.

MR. COFFIELD: Mr. Examiner, with the authentication which has been provided by Mr. DeLong relative to Exhibit Six, and his further identification of Exhibits Seven through Ten , I move the admission of Exhibits Six through Ten.

MR. NUTTER: Aminoil Exhibits Six through

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Ten will be admitted in evidence.

MR. COFFIELD: And I have no further questions of Mr. DeLong at this time.

MR. NUTTER: Does anyone have any questions of Mr. DeLong? He may be excused.

Do you have anything further, Mr. Coffield?

MR. COFFIELD: No, sir, I do not.

MR. NUTTER: Does anyone have anything they wish to offer in Case Number 6886?

We'll take the case under advisement.

(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.

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 6884, heard by me on 6/4, 1980.

Examiner
Oil Conservation Division

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STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR

LARRY KEHOE
SECRETARY

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-2434

June 20, 1980

Re: CASE NO. 6886
ORDER NO. R-6371

Mr. Conrad Coffield
Hinkle, Cox, Eaton, Coffield
& Hensley
Attorneys at Law
P. O. Box 3580
Midland, Texas 79702

Applicant:

Aminoil USA, Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Division order recently entered in the subject case.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

Copy of order also sent to:

Hobbs OCD x
Artesia OCD x
Aztec OCD

Other

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. 6886
Order No. R-6371

APPLICATION OF AMINOIL USA, INC. FOR
COMPULSORY POOLING AND AN UNORTHODOX
LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 4, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 18th day of June, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Aminoil USA, Inc., seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, NMPM, Malaga area, Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That $3450.00 per month while drilling and $345.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before September 1, 1980, the order pooling said unit should become null and void and of no effect whatsoever.

(14) That the applicant has already received administrative approval for the unorthodox location for the subject well and that portion of this case relating to the unorthodox location should be dismissed.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, NMPM, Malaga area, Eddy County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of September, 1980, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of September, 1980, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Order (1) of this order should not be rescinded.

(2) That Aminoil USA, Inc. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall

not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That $3450.00 per month while drilling and $345.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-

consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interests share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) That that portion of this case relating to an unorthodox location for the subject well should be dismissed.

(14) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

fd/

EXHIBIT "A"
TO DESIGNATION OF POOLED UNIT

Lessor	Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
Robert L. James, et ux	Aminoil USA,, Inc. - 66.7% Phillips Petroleum Company - 33.3%	2/20/76	134/966	Section 10: NE¼SE¼, E½SE part of NW¼S of the A.T.& Company righ
The State National Bank of El Paso, Trustee under the Will of McKie J. Mulcahy, deceased	"	"	134/968	"
The State National Bank of El Paso, Trustee under the Will of William Mary Bryant, deceased	"	2/13/76	134/970	"
R. H. Kirkes, et ux	"	2/18/76	134/964	"
Tom Ruiz	Aminoil USA, Inc. - 70.28% Southland Royalty Company - 29.72%	5/15/75	127/426	Section 10: W½N½ Tract 3
Gilbert L. Ruiz	"	"	127/428	Section 10: S½ Tract 3 in
M. Brad Bennett, et ux Ronnie Ward, et ux	Aminoil USA, Inc.- 100%	3/11/80		Section 10: S½NW¼SE¼ lyin the A.T.&S.F. Company right W½SE¼SE¼ not in the Townsi New Mexico; a lying East of A.T.&S.F. Rai Company right included in t of Malaga, Ne

13.8 % has signed
26.12 % has not signed

BEFORE EXAMINER HUTTER
OIL CONSERVATION DIVISION
Aminoil EXHIBIT 2
CASE NO. 6886

EXHIBIT "A"
TO DESIGNATION OF POOLED UNIT

Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered	
Aminoil USA,, Inc. - 66.7% Phillips Petroleum Company - 33.3%	2/20/76	134/966	Section 10:	NE¼SE¼, E½SESE¼ and that part of NW¼SE¼ lying East of the A.T.&S.F. Railroad Company right-of-way.
"	"	134/968	"	
"	2/13/76	134/970	"	
"	2/18/76	134/964	"	
Aminoil USA, Inc. - 70.28% Southland Royalty Company - 29.72%	5/15/75	127/426	Section 10:	W½N½ Tract 3 in NW¼NW¼SE¼
"	"	127/428	Section 10:	S½ Tract 3 in NW¼NW¼SE¼
Aminoil USA, Inc.- 100%	3/11/80		Section 10:	S½NW¼SE¼ lying West of the A.T.&S.F. Railroad Company right-of-way; W½SE¼SE¼ not included in the Townsite of Malaga New Mexico; and SW¼SE¼ lying East of the A.T.&S.F. Railroad Company right-of-way not included in the Townsite of Malaga, New Mexico.

signed
not signed

BEFORE EXAMINER NUTTER
OIL CONSERVATION
Aminoil Exhibit No. 2
CASE NO. 6886

449

Lessor	Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
Frances Virginia Dowling, et al	Aminoil USA, Inc. - 70.28% Southland Royalty Company - 29.72%	5/16/75	127/430	Section 10: All tha West of right-o Block 3 Malaga, excludin of land Deed dat recorded from Fra et vir t Cooperat tract in in the T New Mexi
Malaga Water Users Cooperative Association	"	5/22/75	184/421	Section 10: Beginnin East of of SE¼ o which poi and 40 fe west corn Malaga To 238.7 fee feet; the thence We point of
Norman Gerlach, et ux	Aminoil USA, Inc. - 100%	1/26/80	181/999	The following lots sit Townsite of Malaga, Ne located in SW¼SE¼SE¼, Section 10: Block 1: Lots 1, 3, 5, 13, 16, 25, 2 Block 2: Lots 1, 3, 5, Block 19: Lots 2, 3, 4,
James Elliott Seaton	"	4/22/80	184/417	Lot 8, Block 2 in the T New Mexico, and located SE¼SW¼SE¼ Section 10.

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Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
ninoil USA, Inc. - 70.28% outhland Royalty Company - 29.72%	5/16/75	127/430	Section 10: All that part of SW¼SE¼ lying West of the A.T.&S.F. Railroad right-of-way, excluding All of Block 3 in the Townsite of Malaga, New Mexico and further excluding that certain tract of land described in Warranty Deed dated October 3, 1969, recorded in Book 205, page 120, from Frances V. Dowling, et vir to Malaga Water Users Cooperative Association. This tract includes Lot 4, Block 2 in the Townsite of Malaga, New Mexico.
"	5/22/75	184/421	Section 10: Beginning at a point 664.6 feet East of the Southwest corner of SE¼ of said Section 10, which point is 40 feet West of and 40 feet South of the Southwest corner of Block 3 of the Malaga Townsite, thence North 238.7 feet; thence East 208.7 feet; thence South 238.7 feet; thence West 208.7 feet to the point of beginning.
minoil USA, Inc. - 100%	1/26/80	181/999 Tr 11	The following lots situate within the Townsite of Malaga, New Mexico, and located in SW¼SE¼SE¼, SE¼SW¼SE¼ Section 10: Block 1: Lots 1, 3, 5, 6, 9, 10, 11, 13, 16, 25, 28 Block 2: Lots 1, 3, 5, 6, 7, 9, 10, 11 Block 19: Lots 2, 3, 4, 5, 6, 7, 9
"	4/22/80	184/417	Lot 8, Block 2 in the Townsite of Malaga, New Mexico, and located in SW¼SE¼SE¼, SE¼SW¼SE¼ Section 10.

Lessor	Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
Charles M. Sawey, Jr., et ux, James W. Sawey, et ux	Aminoil USA, Inc. - 66.7% Phillips Petroleum Company - 33.3%	11/21/74	122/245 T 11	The following lots situat the Townsite of Malaga, N and located in SW¼SE¼SE¼ Block 1: Lots 2, 8, 14 Block 19: Lot 11
Willow Lake, Inc.	"	12/28/75	123/754 T 10	Lot 12, Block 1 in the To Malaga, New Mexico, locat SW¼SE¼SE¼ Section 10.
Gladys S. Dadsman, et vir	George W. Bush - 50% Robert B. Coleman - 50%	3/28/79	170/230	Lot 15, Block 1 in the To Malaga, New Mexico. locat SW¼SE¼SE¼ Section 10
Lois M. Beesing	James H. Isbell - 100%	8/14/79	178/62	Lot 17, Block 1 in the To Malaga, New Mexico, locat SW¼SE¼SE¼ Section 10.
Phyllis J. Peal	"	11/21/79	179/825	Lot 18, Block 1 in the To Malaga, New Mexico locate SW¼SE¼SE¼ Section 10.
Julius C. Landrum, et ux	"	8/27/79	177/967	Lot 9, Block 1 in the Tow Malaga, New Mexico, locat SW¼SE¼SE¼ Section 10
Evaristo Navarrete et ux	"	10/25/79	178/494	Lot 21, Block 1 in the To Malaga, New Mexico, locat SW¼SE¼SE¼ Section 10
Henry A. Prnka, et ux	"	10/24/79	178/192	Lots 22, 23 and 24, Bloc Townsite of Malaga, New located in SW¼SE¼SE¼ Sec
Norman Gerlach	"	5/14/79	177/959	Lot 25, Block 1 in the To Malaga, New Mexico, locat SW¼SE¼SE¼ Section 10.

Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
Minoil USA, Inc. - 66.7% Phillips Petroleum Company - 33.3%	11/21/74	122/245	The following lots situated within the Townsite of Malaga, New Mexico and located in SW¼SE¼SE¼ Section 10: Block 1: Lots 2, 8, 14 and 20 Block 19: Lot 11
"	12/28/75	123/754	Lot 12, Block 1 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.
George W. Bush - 50% Robert B. Coleman - 50%	3/28/79	170/230	Lot 15, Block 1 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10
James H. Isbell - 100%	8/14/79	178/62	Lot 17, Block 1 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.
"	11/21/79	179/825	Lot 18, Block 1 in the Townsite of Malaga, New Mexico located in SW¼SE¼SE¼ Section 10.
"	8/27/79	177/967	Lot 9, Block 1 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10
"	10/25/79	178/494	Lot 21, Block 1 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10
"	10/24/79	178/192	Lots 22, 23 and 24, Block 1 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.
"	5/14/79	177/959	Lot 25, Block 1 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.

Lessor	Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
Edward Razo, et ux	James H. Isbell - 100%	8/14/79	177/965	Lots 26 and 27, Block 1 Townsite of Malaga, New located in SW¼SE¼SE¼ Se
Frances Escamilla Salsberry and Jose Manuel Escamilla	"	8/27/79	177/969	Lot 2, Block 2 in the T Malaga, New Mexico, loc SE¼SW¼SE¼ Section 10.
Victor R. Tavarez, et ux	"	8/27/79	178/488	Lots 12 and 13, Block 2 Townsite of Malaga, New located in SW¼SE¼SE¼, S Section 10.
Pablo Carraso Ramirez, Sr., et ux	"	8/14/79	177/963	Lots 14, 15 and 16, Blo Townsite of Malaga, New located in SW¼SE¼SE¼, S Section 10.
Frank F. Blanco, etal	"	3/12/80	184/78	Lot 1, Block 19 in the of Malaga, New Mexico, SW¼SE¼SE¼ Section 10
Ola Housouer, et al	"	3/13/80	183/808	Lot 8, Block 19, in the of Malaga, New Mexico, SW¼SE¼SE¼ Section 10
Angel P. Hernandez, et ux	"	8/14/79	177/961	Lots 12 and 13, Block 1 Townsite of Malaga, New located in SW¼SE¼SE¼ Se
D. S. Harroun, et ux	"	4/22/80		Lots 5 through 14, incl Block 3, in the Townsit New Mexico, located in Section 10.
Catherine Harroun	"	4/22/80		Lots 5 through 14, incl Block 3, in the Townsit Malaga, New Mexico, loc SW¼SE¼SE¼ Section 10.

Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
mes H. Isbell - 100%	8/14/79	177/965	Lots 26 and 27, Block 1 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.
"	8/27/79	177/969	Lot 2, Block 2 in the Townsite of Malaga, New Mexico, located in SE¼SW¼SE¼ Section 10.
"	8/27/79	178/488	Lots 12 and 13, Block 2 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼, SE¼SW¼SE¼ Section 10.
"	8/14/79	177/963	Lots 14, 15 and 16, Block 2 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼, SE¼SW¼SE¼ Section 10.
"	3/12/80	184/78	Lot 1, Block 19 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10
"	3/13/80	183/808	Lot 8, Block 19, in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10
"	8/14/79	177/961	Lots 12 and 13, Block 19 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.
"	4/22/80		Lots 5 through 14, inclusive, Block 3, in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.
"	4/22/80		Lots 5 through 14, inclusive, Block 3, in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.

Lessor	Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
Ernest Linck	Aminoil USA, Inc. - 66.7% Phillips Petroleum Company - 33.3%	8/1/75	132/905	Lot 14, Block 19 in the T of Malaga, New Mexico, lo SW¼SE¼SE¼ Section 10.
Black River Gin Company, Inc.	"	11/13/74	122/232	Lots 1 through 14, inclus 3 in the Townsite of Mala Mexico, located in SE¼SW
A. L. Hewitt, et ux	Aminoil USA, Inc. - 100%	1/29/76	134/956	Section 10: W½NW¼SW¼SW¼
The Bishop Whipple Schools	James H. Isbell - 100%	9/7/79	178/994	Section 10: W½NW¼SW¼SW¼
The New Mexico Boys Ranch, Inc.	"	"	178/492	"
Boys Club of America	"	"	177/975	"
Elks National Foundation	"	"	177/977	"
Robert J. Leonard	"	9/4/79	177/973	"
Patrick J. Leonard	"	"	178/490	"
Timothy T. Leonard	"	"	177/971	"
Regents of the University of New Mexico	"	11/19/79	183/76	"
Carlsbad National Bank, Personal Representative of Guillermo Ruiz, deceased	Ed Phillips, Trustee - 100%	3/16/79	170/1033	"
Nancy E. Duncan	Roy G. Barton, Jr. - 100%	3/7/73	96/444	Section 10: E½SW¼SW¼S
Earl B. Guitar, et al	Amoco Production Company -100%	8/1/73	106/659	Section 10: E½SW¼SW¼, W½SW¼SW¼S

Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
inoil USA, Inc. - 66.7% illips Petroleum ompany - 33.3%	8/1/75	132/905	Lot 14, Block 19 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.
"	11/13/74	122/232	Lots 1 through 14, inclusive, Block 3 in the Townsite of Malaga, New Mexico, located in SE¼SW¼SE¼ Section 10.
inoil USA, Inc. - 100%	1/29/76	134/956	Section 10: W½NW¼SW¼SW¼
mes H. Isbell - 100%	9/7/79	178/994	Section 10: W½NW¼SW¼SW¼
"	"	178/492	"
"	"	177/975	"
"	"	177/977	"
"	9/4/79	177/973	"
"	"	178/490	"
"	"	177/971	"
"	11/19/79	183/76	"
d Phillips, Trustee - 100%	3/16/79	170/1033	"
y G. Barton, Jr. - 100%	3/7/73	96/444	Section 10: E½SW¼SW¼SW¼
oco Production Company -100%	8/1/73	106/659	Section 10: E½SW¼SW¼, E½NW¼SW¼SW¼, W½SW¼SW¼SW¼

Lessor	Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
Pardue Farms, a partnership	"	"	106/560	"
James R. Croft, et ux	J. R. Rowan - 33-1/3% R. C. Roberts - 33-1/3% Don D. Matson - 33-1/3%	5/22/75	127/694	All that part of N½NE¼SW Highway 285 in Section 1 land in NW¼SW¼ Section 1 follows: Beginning at th NW¼SW¼ Section 10, thenc forty line a distance of thence West at right ang of 210 feet; thence Nort parallel to the forty li of 415 feet; thence East of beginning.
Cesilio L. Ruiz	Aminoil USA, Inc. - 100%	2/20/76	134/938	Section 10: All that pa N½NE¼SW¼ ly East of U.S
Eva Ortiz Ruiz	Gary E. Leascher - 100%	1/23/80	181/742	"
Harold Walker, et al	Aminoil USA, Inc. - 70.28% Southland Royalty Co. - 29.72%	5/1/75	127/572	Section 10: NW¼SW¼, les acres in th NW¼SE¼SW¼;
Thelma Walker, et al	"	"	127/574	Section 10: E½SE¼SW¼, S and except 209 foot tr SW corner t
Glennie L. Smith	George W. Bush - 50% Robert B. Coleman - 50%	2/5/79	168/245	Section 10: Beginning a corner of S 10; thence thence Nort thence West thence Sout the point o

NOTE: All lands are situate in Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

Record Lessee(s)	Date of Lease	Recording Book/Page	Lands Covered
"	"	106/560	"
Rowan - 33-1/3% Roberts - 33-1/3%). Matson - 33-1/3%	5/22/75	127/694	All that part of N½NE¼SW¼ lying West of U.S. Highway 285 in Section 10, and a tract of land in NW¼SW¼ Section 10 described as follows: Beginning at the NE corner of NW¼SW¼ Section 10, thence South on the forty line a distance of 415 feet; thence West at right angles a distance of 210 feet; thence North on a line parallel to the forty line a distance of 415 feet; thence East to the place of beginning.
oil USA, Inc. - 100%	2/20/76	134/938	Section 10: All that part of N½NE¼SW¼ lying East of U.S. Highway 285
E. Leascher - 100%	1/23/80	181/742	"
oil USA, Inc. - 70.28% thland Royalty Co. - 29.72%	5/1/75	127/572	Section 10: NW¼SW¼, less 2 acres in the NE corner; NW¼SE¼SW¼; S½NE¼SW¼
"	"	127/574	Section 10: E½SE¼SW¼, SW¼SE¼SW¼ save and except a 209 foot by 209 foot tract in the SW corner thereof
rge W. Bush - 50% ert B. Coleman - 50%	2/5/79	168/245	Section 10: Beginning at the Southeast corner of SE¼SW¼ Section 10; thence East 209 feet; thence North 209 feet; thence West 209 feet; thence South 209 feet to the point of beginning

uate in Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

B. Overriding Royalty Interests

Lessor	ORI Owner	Date of Creation of Overriding Royalty	Recording Book/Page	Amount of Overriding Royalty	Lands C
Howard Walker, et al	Leonard T. May and wife, Louise May	5/19/75	128/120	3%	Section 10: NW¼S in t NW¼S
Thelma Walker, et al	"	"	128/122	3%	Section 10: E½SE save foot in t

NOTE: All lands are situate in Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

nterests

ORI Owner	Date of Creation of Overriding Royalty	Recording Book/Page	Amount of Overriding Royalty	Lands Covered
eonard T. May and wife, ouise May	5/19/75	128/120	3%	Section 10: NW¼SW¼, less 2 acres in the Northeast corner; NW¼SE¼SW¼; S½NE¼SW¼
"	"	128/122	3%	Section 10: E½SE¼SW¼, SW¼SE¼SW¼, save and except a 209 foot by 209 foot tract in the SW corner thereof

e in Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

EXHIBIT "B"
TO DESIGNATION OF POOLED UNIT

Record Owner	Lands Covered
Michael P. Grace, whose wife is Corinne Grace	NE¼ Tract 3 in NW¼NW¼SE¼ Section 10 (more properly described as all that portion of N½NW¼NW¼SE¼ Section 10 lying West of the A.T.&S.F. Railway Company right-of-way, except the West 240 feet thereof).
Edmund T. Anderson IV and Ronald G. Tefteller	Lot 10, Block 19 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10
Robert P. Coleman	All of the West 240 feet of N½NW¼NW¼SE¼ Section 10, except the West 100 feet of the North 108 feet thereof.
Arbusto Energy, Inc.	"
R. F. Fort	"

NOTE: All lands are situate in Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certi
this instrument was filed for record on the 29 day of Oc
1980 at 1:15 o'clock P M., and duly recorded in Book
page 423 of the Records of Misc.
GERALDINE MAHAFFEY, County
By Charlene T. Wright D

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EXHIBIT "B"
TO DESIGNATION OF POOLED UNIT

Record Owner	Lands Covered
Michael P. Grace, whose wife is Corinne Grace	NE¼ Tract 3 in NW¼NW¼SE¼ Section 10 (more properly described as all that portion of N½NW¼NW¼SE¼ Section 10 lying West of the A.T.&S.F. Railway Company right-of-way, except the West 240 feet thereof).
Edmund T. Anderson IV and Ronald G. Tefteller	Lot 10, Block 19 in the Townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10.
Robert P. Coleman	All of the West 240 feet of N½NW¼NW¼SE¼ Section 10, except the West 100 feet of the North 108 feet thereof.
Arbusto Energy, Inc.	"
R. F. Fort	"

NOTE: All lands are situate in Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

STATE OF NEW MEXICO, County of Eddy, ss. I hereby certify that this instrument was filed for record on the 29 day of April 1980 at 1:15 o'clock P M., and duly recorded in Book 184 page 423 of the Records of Misc.
GERALDINE MAHAFFEY, County Clerk
By Charlene T. Wright Deputy

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Ef Contact P
W. W. Bessing and wife, Augusta Bessing Fairmont, Oklahoma	U.L.M.I.	Lot 17, Block 1 in the Townsite of Malaga, New Mexico	All	.3142	See Notes 1 thr The letter refe Note 2 was retu undelivered on
Myrtle B. O'Brien, for life, remainder in Phyllis Jean Hummel	U.L.M.I.	Lot 18, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Note 5
Elzie Swift Ottumwa, Iowa	U.L.M.I.	Lot 21, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Notes 1 thr
Jose Zarazua and Bernardo Zarazua	U.L.M.I.	Lots 21 and 22, Block 1 in the Townsite of Malaga, New Mexico	All	.2094	See Notes 3 and

[illegible] ER
[illegible]
Animal 3
Case [illegible] 6886

Note 5 indica
party has

Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
U.L.M.I.	Lot 17, Block 1 in the Townsite of Malaga, New Mexico	All	.3142	See Notes 1 through 3 The letter referred to in Note 2 was returned undelivered on June 2, 1980
U.L.M.I.	Lot 18, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Note 5
U.L.M.I.	Lot 21, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Notes 1 through 3
U.L.M.I.	Lots 21 and 22, Block 1 in the Townsite of Malaga, New Mexico	All	.2094	See Notes 3 and 4

BEFORE THE OIL CONSERVATION DIVISION
Arrival 3
CASE NO. 6886

Note 5 indicates party has joined

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Contac
R. O. McGee, D. Black and and W. W. Hutto, Trustees of the Malaga Land and Improvement Company Malaga, New Mexico	U.L.M.I.	Lots 3, 5, 10, 13, 16, 22, 26 and 27, Block 1, and Lots 2, 5, 6 and 9, Block 19, in the Townsite of Malaga, New Mexico	All	1.2865	See Notes 1 letter refer 2 was return on June 2, 1
C. L. Miller Palco, Kansas	U.L.M.I.	Lot 23, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Notes 1
E. E. Hartshorn Carlsbad, New Mexico	U.L.M.I.	Lot 24, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Notes 1
Jesus Garcia Malaga, New Mexico	U.L.M.I.	Lots 23 and 24, Block 1 in the Townsite of Malaga, New Mexico	All	.2094	See Notes 1 letter refer 2 was return on June 2, 1

	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
and ga	U.L.M.I.	Lots 3, 5, 10, 13, 16, 22, 26 and 27, Block 1, and Lots 2, 5, 6 and 9, Block 19, in the Townsite of Malaga, New Mexico	All	1.2865	See Notes 1 through 3. The letter referred to in Note 2 was returned undelivered on June 2, 1980
	U.L.M.I.	Lot 23, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Notes 1 through 3
	U.L.M.I.	Lot 24, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Notes 1 through 3
	U.L.M.I.	Lots 23 and 24, Block 1 in the Townsite of Malaga, New Mexico	All	.2094	See Notes 1 through 3. The letter referred to in Note 2 was returned undelivered on June 2, 1980

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Conta
Emiterio B. Carrasco and wife Jesusita Carrasco	U.L.M.I.	Lots 26 and 27, Block 1 in the Townsite of Malaga, New Mexico	1/2	.2094	See Note 4
Isidro Florez	U.L.M.I.	Lots 26 and 27, Block 1 in the Townsite of Malaga, New Mexico	1/2	.2094	See Note 4
Epiminio or Epinimio Melendrez and Esucito Melendrez	U.L.M.I.	Lot 27, Block 1 in the Townsite of Malaga, New Mexico	All	.2047	See Notes 3
Jose Escamilla and wife, Francosca Escamilla, if living, if deceased, their unknown heirs or devisees	U.L.M.I.	Lot 2, Block 2 in the Townsite of Malaga, New Mexico	All	.4412	See Notes
Adan Ortis	U.L.M.I.	Lots 12 and 13, Block 2 in the Townsite of Malaga, New Mexico	All	.1786	See Note 4

	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
and co	U.L.M.I.	Lots 26 and 27, Block 1 in the Townsite of Malaga, New Mexico	1/2	.2094	See Note 4
	U.L.M.I.	Lots 26 and 27, Block 1 in the Townsite of Malaga, New Mexico	1/2	.2094	See Note 4
Melendrez z	U.L.M.I.	Lot 27, Block 1 in the Townsite of Malaga, New Mexico	All	.2047	See Notes 3 and 4
Ee, if	U.L.M.I.	Lot 2, Block 2 in the Townsite of Malaga, New Mexico	All	.4412	See Notes 3 and 4
or					
	U.L.M.I.	Lots 12 and 13, Block 2 in the Townsite of Malaga, New Mexico	All	.1786	See Note 4

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Contact
Pablo Ramirez and wife, Josefa Ramirez P. O. Box 24 Malaga, New Mexico 88263	U.L.M.I.	Lots 14, 15 and 16, Block 2 in the Townsite of Malaga, New Mexico	All	.2954	See Note 1; a inquirying as of owners was May 30, 1980, received on M
Pete G. Sosa, if living, if deceased, his unknown heirs or devisees	U.L.M.I.	Lots 14, 15 and 16, Block 2 in the Townsite of Malaga, New Mexico	All	.2954	See Notes 3 a
Wm. W. Leach Clifton, Oklahoma	U.L.M.I.	Lot 1, Block 19 in the Townsite of Malaga, New Mexico	All	.2367	See Notes 1 t
Guy Housouer, if living, if deceased, his unknown heirs or devisees Benjamine, Texas	U.L.M.I.	Lot 8, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 t

Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
U.L.M.I.	Lots 14, 15 and 16, Block 2 in the Townsite of Malaga, New Mexico	All	.2954	See Note 1; a letter inquirying as to identity of owners was mailed on May 30, 1980, return receipt received on May 31, 1980.
U.L.M.I.	Lots 14, 15 and 16, Block 2 in the Townsite of Malaga, New Mexico	All	.2954	See Notes 3 and 4
U.L.M.I.	Lot 1, Block 19 in the Townsite of Malaga, New Mexico	All	.2367	See Notes 1 through 3
U.L.M.I.	Lot 8, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 through 3

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of C Contact
A. J. Longmire, if living, if deceased, his unknown heirs or devisees Brownell, Kansas	U.L.M.I.	Lot 10, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 t
Unknown Heirs or Devisees of Vada Sawyer, Leona Moots, Hazel Irene Luherman, Enos Dewey Sawyer, Lyman Sawyer and Elma Louise Sawyer, all deceased	U.L.M.I.	Lot 10, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Note 4
Ronald G. Tefteller 14 Industrial Loop Midland, Texas	U.L.M.I.	Lot 10, Block 19 in the Townsite of Malaga, New Mexico	1/2	.0910	Telephone co made with th numerous occ April 11, 19 has refused join in the proposed wel
Angel Hernandez, Jr. Carlsbad, New Mexico	U.L.M.I.	Lots 12 and 13, Block 19, in the Townsite of Malaga, New Mexico	All	.1786	See Note 5

Type of interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
U.L.M.I.	Lot 10, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 through 3
U.L.M.I.	Lot 10, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Note 4
U.L.M.I.	Lot 10, Block 19 in the Townsite of Malaga, New Mexico	1/2	.0910	Telephone contact has been made with this owner on numerous occasions since April 11, 1980; however, he has refused to lease or join in the drilling of the proposed well.
U.L.M.I.	Lots 12 and 13, Block 19, in the Townsite of Malaga, New Mexico	All	.1786	See Note 5

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of E Contact
Roy Darnell Lahoma, Oklahoma	U.L.M.I.	Lot 12, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 t however, the referred to i was mailed on
A. R. Bruce Ballard, Washington	U.L.M.I.	Lot 13, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 t however, the referred to i was mailed on
August Linck Elmdale, Kansas	U.L.M.I.	Lot 14, Block 19 in the Townsite of Malaga, New Mexico	All	.2367	See Note 5
Ernest Linck P. O. Box 524 Delta, Colorado 81416	U.L.M.I.	Lot 14, Block 19 in the Townsite of Malaga, New Mexico	All	.2367	See Note 5

Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
U.L.M.I.	Lot 12, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 through 3; however, the letter referred to in Note 2 was mailed on June 2, 1980
U.L.M.I.	Lot 13, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 through 3; however, the letter referred to in Note 2 was mailed on June 2, 1980
U.L.M.I.	Lot 14, Block 19 in the Townsite of Malaga, New Mexico	All	.2367	See Note 5
U.L.M.I.	Lot 14, Block 19 in the Townsite of Malaga, New Mexico	All	.2367	See Note 5

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of E Contact
Pecos Valley Land Company, formerly Valley Land Company Carlsbad, New Mexico	U.L.M.I.	Lots 5 through 14, inclusive, Block 3 in the Townsite of Malaga, New Mexico	All	2.1673	See Notes 1 a however, lett to in Note 2 May 17, 1980, returned unde May 30, 1980.
State of New Mexico Property Tax Division of the Taxation and Revenue Department Bataan Memorial Buildsing Santa Fe, New Mexico 87501	U.L.M.I.	Lots 2, 8, 14 and 20, Block 1, and Lot 11, Block 19 in the Townsite of Malaga, New Mexico	All	.4835	See Note
Frank X. Davis	U.L.M.I.	Lots 2, 8, 14, 20, Block 1, and Lot 11, Block 19 in the Townsite of Malaga, New Mexico	1/2	.4835	See Notes 3 a
Dexter and/or Charlene Hopkins 111 N. Farris Carlsbad, New Mexico	U.L.M.I.	Lot 4, Block 1 in the Townsite of Malaga, New Mexico	All	.1143	Pursuant to t contact, leas to these owne April 22, 198 these owners to execute th in the drill posed well.

	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
;, ıpany	U.L.M.I.	Lots 5 through 14, inclusive, Block 3 in the Townsite of Malaga, New Mexico	All	2.1673	See Notes 1 and 2; however, letter referred to in Note 2 was mailed on May 17, 1980, and was returned undelivered on May 30, 1980.
	U.L.M.I.	Lots 2, 8, 14 and 20, Block 1, and Lot 11, Block 19 in the Townsite of Malaga, New Mexico	All	.4835	See Note 5.
	U.L.M.I.	Lots 2, 8, 14, 20, Block 1, and Lot 11, Block 19 in the Townsite of Malaga, New Mexico	1/2	.4835	See Notes 3 and 4
pkins	U.L.M.I.	Lot 4, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	Pursuant to telephone contact, lease was mailed to these owners on April 22, 1980; however, these owners have refused to execute the lese or join in the drilling of the proposed well.

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Contac
Wm. S. Rarick Clifford, Oklahoma	U.L.M.I.	Lot 25, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Notes 1
H. C. Penikett or Unknown Heirs or Devisees of Herbert Charles Penikett, deceased, and Martha Edna Penikett Howard County, Texas	U.L.M.I.	Lot 25, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	No telephone this owner i Texas (Count Howard Count valorem taxe being assess owner.
Norman W. Gerlach and wife, Ethel E. Gerlach Sherwood, Oregon	U.L.M.I.	Lot 25, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Note 3; h ad valorem ta being assesse owner.
State of New Mexico Property Tax Division of the Taxation and Revenue Department Bataan Memorial Building Santa Fe, New Mexico 87501 or	U.L.M.I.	Lot 7, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	~~The State of is being requ this tract u a regular oil lease sale.~~ See Note
Unknown Heirs or Devisees of Tomas Morales or Dora N. Morales P. O. Box 1116 Carlsbad, New Mexico 88220	U.L.M.I.	Lot 7, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Notes 1 t

	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
	U.L.M.I.	Lot 25, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Notes 1 through 3
wn tt, dna	U.L.M.I.	Lot 25, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	No telephone listing for this owner in Big Spring, Texas (County seat of Howard County). Ad valorem taxes are not being assessed to this owner.
ife,	U.L.M.I.	Lot 25, Block 1 in the Townsite of Malaga, New Mexico	All	.1047	See Note 3; however, ad valorem taxes are being assessed to this owner.
f ue g 501	U.L.M.I.	Lot 7, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	~~The State of New Mexico is being requested to put this tract up for lease at a regular oil and gas lease sale.~~ See Note 5
es of M.	U.L.M.I.	Lot 7, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Notes 1 through 3

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Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of E Contact
Dr. W. R. Threlkeld Pantotoc County, Oklahoma	U.L.M.I.	Lot 7, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Note 3. contact made Threlkeld, so owner (now de with G. C. Ma for the estat owner on May letter enclos execution by Mr. Mayhue on No executed l been returned
Jas. A. Schiller St. Joseph, Missouri	U.L.M.I.	Lot 1, Block 1 in the Townsite of Malaga, New Mexico	All	.2948	See Notes 1 t however, lett to in Note 2 June 2, 1980.
Frank Jett Enid, Oklahoma	U.L.M.I.	Lot 6, Block 1 of the Townsite of Malaga, New Mexico	All	.1148	See Notes 1 t however, lett to in Note 2 June 2, 1980.
S. G. Sanborn Wichita, Kansas	U.L.M.I.	Lot 9, Block 1 in the Townsite of Malaga, New Mexico	All	.2984	See Notes 1 t however, lett to in Note 2 June 2, 1980.
Mrs. Anne E. Steeg Enid, Oklahoma	U.L.M.I.	Lot 10, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Notes 1 t however, lett to in Note 2 June 2, 1980.

Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
U.L.M.I.	Lot 7, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Note 3. Telephone contact made with Robert Threlkeld, son of this owner (now deceased) and with G. C. Mayhue, Attorney for the estate of this owner on May 30, 1980; letter enclosing leases for execution by heirs sent to Mr. Mayhue on May 30, 1980. No executed leases have been returned.
U.L.M.I.	Lot 1, Block 1 in the Townsite of Malaga, New Mexico	All	.2948	See Notes 1 through 3; however, letter referred to in Note 2 was mailed on June 2, 1980.
U.L.M.I.	Lot 6, Block 1 of the Townsite of Malaga, New Mexico	All	.1148	See Notes 1 through 3; however, letter referred to in Note 2 was mailed on June 2, 1980.
U.L.M.I.	Lot 9, Block 1 in the Townsite of Malaga, New Mexico	All	.2984	See Notes 1 through 3; however, letter referred to in Note 2 was mailed on June 2, 1980.
U.L.M.I.	Lot 10, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Notes 1 through 3; however, letter referred to in Note 2 was mailed on June 2, 1980.

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Contact
R. E. Gidley Jackson County, Missouri	U.L.M.I.	Lot 11, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Notes 1 t
Unknown Heirs or Devisees of Margaret E. McGillivray, deceased, and Hugh F. McGillivray Oklahoma County, Oklahoma	U.L.M.I.	Lot 3, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 t however, the referred to was mailed o 1980.
A. R. Veraguth St. Joseph, Missouri	U.L.M.I.	Lot 4, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 however, the referred to was mailed o 1980.
E. S. Cumming Bethany, Missouri	U.L.M.I.	Lot 7, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Note 3. contact made Esely, Attor Rock, sole d owner (now d May 23, 1980 1980; letter lease sent t on May 30, 1 executed lea been returne
[illegible] Heirs or Devisees [illegible] F. Gerlach,	U.L.M.I.	Lot 6, Block 2 in the Townsite of Malaga, New Mexico	All	.1148	See Notes 3

	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
uri	U.L.M.I.	Lot 11, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Notes 1 through 3
sees livray, . homa	U.L.M.I.	Lot 3, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 through 3; however, the letter referred to in Note 2 was mailed on June 2, 1980.
	U.L.M.I.	Lot 4, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Notes 1 through 3; however, the letter referred to in Note 2 was mailed on June 2, 1980.
	U.L.M.I.	Lot 7, Block 19 in the Townsite of Malaga, New Mexico	All	.0910	See Note 3. Telephone contact made with William Esely, Attorney for Ruth Rock, sole devisee of this owner (now deceased) on May 23, 1980 and on May 30, 1980; letter enclosing lease sent to Mr. Esely on May 30, 1980, but executed lease has not been returned.
sees	U.L.M.I.	Lot 6, Block 2 in the Townsite of Malaga, New Mexico	All	.1148	See Notes 3 and 4.

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Eff Contact P
John W. Miller Star Route, Box 7 Logan, New Mexico 88426	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/28	.1148	Telephone conta this owner May letter enclosin on May 23, 198 executed lease returned.
Pauline Dickens 217 Court Street Batesville, Missouri 38606	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/28	.1148	Telephone conta this owner on M letter enclosi May 23, 1980, lease has not
Daisie Buchwald Route 3, Box 50 Santa Fe, New Mexico 87501	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/28	.1148	Telephone conta this owner on M letter enclosi May 23, 1980, lease has not
Margaret Russell Star Route, Box 10 Logan, New Mexico 88246	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/28	.1148	Telephone cont this owner on letter enclosi May 23, 1980, lease has not returned.
Ralph B. Miller	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/21	.1148	Telephone cont this owner on letter enclosi May 23, 1980, lease has not

Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/28	.1148	Telephone contact made with this owner May 23, 1980; letter enclosing lease sent on May 23, 1980, but executed lease has not been returned.
U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/28	.1148	Telephone contact made with this owner on May 23, 1980; letter enclosing lease sent May 23, 1980, but executed lease has not been returned
U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/28	.1148	Telephone contact made with this owner on May 23, 1980; letter enclosing lease sent May 23, 1980, but executed lease has not been returned
U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/21	.1148	Telephone contact made with this owner on May 23, 1980; letter enclosing lease sent May 23, 1980, but executed lease has not been returned

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Conta
Harold E. Miller	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/21	.1148	See Note 5
Edith Miller Austin and husband, Audrey Austin	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/35	.1148	See Note 5
Merle Holloway	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/21	.1148	Telephone c this owner letter encl on May 23, executed le returned.
Frank L. Miller Wellington, Kansas	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/7	.1148	This owner leases have his heirs h May 23, 198 executed le returned on Miller Aust
Chas. A. Miller Houston, Texas	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/7	.1148	This owner his heirs a A. Miller (Miller, Jr. Miller (dau Charles A. leased inte sent to oth May 23, 198 leases have returned.

Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/21	.1148	See Note 5
U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/35	.1148	See Note 5
U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/21	.1148	Telephone contace made with this owner on May 23, 1980; letter enclosing lease sent on May 23, 1980, but executed lease has not been returned.
U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/7	.1148	This owner is now deceased; leases have been sent to his heirs by letter dated May 23, 1980, but an executed lease has been returned only by Edith Miller Austin.
U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/7	.1148	This owner is now deceased; his heirs are Mrs. Charles A. Miller (widow, Charles A Miller, Jr. (son) and Mona Miller (daughter). Charles A. Miller, Jr. has leased interest, leases sent to other heirs on May 23, 1980, but executed leases have not been returned.

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Contac
S. W. Miller Wellington, Kansas	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Note 5
Arthur H. Miller Route 1 Snyder, Oklahoma	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/7	.1148	See Note 5
Amoco Production Company P. O. Box 3092 Houston, Texas 77001	Leasehold Interest	E½SW¼SW¼, E½NW¼SW¼SW¼, W½SW¼SW¼SW¼ Section 10-24S, 28E	13/16 WI	30.0000	Periodic tel letter inqui since April This owner c intent to jo dated May 14 has not yet joint operat
J. G. Duncan, if living, if deceased, his unknown heirs or devisees Carmen, Oklahoma	U.L.M.I.	E½SW¼SW¼SW¼ Section 10-24S, 28E	All	5.0000	See Notes 1 letter refer 2 was mailed 1980.
J. G. Duncan and John G. Duncan	U.L.M.I.	E½SW¼SW¼SW¼ Section 10-24S, 28E	Unknown	5.0000	See Note 4

	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	All	.1148	See Note 5
	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico	1/7	.1148	See Note 5
ny	Leasehold Interest	E½SW¼SW¼, E½NW¼SW¼SW¼, W½SW¼SW¼SW¼ Section 10-24S, 28E	13/16 WI	30.0000	Periodic telehone and letter inquiry made since April 21, 1980. This owner confirmed intent to join by letter dated May 14, 1980, but has not yet executed joint operating agreement.
g, if heirs	U.L.M.I.	E½SW¼SW¼SW¼ Section 10-24S, 28E	All	5.0000	See Notes 1 and 2; however, letter referred to in Note 2 was mailed on June 3, 1980.
G.	U.L.M.I.	E½SW¼SW¼SW¼ Section 10-24S, 28E	Unknown	5.0000	See Note 4

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effo Contact P
Roy G. Barton, Jr. and wife, Norma Jean Barton P. O. Box 978 Hobbs, New Mexico 88240	Leasehold Interest	E½SW¼SW¼SW¼ Section 10-24S, 28E	7/8	5.0000	Letter offering tion, sale of i farmout sent to on April 9, 198 dated April 11, requsted that t be force pooled
Atchison, Topeka & Santa Fe Railway Company, successor to Pecos Valley Railway Company 900 Polk Street Amarillo, Texas 79171	U.L.M.I.	That portion of the following described land situated in SE¼ Section 10-24S-28E: Commencing at a point which is 1322½ feet South and 550 feet West of the Southeast corner of said Section 10, thence North 39° West 1878.4 feet, thence South 51° 50' West 150 feet, thence South 39° East 1779 feet, thence East 178.8 feet to the place of beginning	All	1.5000	Periodic teleph letter inquiry March 24, 1980. confirmed inten this interest b dated April 15, has not yet retu executed lease.
George W. Bush P. O. Box 785 Midland, Texas 79702	Leasehold Interest	Beginning at the Southeast corner of W½SE¼SW¼ Section 10-24S-28E, thence North 210 feet, thence West 210 feet, thence South 210 feet, thence East 210 feet to the point of beginning	13/16 WI	1.0000	See Note 5

Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
Leasehold Interest	E½SW¼SW¼SW¼ Section 10-24S, 28E	7/8	5.0000	Letter offering participation, sale of interest or farmout sent to this owner on April 9, 1980; response dated April 11, 1980 requsted that this interest be force pooled.
U.L.M.I.	That portion of the following described land situated in SE¼ Section 10-24S-28E: Commencing at a point which is 1322½ feet South and 550 feet West of the Southeast corner of said Section 10, thence North 39° West 1878.4 feet, thence South 51° 50' West 150 feet, thence South 39° East 1779 feet, thence East 178.8 feet to the place of beginning	All	1.5000	Periodic telephone and letter inquiry made since March 24, 1980. This owner confirmed intent to lease this interest by letter dated April 15, 1980, but has not yet returned executed lease.
Leasehold Interest	Beginning at the Southeast corner of W½SE¼SW¼ Section 10-24S-28E, thence North 210 feet, thence West 210 feet, thence South 210 feet, thence East 210 feet to the point of beginning	13/16 WI	1.0000	See Note 5

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of E Contact
Thelma Walker Malaga, New Mexico	U.L.M.I.	A 209 foot by 209 foot tract in the Southwest corner of SW¼SE¼SE¼ Section 10-24S-28E	All	1.0000	This owner ha executed leas the lease con misdescriptio efforts to ha description c failed.
Michael P. Grace and wife, Corinne Grace 132 South Spalding Drive Suite 110 Beverly Hills, Calif. 90212	U.L.M.I.	NE¼ Tract 3 in NW¼NW¼SE¼ Section 10-24S-28E (more properly described as All that portion of N½NW¼NW¼SE¼ Section 10-24S-28E, lying West of the A.T.&S.F. Railway Company right-of-way, except the West 240 feet thereof).	All	2.0000	See Note 5
Paula B. Lujan Malaga, New Mexico	U.L.M.I.	The West 100 feet of the North 108 feet of N½NW¼NW¼SE¼ Section 10-24S-28E	All	.2400	This owner or lease and let lease sent on However, this yet returned
Nicanor Duarte, if living if deceased, his unknown heirs or devisees	U.L.M.I.	N½S½NW¼SE¼ lying West of the A.T.&S.F. Railroad right-of-way (Tract 4), S½S½NW¼SE¼ lying West of the A.T.&S.F. Railroad right-of-way (Tract 5), SW¼SE¼ lying East of the A.T.&S.F. Railroad right-of-way not included in the Townsite of Malaga, New Mexico (Tract 7), W½SE¼SE¼ not included in the Townsite of Malaga, New Mexico (Tract 8) all in Section 10-24S-28E	All	28.8300	See Note 5

Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
U.L.M.I.	A 209 foot by 209 foot tract in the Southwest corner of SW¼SE¼SE¼ Section 10-24S-28E	All	1.0000	This owner has previously executed leases; however, the lease contains a misdescription error and efforts to have lease description corrected have failed.
U.L.M.I.	NE¼ Tract 3 in NW¼NW¼SE¼ Section 10-24S-28E (more properly described as All that portion of N½NW¼NW¼SE¼ Section 10-24S-28E, lying West of the A.T.&S.F. Railway Company right-of-way, except the West 240 feet thereof).	All	2.0000	See Note 5
U.L.M.I.	The West 100 feet of the North 108 feet of N½NW¼NW¼SE¼ Section 10-24S-28E	All	.2400	This owner orally agreed to lease and letter enclosing lease sent on May 19, 1980. However, this owner has not yet returned executed lease
U.L.M.I.	N½S½NW¼SE¼ lying West of the A.T.&S.F. Railroad right-of-way (Tract 4), S½S½NW¼SE¼ lying West of the A.T.&S.F. Railroad right-of-way (Tract 5), SW¼SE¼ lying East of the A.T.&S.F. Railroad right-of-way not included in the Townsite of Malaga, New Mexico (Tract 7), W½SE¼SE¼ not included in the Townsite of Malaga, New Mexico (Tract 8) all in Section 10-24S-28E	All	28.8300	See Note 5

Name and Address	Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Contact
Greg L. Day 3906 Anetta or 2300 North A Midland, Tesas 79701	Leasehold Interest	N½NE¼SW¼ Section 10-24S-28E lying East of Highway 285.	1/4 of 13/16 WI	8.0000	See Note 5

COMMENT: All lots in the Townsite of Malaga, New Mexico, lie in SE¼ Section 10-24S-28E.

NOTES:

1. A telephone number for this person was attemptd to be obtained from the appropriate long distance operator on May 16, 1980; no telephone number was listed.

2. A letter offering to lease was mailed to this owner at his last known address on May 30, 1980.

3. Title examination indicates that it is highly unlikely that this party can support a valid claim to title to this interest at this time.

4. The abstracts examined in connection with this interest do not reflect any last known address for this owner; the current Eddy County tax roll for this tract does not assess ad valorem taxes to this owner.

5. This owner may be dismissed.

Type of Interest	Land Covered	Quantum of Interest	Estimated Acreage	Type of Effort to Contact Party
Leasehold Interest	N½NE¼SW¼ Section 10-24S-28E lying East of Highway 285.	1/4 of 13/16 WI	8.0000	See Note 5

Townsite of Malaga, New Mexico, lie in SE¼ Section 10-24S-28E.

this person was attemptd to be obtained from the appropriate long distance operator
lephone number was listed.

ease was mailed to this owner at his last known address on May 30, 1980.

cates that it is highly unlikely that this party can support a valid claim
est at this time.

in connection with this interest do not reflect any last known address for
t Eddy County tax roll for this tract does not assess ad valorem taxes

issed.

(noil USA, Inc.
Western United Life Building
Midland, Texas 79701
(915) 682-8231

AMINOIL USA

April 8, 1980

ADDRESSEES SHOWN ON ATTACHED SHEET

Re: PROPOSED 12,850' ATOKA MORROW TEST
KIRKES NO. 1 WELL
S/2 SECTION 10, T-24-S, R-28-E, N.M.P.M.
EDDY COUNTY, NEW MEXICO
MALAGA AREA

DE... ...ER
Aminoil 3A
6886

Gentlemen:

Aminoil USA, Inc., is planning to drill a 12,850' Atoka Morrow test at a legal location 2080' FSL & 1773' FEL of Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico on or before May 1, 1980, due to short term acreage.

Aminoil is going to file a Designation of Pooled Unit covering Aminoil's acreage along with any other working interest owner's acreage who desires to join in the proposed well and commence operations by May 1, 1980. The working interest owners who do not wish to join may farmout their interest to the unit retaining an override being the difference between current lease burdens and 25% with the option to convert, at payout, to a 50% working interest, proportionately reduced (net 75% to Aminoil), or be force pooled.

Title Opinions covering the area will be completed and in hand in the near future, and an Operating Agreement will be forthcoming as soon as we get all responses in.

Enclosed you will find one copy of the AFE and Well Cost Estimate for the Kirkes No. 1 Well.

Aminoil extends their apologies for the very short notice and will greatly appreciate your earliest attention to this matter.

Yours truly,

James S. Welin
Senior Landman

JSW/sls
Enclosures

4-11-80
Mr Welin: You may Force Pool me on This well.
Roy K Barton Jr.
3A

E. D. Newman
Division Operations
Superintendent

Amoco Production Company
Houston Region
500 Jefferson Building
Post Office Box 3092
Houston, Texas 77001
West Texas–Eastern
New Mexico Division

May 14, 1980

File: GDD(4)-0949-WF

Re: Kirkes No. 1
Atoka Morrow Test
Eddy County, NM

BEFORE EXAMINER NUTTER
OIL CONSERVATION
Aminoil
CASE 6886
3-B

Aminoil USA, Inc.
600 Western United Life Bldg.
Midland, TX 79701

Attention: James S. Welin, Senior Landman

Gentlemen:

Confirming verbal advice from P. L. Sams, Amoco will participate in drilling the captioned well with a 9.375% W. I. Signed copy of AFE received with your letter of April 8, 1980, is returned as requested.

Attached is a list of our information requirements on this well; we will appreciate your directing it to the proper party in your organization.

Yours very truly,

E. D. Newman

DM/clf
3/5051

Attachments

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702

June 2, 1980

DEL
CL
Aminoil 3-C
CASE NO. 6886

Aminoil, USA, Inc.
600 Western United Life Building
Midland, Texas 79701

ATTN: Mr. Jamie Welin

RE: Lot 4, Block 1, in the townsite of Malaga, New Mexico, located in SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, Eddy County, New Mexico.

Gentlemen:

As per our previous conversations and conversation with Mr. Dexter Hopkins, this letter serves to inform you that it is the desire of Mr. Dexter Hopkins to be force pooled under the above captioned lands in lieu of leasing for an oil and gas lease.

Mr. Hopkins has advised the undersigned that he has leased various other properties and would like to take a varying degree of risk and therefore does not wish to lease this, but would rather have the option of being force pooled and possibly receiving at a later date a larger net revenue interest.

If you have any further questions, please do not hesitate to advise.

Yours very truly,

R A Jennings Jr

R. A. Jennings

RAJ:jj

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) April 22, (DATE) 19 80 NO. _____

10 DAYS AFTER receipt of attached oil and gas lease---------- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Dexter and Charlene Hopkins, husband and wife

---------- $ 250.00

Two Hundred Fifty Dollars and NO/100---------- WITH EXCHANGE ---------- **DOLLARS**

FOR Bonus Consideration for execution and delivery of attached oil and gas lease covering lands in Eddy County, New Mexico.

TO Cadell S. Liedtke
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-12

NOTICE
DO NOT HANDLE AS A CASH ITEM

x Cadell S. Liedtke
Cadell S. Liedtke

Producers 88 Rev. (5 Year Lease) 10-57

THREE YEAR PAID UP (LEASE)

OIL AND GAS LEASE

Form 345
Hall-Poorbaugh Press
Roswell, New Mexico

THIS AGREEMENT made this 22nd day of April, 19 80, between Dexter and Charlene Hopkins, husband and wife,

Lessor (whether one or more), whose address is: 111 North Farris, Carlsbad, NM 88220

and Cadell S. Liedtke, PO Box 10369, Midland, Texas 79702 Lessee, WITNESSETH:

1. Lessor in consideration of Ten ---------- Dollars ($ 10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in Eddy County, New Mexico, to-wit:

Lot 4, Block 1, in the townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be 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 land with which said land is pooled hereunder.

3. The royalties to paid by Lessee are: (a) on oil, 3/16 of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16 of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut in and thereafter at annual intervals the sum of $1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease, or any portion thereof as to oil and gas, or either of them, with other land, lease or leases in the immediate vicinity thereof to the extent, hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the New Mexico Oil Conservation Commission, or other lawful authority or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease, or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit. Lessee may at its election exercise its pooling option after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. Operations for drilling on or production of oil or gas from any part of the pooled unit which includes all or a portion of the land covered by this lease regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease, and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them, shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled units. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. In addition to the foregoing, Lessee at its option is hereby given the right and power from time to time to commit said land or any part or formation or mineral substance covered hereby to any cooperative or unit agreement or plan of development and operation, and to any modifications thereof, which have been approved by the New Mexico Oil Conservation Commission or other lawful governmental authority. In such event, the royalty payable to Lessor hereunder shall be computed and paid on the basis of the oil or gas allocated to such land under the terms of any such agreement or plan of operation, which basis shall be the same by which the royalty due the United States or the State of New Mexico is computed and paid. This lease shall not expire during the life of such agreement or plan and shall be subject to the terms thereof and said agreement or plan of operation shall be filed with the New Mexico Oil Conservation Commission, or other lawful authority, and Lessee shall record in the County in which the leased premises are situated, an instrument describing such agreement or plan of operation and reflecting the commitment thereto, and the same may be recorded either before or after the completion of wells.

5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary terms, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in or adjacent land and within 660 feet of and draining the lease premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. 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 below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities.

9. 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 either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under said land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. 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.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages 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 on or from producing oil or gas from the leased premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

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

SS# _____ X _____
Dexter Hopkins

_____ _____

SS# _____ X _____
Charlene Hopkins

Lessor Lessor

Husband and Wife

~~INDIVIDUAL~~ ACKNOWLEDGMENT

STATE OF NEW MEXICO,
County of Eddy } ss.

The foregoing instrument was acknowledged before me this _____ day of April,

19 80 by Dexter and Charlene Hopkins, husband and wife ----------

---

My commission expires _____, 19____. _____ Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF NEW MEXICO
County of _____ } ss.

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

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____
County of _____ } ss.

The foregoing instrument was acknowledged before me this _____ day of _____,

19____ by _____

_____

My commission expires _____, 19____ _____ Notary Public

Producers 88 Rev. (5 Year Lease) (10-57)

_____

No. _____

Oil and Gas Lease

FROM _____

TO _____

_____

Dated _____, 19____

No. Acres _____

_____ County, N. M.

Term _____

This instrument was filed for record on the _____ day of _____, 19____,

at _____ o'clock _____ M., and duly recorded in Book _____, Page _____

of the _____ records of this office.

_____ County Clerk

By _____, Deputy

When recorded return to

_____

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Merle Holloway
Route 1
Snyder, Oklahoma

BEFORE EXAMINER
OIL CONSERVATION DIVISION
Aminoil EXHIBIT 3-D
CASE NO. 6886

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Holloway:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITL

PAY TO THE ORDER OF Merle Holloway, a married woman, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB GAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R. A. Jennings, as Agent

Paid Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Merle Holloway, a married woman, dealing in her sole and separate property--

whose postoffice address is Route 1, Box 145, Snyder, Oklahoma, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~five (5)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Merle Holloway, a married woman, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc.

, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc.

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Merle Holloway Rt 1, Box 145 Snyder, Oklahoma	1/21	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X
Merle Holloway, a married woman, dealing in her sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3789
MIDLAND, TEXAS 79702
May 23, 1980

Mrs. Francis Gray
628 Tiduron Drive
Prsecott, Arizona

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Gray:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease - AND SUBJECT TO APPROVAL OF TITL

PAY TO THE ORDER OF Mrs. Francis Gray, a married woman, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- (WITH EXCHANGE) DOLLARS

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings, as agent

Paid-Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Mrs. Francis Gray, a married woman, dealing in her sole and separate property

whose postoffice address is 628 Tiduron Drive, Prescott, Arizona, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~ten~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Mrs. Francis Gray, a married woman, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume ___, Page ___, of the

Records of Eddy County, New MExico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by

Aminoil, USA, Inc., in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc.

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Mrs. Francis Gray 628 Tiduron Drive Prescott, Arizona	1/35th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the ___ day of ___, 19___.

X
Mrs. Francis Gray, a married woman,
dealing in her sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3758
MIDLAND, TEXAS 79702
May 23, 1980

Fern Martin
11140 Jersey Avenue
Youngtown, Arizona

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Martin:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus:	$50.00 total bonus
Royalty:	1/4th
Term:	3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO.

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Fern Martin, a widow, delaing in her sole and ~~seperate~~ property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New MExico

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAB-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings

R. A. Jennings, as agent

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Fern Martin, a widow, dealing in her sole and separate property --

whose postoffice address is 11140 Jersey Ave., Youngtown, Arizona, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Fern Martin, a widow, dealing in her sole and separate property ----------

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____ , Page _____ , of the _____

Records of Eddy County, New Mexico , covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ---------- , in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ---------- to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Fern Martin 11140 Jersey Avenue Youngtown, Arizona	1/35th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of _____her_____ assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____ , 19___.

_____ X

_____ Fern Martin, a widow, dealing in her sole and separate property

_____ _____

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3788
MIDLAND, TEXAS 79702
May 23, 1980

Daisie Buchwald
Rt 3 Box 50
Santa Fe, New Mexico

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Buchwald:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus:	$50.00 total bonus
Royalty:	1/4th
Term:	3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space oppcsite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO.

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Daisie Buchwald, a married woman, dealing in her sole and separate property ---------- $ 50.00

Fifcy Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAB-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R A Jennings
R. A. Jennings, as agent

Paid-Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between

Daisie Buchwald, a married woman, dealing in her sole and separate property --

whose postoffice address is Route 3, Box 50, Sante Fe, New Mexico 87501, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New MExico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Daisie Buchwald, a married woman, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume ___, Page ___, of the ___

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc. ----

---, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc.

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Daisie Buchwald Route 3 Box 50 Sante Fe, New Mexico	1/28th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the ___ day of ___, 19___.

X
Daisie Buchwald, a married woman, dealing in her sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Miss Mona Miller
5313 Valerie
Bellaire, Texas

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Daer Miss Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE) 19 80 NO.

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Miss Mona Miller, a single woman, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- WITH EXCHANGE DOLLARS

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings, as agent

Paid Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Miss Mona Miller, a single woman, dealing in her sole and separate property

whose postoffice address is 5313 Valerie, Bellair, Texas 77401, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New MExico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil. 1/4

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Miss Mona Miller, a single woman, dealing in her sole and separate property

---

as lessor, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc. --------

---, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ----------

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Miss Mona Miller 5313 Valerie Bellair, Texas	1/21st	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

_____

_____

X
Miss Mona Miller, a single woman, dealing in her sole and separate property

RICHARD A. JENNINGS
P. O. BOX 3788
MIDLAND, TEXAS 79702
May 23, 1980

Mrs. Charles A. Miller
5313 Valerie
Bellair, Texas

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Amincil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus:	$50.00 total bonus
Royalty:	1/4th
Term:	3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO.

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Mrs. Charles A. Miller, a widow, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New MExico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R A Jennings
R.A. Jennings, as agent

Paid-Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Mrs. Charles A. Miller, a widow, dealing in her sole and separate property --

whose postoffice address is 5313 Valerie, Bellaire, Texas 77401, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~three~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Mrs. Charles A. Miller, a widow, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____ Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc.

_____, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc.

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Mrs. Charles A. Miller 5313 Valerie Bellair, Texas	1/21st	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

_____

_____

X

Mrs. Charles A. Miller, a widow, dealing in her sole and separate property

RICHARD A. JENNINGS
P. O BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Ralph Miller
Route 1
Snyder, Oklahoma

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Ralph B. Miller, a married man, dealing in his sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New MExico ----------

TO R.A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R. A. Jennings, as agent

FNB CAS-13

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Ralph B. Miller, a married man, dealing in his sole and separate property

whose postoffice address is Snyder, Oklahoma, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of Ten Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Ralph B. Miller, a married man, dealing in his sole and separate property ---

---

as lessor__, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____ , Page _____ , of the _____

Records of Eddy County. New Mexico , covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ---------- to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Ralph B. Miller RT 1 Snyder, Oklahoma	1/21	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of his assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____ , 19___.

_____ X _____

_____ Ralph B. Miller, a married man, dealing ~~in his sole and separate property~~

_____ _____

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3788
MIDLAND, TEXAS 79702
May 23, 1980

Luther W. Miller
2520 West 27th North
Wichita, Kansas

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R A Jennings

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. ____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Luther W. Miller, a married man, dealing in his sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New MExico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings, as agent

FNB CAB-13

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Luther W. Miller, a married man, dealing in his sole and separate property

whose postoffice address is 2520 West 27th North, Wichita, Kansas, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Luther W. Miller, a married man, dealing in his sole and separate property

---

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____ , Page _____ , of the _____

Records of Eddy County, New Mexico , covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc.

---------- , in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ----------

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Luther W. Miller 2520 West 27th North Wichita, Kansas	1/35th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of ~~his~~ assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____ , 19 ___.

X
Luther W. Miller, a married man, dealing in his sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3758
MIDLAND, TEXAS 79702
May 23, 1980

Harold Miller
Route 1
Snyder, Oklahoma

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Harold E. Miller, a married man, dealing in his separate and sole property ---------- $ 50.00

Fifty Dollars and NO/100---------- WITH EXCHANGE DOLLARS

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New MExico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R A Jennings
R. A. Jennings, as Agent

FNB CAS-13

Paid-Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 22nd day of May 19 80 by and between Harold E. Miller, a married man, dealing in his sole and separate property ---

whose postoffice address is Snyder, Oklahoma, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN ---------- Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New MExico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~ten (10)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Harold E. Miller, a married man, dealing in his sole and separate property ---

---

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume __, Page _____, of the _____

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ----------

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Harold E. Miller RT 1 Snyder, Oklahoma	1/21	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of his assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ __ day of _____, 19__.

X
Harold E. Miller, a married man, dealing in his sole and separate property

RICHARD A. JENNINGS
P. O. BOX 3758
MIDLAND, TEXAS 79702
May 23, 1980

Margaret Russell
Star Route, Box 10
Logan, New Mexico 88426

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Russell:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 NO.

30 DAYS AFTER receipt of attached oil, gas and mineral lease ----- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Margaret Russell, a married woman, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico.----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R. A. Jennings
R. A. Jennings, as Agent

Paid-Up Revised 1-58—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Margaret Russell, a married woman, dealing in her sole and separate property

whose postoffice address is Star Route, Box 10, Logan, New Mexico 87501, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~five (5)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd. 1980

Margaret Russell, a married woman, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes, and

WHEREAS, said lease and all rights and privileges thereunder are now owned by

Aminoil, USA, Inc.; in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc.

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Margaret Russell Star Route, Box 1 Logan, New MExico	1/28th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X Margaret Russell, a married woman, dealing in her sole and separate property

(Acknowledgment on Back)

AUTHORITY FOR EXPENDITURE

TO THE MANAGEMENT

REQUEST HEREBY MADE FOR A CAPITAL EXPENDITURE OF $ 1,103,912 DATE September 13, 1979

INSTRUCTIONS:

Five copies of this form to be prepared, submitted and approved for each proposal. Approved copies to be distributed by Accounting Dept.

This form is to be used for requesting approval of capital appropriations which are in excess of $1,000 (use standard A.F.E. procedure for amounts of less than $1,000). Include only capital expenditure items in this request. Refer to the work order policy for information concerning projects of operating expense. Submit all necessary supporting information, including, maps, drawings, data and the required economic evaluation. A detailed list of the estimated project expenditures by classification code will later expedite the accounting procedure of identifying, processing and charging of these costs to the appropriate department capital accounts. Capital appropriation request submittals must allow sufficient time for a thorough examination and review of all supporting data and information, as necessary for executive management to reach a final decision on the proposals. Refer to the A.F.E. policy and procedure for detailed information regarding capital appropriation requirements.

H. P. Perrin	Production
LOCATION (City or District)	DIVISION
Midland	Eastern

[ ] VENTURE IS [X] COMPANY OPERATED — [ ] VENTURE IS NOT COMPANY OPERATED

COMPANY'S % INTEREST IN VENTURE 58.884705

EXPENDITURE SUBMITTED ON THE FOLLOWING BASIS:

[X] COMPLETED WELL [ ] DRY HOLE [ ] POLLUTION PREVENTION

[X] EXPENDITURE IS BUDGETED (Use Line Below) [ ] EXPENDITURE IS NOT BUDGETED

BUDGET CODE NO.	BUDGET PAGE NO.	BUDGET LINE NO.
1979		

PROJECT IDENTIFICATION (Include Purpose of Appropriation)

Kirkes No. 1, Malaga Atoka (Gas), Eddy County, New Mexico
Drill and Complete the Malaga Atoka Prospect No. 1 as a 12,850' Atoka Gas Well located 1980' FSL & 1980' FEL, Section 10, T24S, R28E, Eddy County, New Mexico

KIRKES NO. 1-10/MALAGA ATOKA/D&C

COST ESTIMATE

SUBDIVISION OF WORK	TOTAL	EQUIP. & MATERIAL	LABOR
Drill and Complete	1,657,700	572,900	1,084,800

appd 4/28
9830 today
logging prep
to perm copy.

DEPOSITION
OIL CO. Amoil
CASE NO. 6886
6

ESTIMATED SCHEDULE OF EXPENDITURE					
MONTH	AMOUNT				
Jan. 1980	815,200	GROSS PROJECT COST	1,657,700	572,900	1,084,800
Feb. 1980	815,200	CONTINGENCIES 20%	217,000	-	217,000
March 1980	244,300	TOTAL PROJECT COST	1,874,700	572,900	1,301,800

CAPITAL APPROPRIATION REQUEST COMPUTATION

NOTE: Refer to A.F.E. policy for requirements. Compute Company and Participant's share of cost columns on individual basis.

		COMPANY'S SHARE OF COST	PARTICIPATING INTEREST (NAME & % INTEREST)			
		58.8847 %	41.1153 %	%	%	%
TOTAL PROJ. COST (Use same figure for each company)		1,874,700	1,874,700			
LESS: USED MATERIAL OR EQUIPMENT	FROM PROJ. LOCATION					
	FROM OTHER CO. PROP.					
SALVAGE CREDIT (Items sold from Proj. only)						
DRY HOLE AND OTHER CONTRIBUTIONS						
TOTAL PROJECT CASH EXPENDITURE		1,874,700	1,874,700			
PARTICIPANT'S SHARE OF COST			770,788			
COMPANY'S SHARE OF CASH EXP. (Request at top)		1,103,912				

APPROVED (PER POLICY REQUIREMENTS)

DISTRICT MANAGER	DATE	VICE PRESIDENT FINANCE	DATE
H P Perrin	10-2-79		
DIVISION MANAGER	DATE	EXECUTIVE VICE PRESIDENT	DATE
DEPARTMENT HEAD	DATE	PRESIDENT	DATE
VICE PRESIDENT	DATE	BOARD OF DIRECTORS	MINUTES DATED

ACCOUNTING DISTRIBUTION CODE

A.F.E. ISSUED BY ACCOUNTING DEPARTMENT

DATE

NUMBER

PARTICIPANT'S APPROVAL

NAME OF COMPANY	AUTHORIZED REPRESENTATIVE'S SIGNATURE	DATE

WELL COST ESTIMATE
4346 REV. 4-79

DATE: April 30, 1979

LEASE AND WELL NUMBER	NEW WELL / REDRILL	PROPOSED TOTAL DEPTH
Kirkes No. 1	☒ NEW WELL ☐ REDRILL	12,850'

DIVISION	FIELD, COUNTY & STATE (OR COUNTRY)
Central District	Malaga Morrow - Atoka, Eddy County, New Mexico

PROJECT DESCRIPTION

Drill a 12,850' Strawn-Atoka-Morrow Gas Well Test located 1980' FSL & 1980' FEL, Section 10, T24S, R28E, Eddy County, New Mexico

SUMMARY OF ESTIMATED COST (100%)				ACTUAL EXPENDITURES TO
ACCOUNT CODE	ITEM	PRODUCER (80 DAYS)	DRY HOLE (75 DAYS)	DATE
	TANGIBLE WELL COSTS			
03	CASING	$ 337,400	$ 328,600	$
04	TUBING	133,000	-	
05	WELLHEAD ASSEMBLY (MATERIAL ONLY)	50,500	22,000	
06	SURFACE PUMP. EQUIP. (MATERIAL ONLY)	-	-	
07	SUBSURFACE PUMP. EQUIP. (MATERIAL ONLY)	-	-	
08	OTHER WELL EQUIPMENT (MATERIAL ONLY)	10,000	1,500	
09	INSTALLATION OF SURFACE EQUIPMENT	2,500	1,000	
	TOTAL TANGIBLES	$ 533,400	$ 353,100	$
	LEASE DEVELOPMENT COSTS			
22-3-4	SEPARATION FACILITIES	9,000		
25-6	STORAGE TANKS & SHIPPING FACILITIES	13,500		
28	FLOWLINES	3,000		
27-9-30-1	OTHER LEASE EQUIPMENT (MATERIAL ONLY)	9,000		
33	INSTALLATION COSTS	5,000		
	TOTAL LEASE DEVELOPMENT	$ 39,500	$	$
	INTANGIBLE WELL COSTS			
40	PLATFORM	-	-	
44-5	PERMITS, SURVEYS & LOCATIONS (INCL. CONDUCTOR)	30,000	30,000	
46	RIG EXPENSE (MOVING & RIGGING UP)	45,000	45,000	
49-50	CONTRACT DRILLING	384,000	360,000	
51	DIRECT SUPERVISION	30,800	25,000	
54	ROTARY MUD & CHEMICALS	125,000	125,000	
55	BITS AND REAMERS	66,500	66,500	
56	CEMENT & CEMENTING SERVICE	44,000	37,600	
59-60	TESTING, SAMPLING & CORING	8,500	8,500	
61	ELECTRICAL LOGGING	70,000	70,000	
62	MUD LOGGING	11,000	11,000	
63	DIRECTIONAL TOOLS AND SURVEYS	1,500	1,500	
66	FISHING TOOLS & EXP.	3,000	3,000	
67	DRILLING EQUIPMENT RENTAL	88,000	82,500	
69	TRANSPORTATION AND HAULING	5,000	3,000	
72	FUEL, WATER AND POWER	15,000	15,000	
73	COMMUNICATIONS (RADIO AND TELEPHONE)	1,000	500	
74	WELL INSURANCE	-	-	
77	PERFORATING	10,000	-	
78-9	OTHER COMPLETION COSTS	80,000	-	
84	MISCELLANEOUS EXPENSE	65,000	60,000	
85	ABANDONMENT COSTS	-	8,000	
86	DRY HOLE CONTRIBUTIONS	-	-	
91	DISTRICT EXPENSE	1,500	500	
92	ADMINISTRATIVE OVERHEAD			
	TOTAL INTANGIBLES	$ 1,084,800	$ 952,600	$
	CONTINGENCIES (20 % OF Intangibles)	217,000	190,500	
	TOTAL WELL COSTS (INCLUDING CONTINGENCIES)	$ 1,874,700	$ 1,496,200	$

A.F.E. NO.	DATE AUTHORIZED	COMPANY INTEREST	☐ COMPLETED DATE ☐ ABANDONED	ESTIMATED BY
		58.884705%		Gary Olson

AUTHORITY FOR EXPENDITURE

TO THE MANAGEMENT

REQUEST HEREBY MADE FOR AN APPROPRIATION OF $ 1,103,912 DATE September 13, 1979

INSTRUCTIONS:

Five copies of this form to be prepared, submitted and approved for each proposal. Approved copies to be distributed by Accounting Dept.

This form is to be used for requesting approval of capital appropriations which are in excess of $1,000 (use standard A.F.E. procedure for amounts of less than $1,000). Include only capital expenditure items in this request. Refer to the work order policy for information concerning projects of operating expense. Submit all necessary supporting information, including, maps, drawings, data and the required economic evaluation. A detailed list of the estimated project expenditures by classification code will later expedite the accounting procedure of identifying, processing and charging of these costs to the appropriate department capital accounts. Capital appropriation request submittals must allow sufficient time for a thorough examination and review of all supporting data and information, as necessary for executive management to reach a final decision on the proposals. Refer to the A.F.E. policy and procedure for detailed information regarding capital appropriation requirements.

H. P. Perrin	Production
Midland	Eastern
— VENTURE IS X COMPANY OPERATED	— VENTURE IS NOT — COMPANY OPERATED

COMPANY'S % INTEREST IN VENTURE 58.884705

EXPENDITURE SUBMITTED ON THE FOLLOWING BASIS:

X COMPLETED WELL — DRY HOLE — POLLUTION PREVENTION

X EXPENDITURE IS BUDGETED (Use Line Below) — EXPENDITURE IS NOT BUDGETED

BUDGET CODE NO.	BUDGET PAGE NO.	BUDGET LINE NO.
1979		

PROJECT IDENTIFICATION (Include Purpose of Appropriation)

Kirkes No. 1, Malaga Atoka (Gas), Eddy County, New Mexico
Drill and Complete the Malaga Atoka Prospect No. 1 as a 12,850' Atoka Gas Well located 1980' FSL & 1980' FEL, Section 10, T24S, R28E, Eddy County, New Mexico

KIRKES NO. 1-10/MALAGA ATOKA/D&C

COST ESTIMATE

SUBDIVISION OF WORK	TOTAL	EQUIP. & MATERIAL	LABOR
Drill and Complete	1,657,700	572,900	1,084,800

DESCRIPTION
OIL
AMINOIL
CASE NO. 6886
6

ESTIMATED SCHEDULE OF EXPENDITURE					
MONTH	AMOUNT				
Jan. 1980	815,200	GROSS PROJECT COST	1,657,700	572,900	1,084,800
Feb. 1980	815,200	CONTINGENCIES 20%	217,000	-	217,000
March 1980	244,300	TOTAL PROJECT COST	1,874,700	572,900	1,301,800

CAPITAL APPROPRIATION REQUEST COMPUTATION

NOTE: Refer to A.F.E. policy for requirements. Compute Company and Participant's share of cost columns on individual basis.	COMPANY'S SHARE OF COST	PARTICIPATING INTEREST (NAME & % INTEREST)			
	58.8847 %	41.1153 %	%	%	%
TOTAL PROJ. COST (Use same figure for each company)	1,874,700	1,874,700			
LESS: USED MATERIAL OR EQUIPMENT FROM PROJ. LOCATION					
LESS: USED MATERIAL OR EQUIPMENT FROM OTHER CO. PROP.					
LESS: SALVAGE CREDIT (Items sold from Proj. only)					
LESS: DRY HOLE AND OTHER CONTRIBUTIONS					
TOTAL PROJECT CASH EXPENDITURE	1,874,700	1,874,700			
PARTICIPANT'S SHARE OF COST		770,788			
COMPANY'S SHARE OF CASH EXP. (Request at top)	1,103,912				

APPROVED (PER POLICY REQUIREMENTS)

DISTRICT MANAGER	DATE	VICE PRESIDENT FINANCE	DATE
H P Perrin	10-2-79		
DIVISION MANAGER	DATE	EXECUTIVE VICE PRESIDENT	DATE
DEPARTMENT HEAD	DATE	PRESIDENT	DATE
VICE PRESIDENT	DATE	BOARD OF DIRECTORS	MINUTES DATED

ACCOUNTING DISTRIBUTION CODE

A.F.E. ISSUED BY ACCOUNTING DEPARTMENT

DATE

NUMBER

PARTICIPANT'S APPROVAL

NAME OF COMPANY	AUTHORIZED REPRESENTATIVE'S SIGNATURE	TITLE	DATE

WELL COST ESTIMATE
8346 REV. 4-79

DATE: April 30, 1979

LEASE AND WELL NUMBER		PROPOSED TOTAL DEPTH
Kirkes No. 1	☒ NEW WELL ☐ REDRILL	12,850'

DIVISION	FIELD, COUNTY & STATE (OR COUNTRY)
Central District	Malaga Morrow - Atoka, Eddy County, New Mexico

PROJECT DESCRIPTION

Drill a 12,850' Strawn-Atoka-Morrow Gas Well Test located 1980'FSL & 1980' FEL, Section 10, T24S, R28E, Eddy County, New Mexico

SUMMARY OF ESTIMATED COST (100%)				ACTUAL EXPENDITURES TO
ACCOUNT CODE	ITEM	PRODUCER (80 DAYS)	DRY HOLE (75 DAYS)	DATE
	TANGIBLE WELL COSTS			
03	CASING	$ 337,400	$ 328,600	$
04	TUBING	133,000	-	
05	WELLHEAD ASSEMBLY (MATERIAL ONLY)	50,500	22,000	
06	SURFACE PUMP. EQUIP. (MATERIAL ONLY)	-	-	
07	SUBSURFACE PUMP. EQUIP. (MATERIAL ONLY)	-	-	
08	OTHER WELL EQUIPMENT (MATERIAL ONLY)	10,000	1,500	
09	INSTALLATION OF SURFACE EQUIPMENT	2,500	1,000	
	TOTAL TANGIBLES	$ 533,400	$ 353,100	$
	LEASE DEVELOPMENT COSTS			
22-3-4	SEPARATION FACILITIES	9,000		
25-6	STORAGE TANKS & SHIPPING FACILITIES	13,500		
28	FLOWLINES	3,000		
27-9-30-1	OTHER LEASE EQUIPMENT (MATERIAL ONLY)	9,000		
33	INSTALLATION COSTS	5,000		
	TOTAL LEASE DEVELOPMENT	$ 39,500	$	$
	INTANGIBLE WELL COSTS			
40	PLATFORM	-	-	
44-5	PERMITS, SURVEYS & LOCATIONS (INCL. CONDUCTOR)	30,000	30,000	
46	RIG EXPENSE (MOVING & RIGGING UP)	45,000	45,000	
49-50	CONTRACT DRILLING	384,000	360,000	
51	DIRECT SUPERVISION	30,800	25,000	
54	ROTARY MUD & CHEMICALS	125,000	125,000	
55	BITS AND REAMERS	66,500	66,500	
56	CEMENT & CEMENTING SERVICE	44,000	37,600	
59-60	TESTING, SAMPLING & CORING	8,500	8,500	
61	ELECTRICAL LOGGING	70,000	70,000	
62	MUD LOGGING	11,000	11,000	
63	DIRECTIONAL TOOLS AND SURVEYS	1,500	1,500	
65	FISHING TOOLS & EXP.	3,000	3,000	
67	DRILLING EQUIPMENT RENTAL	88,000	82,500	
69	TRANSPORTATION AND HAULING	5,000	3,000	
72	FUEL, WATER AND POWER	15,000	15,000	
73	COMMUNICATIONS (RADIO AND TELEPHONE)	1,000	500	
74	WELL INSURANCE	-	-	
77	PERFORATING	10,000	-	
78-9	OTHER COMPLETION COSTS	80,000	-	
84	MISCELLANEOUS EXPENSE	65,000	60,000	
85	ABANDONMENT COSTS	-	8,000	
86	DRY HOLE CONTRIBUTIONS	-	-	
91	DISTRICT EXPENSE	1,500	500	
92	ADMINISTRATIVE OVERHEAD			
	TOTAL INTANGIBLES	$ 1,084,800	$ 952,600	$
	CONTINGENCIES (20 % OF Intangibles)	217,000	190,500	
	TOTAL WELL COSTS (INCLUDING CONTINGENCIES)	$ 1,874,700	$ 1,496,200	$

A.F.E. NO.	DATE AUTHORIZED	COMPANY INTEREST	☐ COMPLETED DATE ☐ ABANDONED	ESTIMATED BY
		58.884705%		Gary Olson

RICHARD A. JENNINGS
P O BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Charles A. Miller, Jr
2501 Cornell
Roswell, New Mexico

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus:	$50.00 total bonus
Royalty:	1/4th
Term:	3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas — May [illegible]
PLACE — DATE

30 DAYS AFTER receipt of attached oil, gas and mineral lease ------ AND SUBJECT TO APPROVAL OF T

PAY TO THE ORDER OF Charles A. Miller, Jr., a married man dealing in his sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100 ---------- WITH EXCHANGE ---------- DOLLARS

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings
X R. A. Jennings, as agent

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Charles A. Miller, Jr., a married man, dealing in his sole and separate property ----------

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume ___, Page _____, of the _____

Records of Eddy County, New MExico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1146 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ---------- to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Charles A. Miller Jr. 2501 Cornell Roswell, New MExico	1/21st	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of ~~his~~ assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X
Charles A. Miller, Jr, a married man,
~~dealing in his sole and separate property~~

(Acknowledgment on Back)

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Charles A. Miller, Jr., a married man, dealing in his sole and separate property

whose postoffice address is 2501 Cornell, Roswell, New Mexico, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~two (2)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RICHARD A. JENNINGS
P O BOX 3789
MIDLAND, TEXAS 79702
May 23, 1980

John W. Miller
Star Route, Box 9
Logan New Mexico

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R A Jennings

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease ---- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF John W. Miller, a married man, dealing in his sole and

separate property ---------- $ 50.00

Fifty and NO/100---------- **DOLLARS**
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and

mineral lease covering land in Eddy County, New Mexico.----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3022

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R A Jennings
R. A. Jennings, as agent

Paid-Up Revised 1-69—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between John W. Miller, a married man, dealing in his sole and separate property ------

---

whose postoffice address is Star Route, Box 9, Logan, New Mexico 88426 hereinafter called lessor (whether one or more), and Aminoil, USA, Inc. ---------- hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN ---------- Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, however effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, however effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

John W. Miller, a married man, dealing in his sole and separate property

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____ , Page _____ , of the _____

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ---------- to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
John W. Miller Star Route Box 9 Logan, New MExico	1/28th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of his assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____ , 19___.

X

John W. Miller, a married man dealing in his sole and separate property

RICHARD A. JENNINGS
P. O. BOX 3758
MIDLAND, TEXAS 79702
May 23, 1980

Caroline Miller McCombs
4512 Exposition
Las Vegas, Nevada

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. McCombs:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus:	$50.00 total bonus
Royalty:	1/4th
Term:	3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 60 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease ---- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Caroline Miller McCombs, a married woman, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- WITH EXCHANGE **DOLLARS**

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

NOTICE
DO NOT HANDLE AS A CASH ITEM

R A Jennings
R. A. Jennings, as Agent

FNB CAB-12

Paid-Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Caroline Miller McCombs, a married woman, dealing in her sole and separate property ----------

whose postoffice address is 4512 Exposition, Las Vegas, Nevada ----------, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc. ----------, hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN ---------- Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~five (5)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Caroline Miller McCombs, a married woman, dealing in her sole and separate property ----------

as lessor, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____

Records of Eddy County, New MExico ----, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ----------

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Caroline Miller McCombs 4512 Exposition Las Vegas, Nevada	1/35th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

_____

_____

_____

X Caroline Miller McCombs, a married woman dealing in her separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3758
MIDLAND, TEXAS 79702
May 23, 1980

Pauline Dickens
217 Court Street
Batesville, Mississippi 38606

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Dickens:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus:	$50.00 total bonus
Royalty:	1/4th
Term:	3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R A Jennings

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

PLACE DATE

30 DAYS AFTER receipt of attached oil, gas and mineral lease ------- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Mrs. Pauline Dickens, a widow, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico.

TO R. A. Jennings
First NAtional Bank of Midland
Midland, Texas

PHONE: 915/683-3092

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R. A. Jennings, as agent

FORM CAS-13

Paid-Up Revised 1-66—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Mrs. Pauline Dickens, a widow, dealing in her sole and separate property

whose postoffice address is 217 Court Street, Batesville, Mississippi 38606 -----, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., ----------, hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN ---------- Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~three (3)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/4 of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Mrs. Pauline Dickens, a widow, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume e, Page ____, of the ____

Records of Eddy County, New MExico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by

Aminoil, USA, Inc., in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc.

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Mrs. Pauline Dickens 217 Court Street Batesville, Mississippi	1/28th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the ____ day of ____, 19__.

X
Mrs. Pauline Dickens, a widow, dealing in her sole and separate property

(Acknowledgment on Back)

Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701
(915) 682-8231

AMINOIL USA

Mrs. Ruth Rock
c/o Mr. William Esley, Attorney
Box 410
Bethany, Missouri 64424

RE: Estate of A. S. Cumming
Lot 7, Block 19, City of Malaga
S/2 of Section 10, T-24-S, R-28-E,
N.M.P.M., Eddy County, New Mexico
AUSA File No. 2841

BEFORE [illegible] ER
[illegible]
Aminoil 3-E
[illegible] 6886

Dear Mr. Esley:

A check of the records of Records of Eddy County, New Mexico indicates Mr. Cumming had record title to the captioned acreage at one time prior to Jan. 2, 1920. J. L. Williams acquired various Tax Sale Certificates dated Jan. 2, 1920, recorded in Book 17, Page 66, in the Records of Eddy County, New Mexico, however no tax deed to him covering the subject lands appear of record.

Aminoil will offer to take a protection lease covering the subject lands under the following terms:

$50.00 total bonus consideration

3 year paid-up lease

3/16ths royalty

(captioned property covers approximately 0.0911 net acres.)

Enclosed herewith for your examination you will find an O&G lease with the aforementioned terms. After you have examined same and it meets with your approval, please have Mrs.Rock execute the lease in the space provided, insert her social security number under her name, endorse the draft and deposit both with the collections department of her bank for collection.

If you have any questions concerning the above, please advise.

Yours, truly,

James S. Welin

James S. Welin
Senior Landman

JSW/kk

Enclosures

Esley has they paid - will join however there is a question of ownership

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 30, (DATE), 19 80 NO. _____

10 DAYS AFTER receipt of OG&ML AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF RUTH ROCK , Bethany, Missouri

$50.00

----------FIFTY and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus consideration for the execution of an O&G Lease covering Lot 7, Block 19 Townsite of Malaga, New Mexico. Section 10-Twp 24 S- Rg 28 E, Eddy Co., New Mexico

TO Aminoil USA, Inc.
600 Western United Life Bldg.
Midland, Texas

NOTICE
DO NOT HANDLE AS A CASH ITEM

James S. Welin

James S. Welin

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 30th day of May 19 80 by and between RUTH ROCK, dealing in her sole and separate property

whose postoffice address is General Delivery, Bethany, Missouri hereinafter called lessor (whether one or more), and Aminoil USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of "$ & Other Valuable Consideration" Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

All of Lot 7, Block 19, Townsite of Malaga, New Mexico

Notwithstanding anything to the contrary herein contained, it is understood and agreed that the words "one-eighth" (1/8th) are hereby deleted and the words "three-sixteenths" (3/16ths) substituted, therefore, to the end that the royalty shall be three-sixteenths (3/16ths) rather than one-eighth (1/8th).

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain _____ acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

Mr. G. C. Mayhue
P. O. Box 1488
Ada, Oklahoma 74820

CONSULT POSTMASTER FOR FEES	67¢
OPTIONAL SERVICES	
RETURN RECEIPT SERVICE	80
	45
	c
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	c
TOTAL POSTAGE AND FEES	$ 1.92
POSTMARK OR DATE	
5/30/80	

PS Form 3800, Apr. 1976

Received & date
Amended this
Thx will Jon

ENTERED
OIL & GAS DIVISION
Amoco 3-F
CASE NO. 6886

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

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Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701
(915) 682-8231

May 30, 1980

AMINOIL USA

G. C. Mayhue
P. O. Box 1488
Ada, Oklahoma 74280

Re: OIL, GAS AND MINERAL LEASES
COVERING LOT 7, BLOCK 1,
TOWNSITE OF MALAGA, NEW MEXICO

Dear Mr. Mayhue:

Reference is made to your recent conversation with Mr. James S. Welin of this office, wherein the two of you discussed the arrangements and terms for the leasing of the captioned acreage. It is Aminoil's understanding that you represent Robert L. Threlkeld, Emory C. Threlkeld, James C. Threlkeld, Kathryn M. Russell and Mary E. Faigle in regards to the leasing of their interests in the captioned acreage.

In this connection, please find an Oil, Gas and Mineral Lease, Ratification and Rental Division Order and the draft made out for each of the lessors, covering their interests in the above described land. The lease provides for the following terms:

$10.00 bonus to each of the lessors

3/16 royalty

5 year primary term

If the Oil, Gas and Mineral Leases and Ratification and Rental Division Orders meet with your satisfaction and the satisfaction of each of the lessors, please have the lessors execute the Leases and Rental Division Orders in the spaces provided, in the presence of a notary public; and have the instruments acknowledged. The lessors will also need to endorse the back of the drafts and place the three items in their bank's Collection Department for collection. Please have the lessors verify their Social Security numbers provided in the spaces below their signatures of the Oil, Gas and Mineral Leases.

If you or the lessors should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call me at my office at the area code and number in the letterhead address.

Thank you very much for your help and cooperation in this matter.

Yours very truly,
J. G. Thagard
J. G. Thagard
Landman

JGT/sls
Attachments

proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

Midland, Texas (PLACE) May 30 (DATE), 1980 NO. _____

10 DAYS AFTER receipt of executed Oil, Gas & Mineral Lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Emory C. Threlkeld

1415 W. 17th Street, Ada, Oklahoma $ 10.00

Ten and no/100---------- WITH EXCHANGE DOLLARS

FOR Bonus consideration Lot 7, Block 1, Townsite of Malaga, Section 10, T-24-S, R-28-E,

Eddy County, New Mexico

TO Aminoil USA, Inc.

600 Western United Life Building

Midland, Texas 79701

NOTICE

DO NOT HANDLE AS A CASH ITEM

J. G. Thagard

J. G. Thagard

DEDUCTION FOR INTERNAL REVENUE STAMPS AUTHORIZED

FNB CAS-13

proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of the

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

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9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 30th day of May 19 80 by and between Emory C. Threlkeld, dealing in his separate property

whose postoffice address is 1415 W. 17th Street, Ada, Oklahoma 74820, hereinafter called lessor (whether one or more), and Aminoil USA, Inc., hereinafter called lessee.

WITNESSETH: 1. Lessor, in consideration of TEN and NO/100 Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaya, New Mexico

Notwithstanding anything to the contrary herein contained, it is understood and agreed that the words "one-eighth" (1/8th) are hereby deleted and the words "three-sixteenths" (3/16ths) substituted, therefore, to the end that the royalty shall be three-sixteenths (3/16ths) rather than one-eighth (1/8th).

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (50) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

11. (a) Lessee is hereby granted the right, at its option, at any time and from time to time, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 45 surface acres; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are permitted, under any governmental rule or order, for the drilling of a well at a regular location or for obtaining maximum allowable therefrom, any such unit may be established or enlarged, to conform to the size permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded.

(b) Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease, included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres 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, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accural of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas.

(c) The formation of such unit shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit.

(d) Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 11, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

(e) A unit may be so established, modified or dissolved during the life of this lease, but in no event later than twenty (20) years after the date hereof.

12. If at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reasons of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

13. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

14. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor.

IN TESTIMONY WHEREOF, we sign as of the day and year first above written.

Emory C. Threlkeld
S.S. #442-10-0925

SINGLE ACKNOWLEDGMENT

THE STATE OF Oklahoma

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Emory C. Threlkeld known to me to be the person described in and who executed the foregoing instrument, and whose name is (are) subscribed thereto, and acknowledged to me that _____ executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Witness my hand and seal of office this _____ day of _____, 19 80.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ wife of _____, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

TEXAS JOINT ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ and _____, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

When recorded return to _____

This instrument was filed for record on the _____ day of _____, 19_____ at _____ o'clock _____m., and duly recorded in Book _____, page _____ of the _____ Records of this office

_____ County Clerk _____ County _____

DESIGNATION OF DEPOSITORY AND
RATIFICATION AND RENTAL DIVISION ORDER

WHEREAS, Aminoil USA, INC. is the owner of a mineral lease dated May 30, 1980, recorded in Volume _____ at Page _____ of the _____ Records of _____ County, State of _____, between _____ Emory C. Threlkeld, as lessor, and Aminoil USA, Inc., as lessee, insofar as said lease covers the following land situated in Eddy County, New Mexico, to-wit:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaga, New Mexico

together with land adjoining the above-described land and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition (all of which land is hereinafter called "said land").

NOW THEREFORE, to guide said lease owner and his successors in interest in the payment of delay rentals under said lease, each of the undersigned certifies that his share of any delay rentals which may be paid under the terms of said lease with respect to said land is that stated opposite his name in the following statement, to-wit:

NAME	INTEREST	AMOUNT	DEPOSITORY BANK
Emory C. Threlkeld	1/5 x .1148	.02296	

and that payment or tender of the amount above set forth opposite his name (at the times and in the manner specified in said lease for payment of delay rentals) directly or to his credit in the depository bank (or its successors) above set forth opposite his name or in any depository bank (or its successors) named in said lease will, as to his interest, extend said lease and continue it in full force and effect according to its terms.

And for a valuable consideration, receipt of which is hereby acknowledged, each of the undersigned hereby ratifies, approves, confirms, and adopts said lease in so far as it covers said land and hereby leases, grants, demises and lets said land unto _____, its (his) heirs, successors and assigns, subject to and under all the terms and provisions of said lease, and as to said land does agree and declare that said lease in now in full force and effect.

The provisions hereof shall be binding upon the respective heirs, legal representatives, successors and assigns of each of the undersigned and shall extend to said lease owner and his successors in interest.

EXECUTED this _____ day of _____, 19 80.

Emory C. Threlkeld

THE STATE OF Oklahoma)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

PLACE DATE

10 DAYS AFTER receipt of executed Oil, Gas & Mineral Lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Robert L. Threlkeld

600 W. 16th Street, Ada, Oklahoma $ 10.00

Ten and no/100---------- WITH EXCHANGE DOLLARS

FOR Bonus consideration Lot 7, Block 1, Townsite of Malaga, Section 10, T-24-S, R-28-E, Eddy County, New Mexico

TO Aminoil USA, Inc.

600 Western United Life Building
Midland, Texas 79701

NOTICE
DO NOT HANDLE AS A CASH ITEM

J. G. Thagard
J. G. Thagard

PNB CAS-13

DEDUCTION FOR INTERNAL REVENUE STAMPS AUTHORIZED

proceedings, transcripts, or other documents as shall be necessary [illegible]

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 30th day of May 19 80 by and between Robert L. Threlkeld, dealing in his separate property

whose postoffice address is 600 W. 16th Street, Ada, Oklahoma 74820, hereinafter called lessor (whether one or more), and Aminoil USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN and NO/100 Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaga, New Mexico

Notwithstanding anything to the contrary herein contained, it is understood and agreed that the words "one-eighth" (1/8th) are hereby deleted and the words "three-sixteenths" (3/16ths) substituted, therefore, to the end that the royalty shall be three-sixteenths (3/16ths) rather than one-eighth (1/8th).

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

11. (a) Lessee is hereby granted the right, at its option, at any time and from time to time, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 45 surface acres; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are permitted, under any governmental rule or order, for the drilling of a well at a regular location or for obtaining maximum allowable therefrom, any such unit may be established or enlarged, to conform to the size permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded.

(b) Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease, included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres 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, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas.

(c) The formation of such unit shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit.

(d) Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 11, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

(e) A unit may be so established, modified or dissolved during the life of this lease, but in no event later than twenty (20) years after the date hereof.

12. If at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reasons of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

13. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

14. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor.

IN TESTIMONY WHEREOF, we sign as of the day and year first above written.

Robert L. Threlkeld
SS. #441-10-1121

SINGLE ACKNOWLEDGMENT

THE STATE OF Oklahoma

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Robert L. Threlkeld known to me to be the person___ described in and who executed the foregoing instrument, and whose name___ is (are) subscribed thereto, and acknowledged to me that _____ executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Witness my hand and seal of office this _____ day of _____, 1980.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ wife of _____, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19____.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

TEXAS JOINT ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ and _____, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19____.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

When recorded return to _____

This instrument was filed for record on the _____ day of _____, 19____ at _____ o'clock ____m., and duly recorded in Book _____, page _____ of the _____ Records of this office

_____ County Clerk _____ County _____

DESIGNATION OF DEPOSITORY AND RATIFICATION AND RENTAL DIVISION ORDER

WHEREAS, AMINOIL USA, INC. is the owner of a mineral lease dated May 30, 1980, recorded in Volume _____ at Page _____ of the _____ Records of _____ County, State of _____, between Robert L. Threlkeld _____, as lessor, and Aminoil USA, Inc. _____, as lessee, insofar as said lease covers the following land situated in Eddy County, New Mexico, to-wit:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaga, New Mexico

together with land adjoining the above-described land and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition (all of which land is hereinafter called "said land").

NOW THEREFORE, to guide said lease owner and his successors in interest in the payment of delay rentals under said lease, each of the undersigned certifies that his share of any delay rentals which may be paid under the terms of said lease with respect to said land is that stated opposite his name in the following statement, to-wit:

NAME	INTEREST	AMOUNT	DEPOSITORY BANK
Robert L. Threlkeld	1/5 x .1148	.02296	

and that payment or tender of the amount above set forth opposite his name (at the times and in the manner specified in said lease for payment of delay rentals) directly or to his credit in the depository bank (or its successors) above set forth opposite his name or in any depository bank (or its successors) named in said lease will, as to his interest, extend said lease and continue it in full force and effect according to its terms.

And for a valuable consideration, receipt of which is hereby acknowledged, each of the undersigned hereby ratifies, approves, confirms, and adopts said lease in so far as it covers said land and hereby leases, grants, demises and lets said land unto _____, its (his) heirs, successors and assigns, subject to and under all the terms and provisions of said lease, and as to said land does agree and declare that said lease in now in full force and effect.

The provisions hereof shall be binding upon the respective heirs, legal representatives, successors and assigns of each of the undersigned and shall extend to said lease owner and his successors in interest.

EXECUTED this _____ day of _____, 19 80.

Robert L. Threlkeld

THE STATE OF Oklahoma)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____

_____

known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____

_____

known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____

_____

known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

Midland, Texas (PLACE) May 30 (DATE), 19 80 NO. _____

10 DAYS AFTER receipt of executed Oil, Gas & Mineral Lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF James C. Threlkeld

517 S. Oak Avenue, Ada, Oklahoma 74820 $ 10.00

Ten and no/100---------- WITH EXCHANGE ----------**DOLLARS**

FOR Bonus consideration Lot 7, Block 1, Townsite of Malaga, Section 10, T-24-S, R-28-E, Eddy County, New Mexico

TO Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

J. G. Thagard
J. G. Thagard

DEDUCTION FOR INTERNAL REVENUE STAMPS AUTHORIZED

(whether lessor's interest is herein specified or not), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 30th day of May 19 80 by and between James C. Threlkeld, dealing in his separate property

whose postoffice address is 517 S. Oak Avenue, Ada, Oklahoma 74820, hereinafter called lessor (whether one or more), and Aminoil USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN and NO/100 Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaga, New Mexico

Notwithstanding anything to the contrary herein contained, it is understood and agreed that the words "one-eighth" (1/8th) are hereby deleted and the words "three-sixteenths" (3/16ths) substituted, therefore, to the end that the royalty shall be three-sixteenths (3/16ths) rather than one-eighth (1/8th).

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other peyment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (30) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

11. (a) Lessee is hereby granted the right, at its option, at any time and from time to time, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 45 surface acres; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are permitted, under any governmental rule or order, for the drilling of a well at a regular location or for obtaining maximum allowable therefrom, any such unit may be established or enlarged, to conform to the size permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded.

(b) Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease, included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres 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, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas.

(c) The formation of such unit shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit.

(d) Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 11, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

(e) A unit may be so established, modified or dissolved during the life of this lease, but in no event later than twenty (20) years after the date hereof.

12. If at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reasons of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

13. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

14. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor.

IN TESTIMONY WHEREOF, we sign as of the day and year first above written.

James C. Threlkeld
S.S. #446-09-0798

SINGLE ACKNOWLEDGMENT

THE STATE OF Oklahoma

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared James C. Threlkeld known to me to be the person described in and who executed the foregoing instrument, and whose name is (are) subscribed thereto, and acknowledged to me that _____ executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Witness my hand and seal of office this _____ day of _____, 19 80.

My Commission Expires

_____

Notary Public in and for _____ County, State of Oklahoma

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ wife of _____, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

TEXAS JOINT ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ and _____, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

When recorded return to _____

This instrument was filed for record on the _____ day of _____, 19_____ at _____ o'clock _____m., and duly recorded in Book _____, page _____ of the _____ Records of this office

DESIGNATION OF DEPOSITORY AND
RATIFICATION AND RENTAL DIVISION ORDER

WHEREAS, AMINOIL USA, INC. is the owner of a mineral lease dated May 30, 1980, recorded in Volume _____ at Page _____ of the _____ Records of _____ County, State of _____, between _____ James C. Threlkeld, as lessor, and Aminoil USA, Inc., as lessee, insofar as said lease covers the following land situated in Eddy County, New Mexico, to-wit:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaga, New Mexico

together with land adjoining the above-described land and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition (all of which land is hereinafter called "said land").

NOW THEREFORE, to guide said lease owner and his successors in interest in the payment of delay rentals under said lease, each of the undersigned certifies that his share of any delay rentals which may be paid under the terms of said lease with respect to said land is that stated opposite his name in the following statement, to-wit:

NAME	INTEREST	AMOUNT	DEPOSITORY BANK
James C. Threlkeld	1/5 x .1148	.02296	

and that payment or tender of the amount above set forth opposite his name (at the times and in the manner specified in said lease for payment of delay rentals) directly or to his credit in the depository bank (or its successors) above set forth opposite his name or in any depository bank (or its successors) named in said lease will, as to his interest, extend said lease and continue it in full force and effect according to its terms.

And for a valuable consideration, receipt of which is hereby acknowledged, each of the undersigned hereby ratifies, approves, confirms, and adopts said lease in so far as it covers said land and hereby leases, grants, demises and lets said land unto _____, its (his) heirs, successors and assigns, subject to and under all the terms and provisions of said lease, and as to said land does agree and declare that said lease in now in full force and effect.

The provisions hereof shall be binding upon the respective heirs, legal representatives, successors and assigns of each of the undersigned and shall extend to said lease owner and his successors in interest.

EXECUTED this _____ day of _____, 19 80.

_____ _____

James C. Threlkeld

_____ _____

_____ _____

THE STATE OF Oklahoma)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared James C. Threlkeld.
known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 1980.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

Midland, Texas (PLACE) May 30 (DATE), 19 80 NO. _____

10 DAYS AFTER receipt of executed Oil, Gas and Mineral Lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Kathryn M. Russell

1211 Washington Street, Commerce, Texas 75428 $ 10.00

Ten and no/100---------- WITH EXCHANGE DOLLARS

FOR Bonus consideration Lot 7, Block 1, Townsite of Malaga, Section 10, T-24-S, R-28-E, Eddy County, New Mexico

TO Amingil USA, Inc.

600 Western United Life Building

Midland, Texas 79701

NOTICE

DO NOT HANDLE AS A CASH ITEM

J. H. Thagard

J. G. Thagard

DEDUCTION FOR INTERNAL REVENUE STAMPS AUTHORIZED

FNB CAB-13

duly certified copies of the instruments which have been properly filed of record and which evidence such change of ownership, and of such other instruments, proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys coming 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

Paid Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 30th day of May 19 80 by and between Kathryn M. Russell, dealing in her separate property

whose postoffice address is 1217 Washington Street, Commerce, Texas 75428, hereinafter called lessor (whether one or more), and Aminoil USA, Inc., hereinafter called lessee:

WITNESSETH. 1. Lessor, in consideration of TEN and NO/100 Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaga, New Mexico

Notwithstanding anything to the contrary herein contained, it is understood and agreed that the words "one-eighth" (1/8th) are hereby deleted and the words "three-sixteenths" (3/16ths) substituted, therefore, to the end that the royalty shall be three-sixteenths (3/16ths) rather than one-eighth (1/8th).

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

11. (a) Lessee is hereby granted the right, at its option, at any time and from time to time, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 45 surface acres; provided, however, a unit may be established or an existing unit may be enlarged to contain not more then 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are permitted, under any governmental rule or order, for the drilling of a well at a regular location or for obtaining maximum allowable therefrom, any such unit may be established or enlarged, to conform to the size permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded.

(b) Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease, included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres 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, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accural of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas.

(c) The formation of such unit shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit.

(d) Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 11, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

(e) A unit may be so established, modified or dissolved during the life of this lease, but in no event later than twenty (20) years after the date hereof.

12. If at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reasons of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

13. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

14. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor.

IN TESTIMONY WHEREOF, we sign as of the day and year first above written.

Kathryn M. Russell
S.S. # 442-10-1202

SINGLE ACKNOWLEDGMENT

THE STATE OF Texas

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ known to me to be the person___ described in and who executed the foregoing instrument, and whose name___ is (are) subscribed thereto, and acknowledged to me that _____ executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Witness my hand and seal of office this _____ day of _____, 19 80.

My Commission Expires

_____

Notary Public in and for _____ County, State of Texas

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ wife of _____, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

TEXAS JOINT ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ and _____, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

Notary Public in and for _____ County, State of _____

_____

When recorded return to _____

This instrument was filed for record on the _____ day of _____, 19_____ at _____ o'clock _____m., and duly recorded in Book _____, page _____ of the _____ Records of this office

_____ County Clerk _____ County

DESIGNATION OF DEPOSITORY AND
RATIFICATION AND RENTAL DIVISION ORDER

WHEREAS, AMINOIL USA, INC. is the owner of a mineral lease dated May 30, 1980, recorded in Volume _____ at Page _____ of the _____ Records of _____ County, State of _____ between _____ Kathryn M. Russell, as lessor, and Aminoil USA, Inc., as lessee, insofar as said lease covers the following land situated in Eddy County, New Mexico, to-wit:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaga, New Mexico

together with land adjoining the above-described land and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition (all of which land is hereinafter called "said land").

NOW THEREFORE, to guide said lease owner and his successors in interest in the payment of delay rentals under said lease, each of the undersigned certifies that his share of any delay rentals which may be paid under the terms of said lease with respect to said land is that stated opposite his name in the following statement, to-wit:

NAME	INTEREST	AMOUNT	DEPOSITORY BANK
Kathryn M. Russell	1/5 x .1148	.02296	

and that payment or tender of the amount above set forth opposite his name (at the times and in the manner specified in said lease for payment of delay rentals) directly or to his credit in the depository bank (or its successors) above set forth opposite his name or in any depository bank (or its successors) named in said lease will, as to his interest, extend said lease and continue it in full force and effect according to its terms.

And for a valuable consideration, receipt of which is hereby acknowledged, each of the undersigned hereby ratifies, approves, confirms, and adopts said lease in so far as it covers said land and hereby leases, grants, demises and lets said land unto _____, its (his) heirs, successors and assigns, subject to and under all the terms and provisions of said lease, and as to said land does agree and declare that said lease in now in full force and effect.

The provisions hereof shall be binding upon the respective heirs, legal representatives, successors and assigns of each of the undersigned and shall extend to said lease owner and his successors in interest.

EXECUTED this _____ day of _____, 19_____.

_____ _____

_____ Kathryn M. Russell

_____ _____

_____ _____

THE STATE OF Texas)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 1980.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

NO. _____

10 DAYS AFTER receipt of executed Oil, Gas & Mineral Lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Mary E. Faigle

P. O. Box 264, High Rolls, New Mexico $ 10.00

Ten and no/100---------- WITH EXCHANGE DOLLARS

FOR Bonus consideration Lot 7, Block 1, Townsite of Malaga, Section 10, T-24-S, R-28-E, Eddy County, New Mexico

TO Aminoil USA, Inc.

600 Western United Life Building

Midland, Texas 79701

NOTICE

DO NOT HANDLE AS A CASH ITEM

J. G. Thagard

J. G. Thagard

DEDUCTION FOR INTERNAL REVENUE STAMPS AUTHORIZED BY MIDLAND, TEXAS

FMB CAS-13

proceedings, transcripts, or other documents as shall be necessary in the opinion of Lessee to evidence the validity of such change of division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 30th day of May 19 30 by and between Mary E. Faigle, dealing in her separate property

whose postoffice address is P. O. Box 264, High Rolls, New Mexico 88325, hereinafter called lessor (whether one or more), and Aminoil USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN and NO/100 Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaga, New Mexico

Notwithstanding anything to the contrary herein contained, it is understood and agreed that the words "one-eighth" (1/8th) are hereby deleted and the words "three-sixteenths (3/16ths) substituted, therefore, to the end that the royalty shall be three-sixteenths (3/16ths) rather than one-eighth (1/8th).

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

11. (a) Lessee is hereby granted the right, at its option, at any time and from time to time, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 45 surface acres; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are permitted, under any governmental rule or order, for the drilling of a well at a regular location or for obtaining maximum allowable therefrom, any such unit may be established or enlarged, to conform to the size permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded.

(b) Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease, included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres 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, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas.

(c) The formation of such unit shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit.

(d) Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 11, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

(e) A unit may be so established, modified or dissolved during the life of this lease, but in no event later than twenty (20) years after the date hereof.

12. If at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reasons of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

13. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

14. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor.

IN TESTIMONY WHEREOF, we sign as of the day and year first above written.

Mary E. Faigle
S.S. #525-96-0257

SINGLE ACKNOWLEDGMENT

THE STATE OF New Mexico

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared Mary E. Faigle known to me to be the person described in and who executed the foregoing instrument, and whose name is (are) subscribed thereto, and acknowledged to me that executed the same as free act and deed for the purposes and consideration therein expressed.

Witness my hand and seal of office this _____ day of _____, 19 80.

My Commission Expires

Notary Public in and for _____ County, State of New Mexico

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ wife of _____ known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

Notary Public in and for _____ County, State of _____

TEXAS JOINT ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ and _____, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

Notary Public in and for _____ County, State of _____

When recorded return to _____

This instrument was filed for record on the _____ day of _____, 19_____ at _____ o'clock _____m.,

and duly recorded in Book _____, page _____ of the _____ Records of this office

_____ County Clerk _____ County

DESIGNATION OF DEPOSITORY AND
RATIFICATION AND RENTAL DIVISION ORDER

WHEREAS, AMINOIL USA, INC. is the owner of a mineral lease dated May 30, 1980, recorded in Volume _____ at Page _____ of the _____ Records of _____ County, State of _____, between _____, as lessor, and Aminoil USA, Inc., as lessee, insofar as said lease covers the following land situated in Eddy County, New Mexico, to-wit:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

Lot 7, Block 1, Townsite of Malaga, New Mexico

together with land adjoining the above-described land and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition (all of which land is hereinafter called "said land").

NOW THEREFORE, to guide said lease owner and his successors in interest in the payment of delay rentals under said lease, each of the undersigned certifies that his share of any delay rentals which may be paid under the terms of said lease with respect to said land is that stated opposite his name in the following statement, to-wit:

NAME	INTEREST	AMOUNT	DEPOSITORY BANK
Mary E. Faigle	1/5 x .1148		

and that payment or tender of the amount above set forth opposite his name (at the times and in the manner specified in said lease for payment of delay rentals) directly or to his credit in the depository bank (or its successors) above set forth opposite his name or in any depository bank (or its successors) named in said lease will, as to his interest, extend said lease and continue it in full force and effect according to its terms.

And for a valuable consideration, receipt of which is hereby acknowledged, each of the undersigned hereby ratifies, approves, confirms, and adopts said lease in so far as it covers said land and hereby leases, grants, demises and lets said land unto _____, its (his) heirs, successors and assigns, subject to and under all the terms and provisions of said lease, and as to said land does agree and declare that said lease in now in full force and effect.

The provisions hereof shall be binding upon the respective heirs, legal representatives, successors and assigns of each of the undersigned and shall extend to said lease owner and his successors in interest.

EXECUTED this _____ day of _____, 19 80.

_____ _____

Mary E. Faigle

_____ _____

_____ _____

THE STATE OF Oklahoma)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

THE STATE OF _____)
)
COUNTY OF _____)

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____
known to me to be the person whose name _____
subscribed to the foregoing instrument, and acknowledged to me that _____ he _____ executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS the _____ day of _____ A.D. 19__.

_____
Notary Public in and for _____
_____ County of _____

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702

May 28, 1980

The Atchison, Topeka and Santa Fe Railway Company
A Santa Fe Industries Company
900 Polk Street, Amarillo, Texas 79171 • Telephone 806/376-5131

April 15, 1980
File: Ct 28877

Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701

OIL CO.
Aminoil 3-G
CONTRACT NO. 6886

Attention: Mr. James S. Welin, Sr. Landman

Gentlemen:

Please refer to your letter of March 24, expressing interest in securing an oil and gas lease covering approximately 1.5 acres of Santa Fe's mineral interest located in the S/H of Section 10, T-24-N, R-28-E, at Malaga, Eddy County, New Mexico.

We shall commence immediately for the preparation and processing of our customary form of lease, per sample copy attached, covering the mineral acreage in question, and shall submit the same to our Executive Department with our recommendation for approval on the basis of $250 per acre bonus, and 1/4th royalty for a term of one year.

We hope to be in a position to submit the proposed lease for consideration of Aminoil within the very near future. Should you have any questions, or should there be any other information desired concerning such matter, will you please contact either Mr. O. L. Eubanks, Extension 297, or Mr. F. O. Koopmann, Extension 224, of this office.

Yours very truly,

J. R. Fitzgerald

J. R. Fitzgerald
General Manager

RICHARD A. JENNINGS
P. O BOX 3759
MIDLAND, TEXAS 79702

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702

May 28, 1980

Aminoil, USA, Inc.
600 Western United Life Building
Midland, Texas 79702

ATTN: Mr. Jamie Welin

RE: Oil, Gas & Mineral Lease from Paula B. Lujan

Gentlemen:

Enclosed please find copies of correspondence with Paula B. Lujan, as well as copy of lease and draft. We are presently waiting for the return of the executed instrument.

If you have any questions, or if I may be of any further help, please do not hesitate to contact the undersigned.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

CASE NO. 6866

has not responded

RICHARD A. JENNINGS
P. O BOX 3789
MIDLAND, TEXAS 79702

May 19, 1980

Paula B. Lujan
604 North 5th Street
Apt. #9
Carlsbad, New Mexico

RE: Oil, gas and mineral lease covering West 100 Feet of North 108 Feet of N½NW¼NW¼SE¼of Section 10, R-28-E, T-24-S, Eddy County, New Mexico.

Dear Mrs. Lujan:

As per our conversation of today's date, enclosed please find an oil, gas and mineral lease and a bank draft made out in your name covering the above described land in Eddy County, New Mexico. As we discussed, the oil, gas and mineral lease provides for the following terms:

Bonus:	$100.00
Royalty:	3/16ths
Term:	3 years

If the oil, gas and mineral lease meets with your satisfaction, please sign it in the presence of a notary public and have the notary acknowledge the lease. You will also need to endorse the back of the bank draft and take it to the collection department of your bank for collection.

If you have any questions, or if I may be of any help to you in regards to this property, please do not hesitate to call me "collect" at my office in Midland, area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures
cc: J Welin
Aminoil

Paid Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 19th day of May 19 80 by and between

Paula B. Lujan, dealing in her separate property

whose postoffice address is 604 North 5th Street, Carlsbad, New Mexico, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico and is described as follows:

The West 100 feet of North 108 feet of N½NW¼NW¼SE¼, Soetion 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 2479 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~ten (10)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 3/16 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 3/16 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 3/16 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 3/16 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 19, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITL

PAY TO THE ORDER OF Paula B. Lujan, dealing in her separate property

$ 100.00

One Hundred Dollars and NO/100 DOLLARS
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering lands in Eddy County, New Mexico.

TO R. A. Jennings
First National Bank
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings, as agent

Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701
(915) 682-8231

AMINOIL USA

May 30, 1980

Pablo Ramirez and Josefa Ramirez
P. O. Box 24
Malaga, New Mexico 88263

RE: Lots 14, 15 and 16, Block 2, Townsite of Malaga
S/2 of Section 10-T24S-R28E, NMPM
Eddy County, New Mexico
Compulsory Pooling Hearing

Dear Mr. and Mrs. Ramirez:

A check of the records of Eddy County, New Mexico reflects an Oil and Gas Lease from Pablo Carrasco Ramirez, Sr. and wife, Josephina Ramirez, to Ronnie Ward, dated August 14, 1979.

This lease was executed by Josephina Ramirez, as wife of Pablo Carrasco Ramirez, Sr., while record owners of the captioned land are Pablo Ramirez and wife, Josefa Ramirez.

In order to clear title to the captioned lands Aminoil needs to ascertain whether or not Pablo Carrasco Ramirez, Sr. and wife, Josephina Ramirez, are one and the same persons as Pablo Ramirez and wife, Josefa Ramirez.

Please advise this office, at your earliest opportunity, if these are one and the same persons so an Affidavit of Identity may be prepared for your execution. Aminoil has joined you in a Compulsory Pooling action to be held June 4, 1980, until this matter is cleared up.

If you have any questions, please do not hesitate to call.

Yours very truly,

James S. Welin
Senior Landman

JSW/jb

E
Aminoil
6886
3-I

question as to identity

P05 5389277

RECEIPT FOR CERTIFIED MAIL

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

SENT TO
Pablo&Josefa Ramirez
P. O. Box 24

STREET AND NO.
Malaga, New Mexico 88263

POSTAGE	$ .15
CERTIFIED FEE	.80
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
RETURN RECEIPT SERVICE: SHOW TO WHOM AND DATE DELIVERED	.45
RETURN RECEIPT SERVICE: SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY	
RETURN RECEIPT SERVICE: SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
RETURN RECEIPT SERVICE: SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	$ 1.40

CONSULT POSTMASTER FOR FEES
OPTIONAL SERVICES

POSTMARK OR DATE
5-30-80

PS Form 3800, Apr. 1976

PS Form 3811, Aug. 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).
- X ☐ Show to whom and date delivered $1.40
- ☐ 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:
Pablo & Josefa Ramirez
P. O. Box 24
Malaga, New Mexico 88263

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P05 5389277	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY 5-31-80 POSTMARK

5. ADDRESS (Complete only if requested) MA

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

MALAGA, NM MAY 31 UCPO

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆ GPO: 1979-278-365

FIRST NATIONAL BANK

303 W. Wall Midland, Texas

Jamie —

Ms Walker called today and contrary to my telephone conversation with her, this correction is not to their understanding of their ownership.

She is sending me her ideas as to what is what —

jamie j.

915/685-2000

A great bank to call your own.

OIL CONSERVATION DIVISION

Amoil Exhibit 3-J

CASE NO. 6886

CADELL S. LIEDTKE
OIL PROPERTIES
P. O. BOX 10369
MIDLAND, TEXAS 79702

May 22, 1980

PHONE
(915) 683-3092
OFFICE
716 WESTERN UNITED LIFE BLDG.
MIDLAND, TEXAS 79701

Ms. Thelma Walker
Box 93
Malaga, New Mexico 88263

Dear Ms. Walker:

As we discussed, I am sending you a correction of the description to the oil and gas lease which you signed along with Raymond and Hazel Walker and Recal and Frances Harris in 1975. The Lessee in this lease was Leonard T. May and he conveyed his interest to Burmah Oil and Gas which is now Aminoil, USA, Inc. The correction description lists Aminoil USA as the owner of the interest because they actually are the owners at this time.

If the correction of the description meets with your satisfaction and that of Mr and Mrs Walker and Mr and Mrs Harris, please sign the correction in the presence of a notary public. You do not have to go all together at the same time, however, Mr and Mrs Harris should go together and Mr and Mrs Walker should go together. After you have all signed the instrument, please return it to me in the enclosed stamped envelope.

Thank you for your help in this matter. If you should have any questions, please do not hesitate to call me "collect" at area code 915/683-3092.

Yours truly,

Jamie Jackson

Jamie Jackson

amend said lease in respect to the description of the lands included therein, and ratify, adopt and confirm the same as so amended; and further to effectuate the purposes hereof, they do hereby lease, demise and let unto said Aminoil, USA, Inc., its assigns and successors in interest, for oil, gas and mineral purposes, all

CORRECTION OF DESCRIPTION OF OIL, GAS AND MINERAL LEASE

WHEREAS, under date of May 1, 1975, a certain oil, gas and mineral lease was executed by Thelma Walker, a single woman, Raymond Walker and Hazel Walker, his wife, and Recal Harris and Frances Harris, his wife, as LESSOR, unto Leonard T. May, as LESSEE, which is recorded in the Miscellaneous Records of Eddy County, New Mexico, described therein as follows, to-wit:

The E/2 SE/4 SW/4 and the SW/4 SE/4 SW/4 save and except a 209 foot by 209 foot tract in the SW corner thereof, of Section 10, T-24-S, R-28-E, and containing 29.0 acres of land, more or less, in Eddy County, New Mexico.

AND WHEREAS, said above description was and is in error, and the land intended to be covered by said lease is more accurately described as follows, to-wit:

The E/2 SE/4 SW/4 and the SW/4 SE/4 SW/4 save and except a 210 foot by 210 foot tract in the SE corner thereof of Section 10 T-24-S, R-28-E and containing 29.0 acres, more or less, in Eddy County, New Mexico.

AND WHEREAS, Aminoil, USA, Inc. is now the owner of all the lands last above described or some interest in the minerals therein and thereunder, which interest is affected by said lease.

AND WHEREAS, said lease is now owned by Aminoil, USA, Inc.

NOW, THEREFORE, in consideration of One Dollar ($1.00), cash in hand paid by Aminoil, USA, Inc., the receipt and adequacy of which is hereby acknowledged, and other good and valuable consideration, Thelma Walker, Raymond Walker and Hazel Walker, his wife, and Recal Harris and Frances Hariis, his wife, does hereby acknowledge that it was the intention in the aforesaid lease to lease for oil, gas and other mineral purposes all of the lands last above described; and they hereby amend said lease in respect to the description of the lands included therein, and ratify, adopt and confirm the same as so amended; and further to effectuate the purposes hereof, they do hereby lease, demise and let unto said Aminoil, USA, Inc., its assigns and successors in interest, for oil, gas and mineral purposes, all

of the lands last above described, the same as though the lands last above described had been the lands described in said oil, gas and mineral lease.

EXECUTED THIS _____ day of _____, 1980.

X
Thelma Walker

X
Recal Harris

X
Raymond Walker

X
Francis Harris

X
Hazel Walker

THE STATE OF NEW MEXICO I

COUNTY OF I

BEFORE ME, the undersigned authority, on this day personally appeared Thelma Walker, a single woman, known to me to be the person(s) whose name(s) (is) (xxx) subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 1980.

My Commission Expires:

_____

_____
Notary Public in and for _____ County, New Mexico

THE STATE OF NEW MEXICO
COUNTY OF _____

BEFORE ME, the undersigned authority on this day personally appeared Raymond Walker and Hazel Walker, husband and wife, known to me to be the persons whose names appear subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF THIS OFFICE this _____ day of _____, 1980.

My Commission Expires:

_____

X_____
Notary Public in and for _____ County, New Mexico.

THE STATE OF NEW MEXICO
COUNTY OF _____

BEFORE ME, the undersigned authority, on this day personally appeared Recal Harris and Francis Harris, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF THIS OFFICE this _____ day _____ 1980.

My Commission Expires:

_____

X_____
Notary Public in and for _____
County, New Mexico.

Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701
(915) 682-8231

May 27, 1980

AMINOIL USA

W. W. Bessing and wife, Augusta Bessing
General Delivery
Fairmont, Oklahoma 73736

Re: Oil, Gas and Mineral Lease
Covering Lot 17, Block 1, Townsite of
Malaga, New Mexico, Being the Portion
of SW/4, SE/4, SE/4 of Section 10,
T-24-S, R-28-E, Eddy County, New Mexico

Dear Mr. Bessing:

A record check of Eddy County Deed Records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time Aminoil is desirous of leasing for oil and gas your interest in the above captioned lands.

Enclosed please find a Oil, Gas and Mineral Lease and a draft made out in your name, covering your interest in the above described lands. The lease provides for the following terms:

Bonus - $50 total bonus

Royalty - 3/16

Term - 5 years

If the enclosed Oil, Gas and Mineral Lease meets with you satisfaction, please execute the lease in the space provided, in the presence of a Notary Public and have the instrument acknowledged. You will also need to endorse the back of the draft and place the two items in your bank's Collection Department for collection. Please fill in your Social Security Number in the space below your signature.

If you should have any questions concerning this matter or if I may be of assistance to you in regards to this property, please do not hesitate to call me at my office, at the area code and number in the letterhead address.

Yours very truly,

James S. Welin
Senior Landman

JSW/sls
Enclosures

example of letter sent to parties they did not know address or phone no. for.

Aminoil 6886 3K

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RECEIVED
MAY 22 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

CERTIFIED
P11 7204064
MAIL

CLAIM CHECK NO.
892095
HOLD
DATE
1ST NOTICE
5-22
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

ROSWELL MAY 14'80 N. MEX.
U.S.POSTAGE
P B METER 2016918
$1.40

RETURNED TO SENDER
NOT DELIVERABLE AS ADDRESSED — UNABLE TO FORWARD

Elzie Swift
Ottumwa, Iowa

Insufficient address

4
Annual
6886

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RECEIVED
MAY 16 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

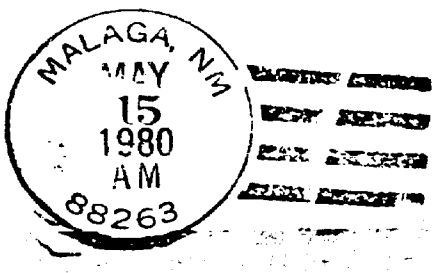
CERTIFIED
No. 234186
3
MAIL

RETURNED TO SENDER
REASON CHECKED
Unclaimed ___ Refused ___
Addressee unknown ___
Insufficient Address ___
No such number ___
No such street ___
No such office in state ___
Not remain in this envelope

ROSWELL MAY 14'80 N. MEX.
U.S.POSTAGE
P B METER 2016918

CLAIM CHECK NO.
890004
HOLD
DATE
1ST NOTICE
5-16
2ND NOTICE
RETURN
Detached from
July 1977

R. O. McGee, D. Black
and W. W. Hutto,
Trustees of the Malaga
Land and Improvement
Company
Malaga, New Mexico 98263



Amoil Corp #6886

PS Form 3811, JULY 1978

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:
R. O. McKee
Malaga, NM

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	234186	

(Always obtain signature of addressee or agent)

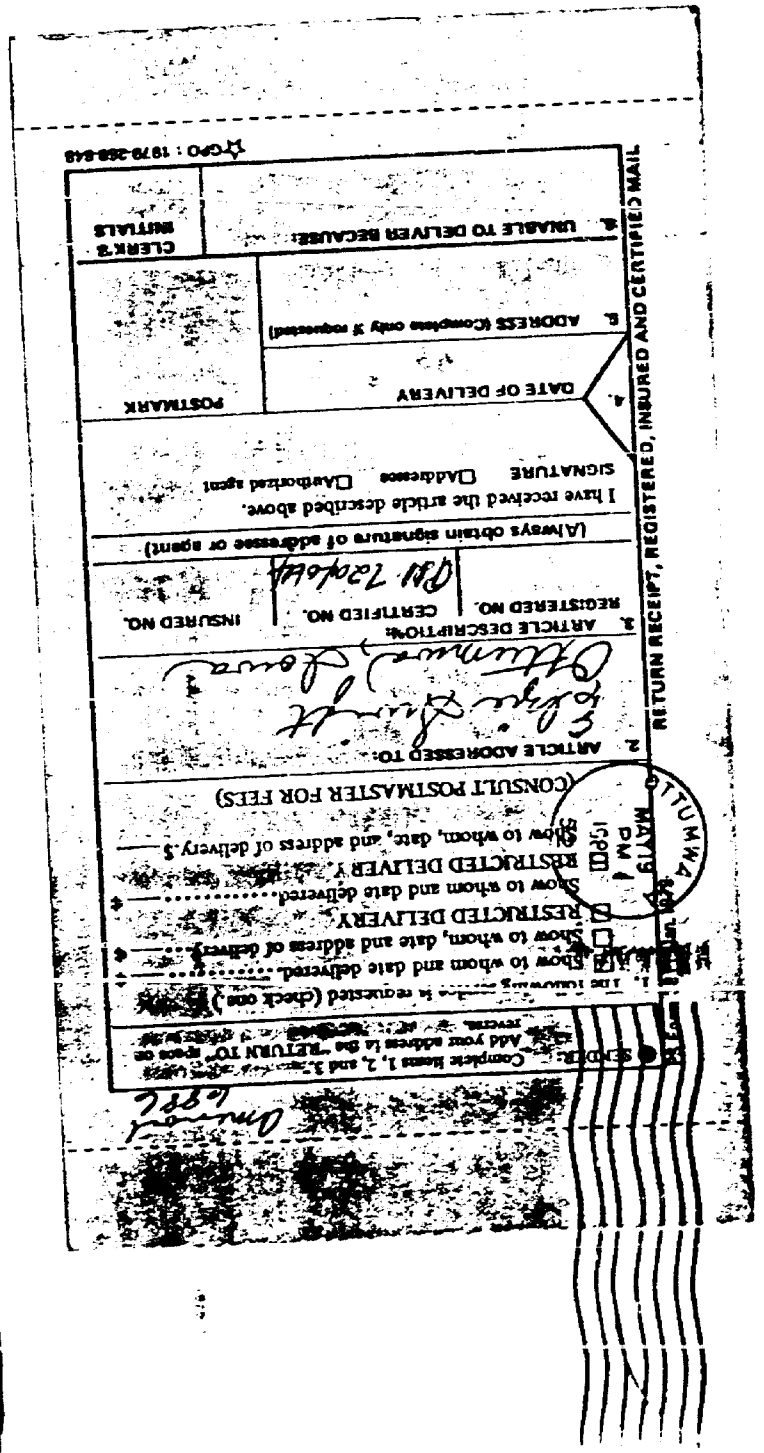
I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-288-848



DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

CERTIFIED
P11 7204066
MAIL

RETURNED TO SENDER
REASON CHECKED
Unclaimed
Addressee unknown
Insufficient Address
No such street
No such office in state
Do not remail in this envelope

MAY 1980
RECEIVED
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, N. M.

ROSWELL
MAY 14 '80
N. MEX.

U.S.POSTAGE
1.40

CLAIM CHECK NO.
890026
HOLD
DATE MAY 19 198
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

C. L. Miller
Palco, Kansas 67657

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

CERTIFIED
P11 7204065
MAIL

MAY 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, N. M.

RETURNED TO SENDER
REASON CHECKED
Unclaimed
Addressee unknown
Insufficient Address
No such street
No such office in state
Do not remail in this envelope

ROSWELL
MAY 14 '80
N. MEX.

U.S.POSTAGE
1.40

CLAIM CHECK NO.
890027
HOLD
DATE MAY 19 198
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

W. W. Bessing and wife
August Bessing
Fairmont, Oklahoma 73736

Amount 6.85

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:
C L Miller
Palco, Kansas

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 720466	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-288-848

Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

PALCO, KS
MAY 16 AM 1980
67657

Amount 6.85

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:
W. W. Bessing & wife
August Bessing
Fairmont, Okla

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 720465	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-288-848

Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Amicus 6886

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.....¢
- ☐ 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:
Mrs. Anne E. Steeg
Enid, Okla

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	23483	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

RETURN TO SENDER
REASON CHECKED
Refused
Deceased
Unknown
No such address
Insufficient/Incomplete address
Moved, left no address
Do not know addressee
Addressee does not live at this address

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

288 Formerly

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.....¢
- ☐ 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:
A. G. Sanborn
Wichita, Kansas

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P. 11 7204100	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: Insufficient address | CLERK'S INITIALS WR 8/29

WICHITA, KS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RETURNED TO SENDER

MAY 1980
ROSWELL, N. M.

CERTIFIED
P1V 720 1100
MAIL

Insufficient address

S. G. Sanborn
Wichita, Kansas 67200

NOT IN DIRECTORY

POSTAGE

CLAIM CHECK NO.
892140
HOLD
DATE MAY 19
1ST NOTICE
2ND NOTICE
RETURN

Detached from PS Form 3849-A July 1977

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RETURNED TO SENDER

REASON CHECKED
Unclaimed ___ Refused ___
Unknown ___ Deceased ___
No such street ___ number ___
Insufficient address ___
Moved, not forwardable ___
Moved, left no address ___
Do not mail in this container
Forwarding order expired

MAY 1980
ROSWELL, N. M.

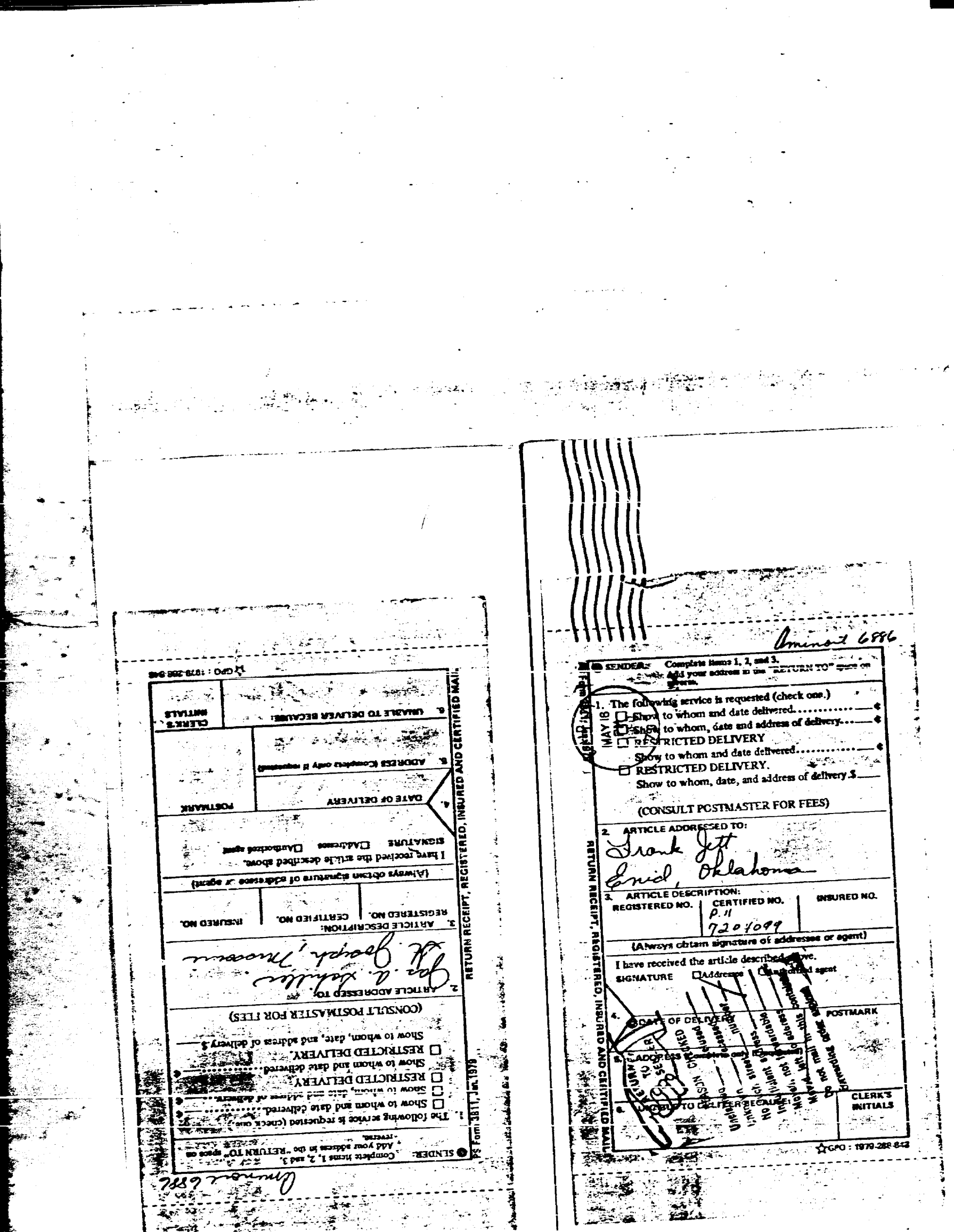
CETIFIED
No. 24183
AIL

Mrs. Anne E. Steeg
Enid, Oklahoma 73701

ROSWELL
MAY 14 '80
U.S.POSTAGE
1.40

CLAIM CHECK NO.
717220
HOLD
DATE MAY 19
1ST NOTICE
2ND NOTICE
RETURN

Detached from PS Form 3849-A July 1977



Amount 6886

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:
Frank Jett
Enid, Oklahoma

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. P.11 720409 | INSURED NO.

(Always obtain signature of addressee or agent)

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

4. 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

MAY 18 1979

☆GPO : 1979-288-848

PS Form 3811, 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.....¢
- ☐ 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:
Dr. A. Dollins
St. Joseph, Missouri

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

(Always obtain signature of addressee or agent)

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

4. 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 : 1979-288-848

PS Form 3811, Jan. 1978

Amount 6886

Amount 6886

PS Form 3811, Jan. 1978 — 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:
Jos. A. Schiller
St. Joseph, Missouri

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-288-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL
(CONSULT POSTMASTER FOR FEES)
2. ARTICLE ADDRESSED TO:
3. ARTICLE DESCRIPTION:
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE
DATE OF DELIVERY
POSTMARK
CLERK'S INITIALS

MAY 16

DLL

Law Offices
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. Box 10
ROSWELL, NEW MEXICO 88201

RETURNED TO SENDER
REASON CHECKED
Unclaimed ___ Refused ___
Unknown ___ Deceased ___
No such street ___ number ___
Insufficient address ___
Moved, not forwardable ___
Moved, left no address ___
Do not mail in this container
Forwarding order expired

MAY 1980

Frank Jett
Enid, Oklahoma 73701

CERTIFIED
P 204099
MAIL

CLAIM CHECK NO.
717219
☐ HOLD
DATE
MAY 19 1980
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

DLL

Law Offices
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. Box 10
ROSWELL, NEW MEXICO 88201

RECEIVED
MAY 21 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

RETURNED TO SENDER
REASON CHECKED
Unclaimed ___ Refused ___
Addressee unknown ___
Insufficient Address ✓
No such street ___ number ___
No such office in state ___
Do not remail in this envelope

WP

Jas. A. Schiller
St. Joseph, Missouri 64500

CERTIFIED
P 204098
MAIL

CLAIM CHECK NO.
891980
☐ HOLD
DATE
1ST NOTICE
J-21
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

Amended 6-16

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..... ¢
- ☐ 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:
Dr. W. R Threlkeld
Pontotoc County Oklahoma

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P1 720497	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
Robert Threlkeld

4. DATE OF DELIVERY: 5-20-80 C-F Kim
POSTMARK: U.S. POSTAGE MAY 20 1980 ADA, OK.

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS

☆GPO : 1979-288-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Amended 6-16

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..... ¢
- ☐ 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:
Tomas Morales for Dora D. Morales
P.O Box 1492
Carlsbad, NM 88220

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P1 720496	

(Always obtain signature of addressee or agent)

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

4. 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

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

NOTICE
NOT DELIVERABLE AS ADDRESSED — UNABLE TO FORWARD

Tomas Morales or Dora N. Morales
P. O. Box 1116
Carlsbad, New Mexico 88220

CERTIFIED
P 178 204 096
MAIL

CLAIM CHECK NO.
891957
☐ HOLD
DATE
1ST NOTICE
5-20
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

er

RETURN TO

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
BOX 10
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

Amount $6.60

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..... ¢
- ☐ 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:
Norman W. Gerlach and wife,
Lot 1 & Gerlach
Sherwood, Oregon 97140

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
[redacted]	P 11 7204094	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY: 5-17-80 POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆GPO : 1979-289-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Amount $6.60

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..... ¢
- ☐ 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:
H. C. Brickett
Howard County, Texas

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 11 7204093	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: undeliverable as address
CLERK'S INITIALS

☆GPO : 1979-289-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RECEIVED
MAY 22 1980
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

CERTIFIED
P11 7204093
MAIL

H. C. Penikett
Howard County, Texas 79720

CLAIM CHECK NO.
892100
HOLD
DATE
1ST NOTICE
5-22
2ND NOTICE
RETURN
Detached from PS Form 3849A July 1977

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

RETURN TO
RECEIVED
MAY 20 1980
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

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:

Wm. S. Rauck
Clifford, Oklahoma

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 11 204092	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY: MAY 20 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: No such Office in State

CLERK'S INITIALS: WLR

POSTMARK: NEWKIRK, OK MAY 20 PM 1980 74647

☆GPO : 1978-288-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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.....¢
- ☐ 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:

Wm. S. Rauck
Clifford, Oklahoma

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 11 204091	

(Always obtain signature of addressee or agent)

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

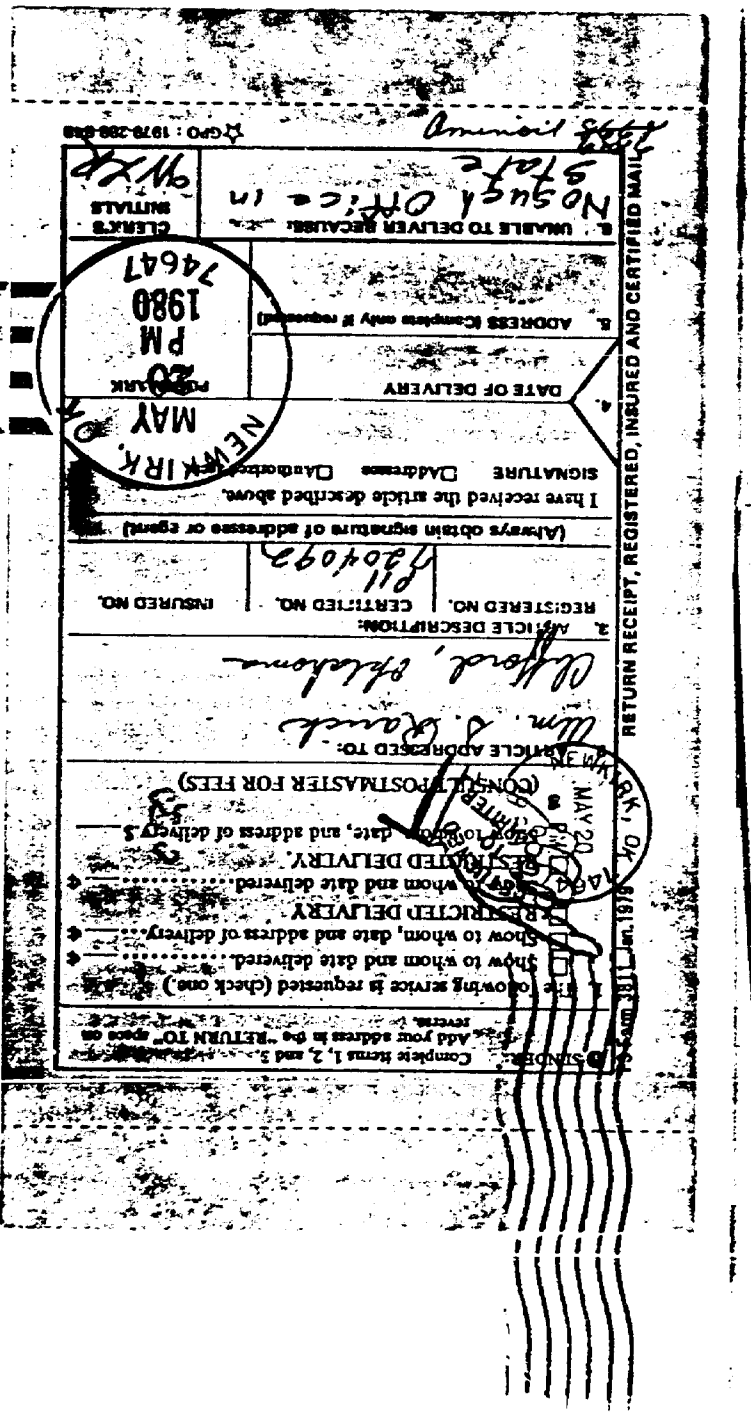
4. DATE OF DELIVERY: MAY 20 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

POSTMARK: NEWKIRK, OK MAY 16 PM 1980 74647

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL


RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL
PS Form 3811, 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
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:
Peter and/or Charlene Hopkins
111 N. Farrier
Carlsbad, N.M. 88220
3. ARTICLE DESCRIPTION:
REGISTERED NO.
CERTIFIED NO.
P.11
720491
INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE Addressee Authorized agent
Charlene Hopkins
4. DATE OF DELIVERY
5-16-80
POSTMARK
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS
GRAD
MAY 19 1980
USPO
NEW IRK, N.M. MAY 20 4 PM 1980 74647
Amended 1978
Peter and/or Charlene Hopkins
111 N. Farrier
Carlsbad, New Mexico
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL
PS Form 3811, 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
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:
3. ARTICLE DESCRIPTION:
REGISTERED NO.
CERTIFIED NO.
P.11
720491
INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE Addressee Authorized agent
4. DATE OF DELIVERY
POSTMARK
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
CLERK'S INITIALS
NOSUCH OFFICE IN
NEW IRK, N.M. MAY 20 4 PM 1980 74647
GPO : 1978-288-848

Dll

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

MAY 1980
ROSWELL N.M. INSLEY

RETURNED TO WRITER

CERTIFIED
P11 7204092
MAIL

CLAIM CHECK NO.
892028
HOLD
DATE
1ST NOTICE
5-23
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

ROSWELL MAY 14 '80 N.MEX.
U.S.POSTAGE
2016213
≈1.40

Wm. S. Rarick
Clifford, Oklahom
PECKHAM

no Clifford, Ok
Unknown at
Peckham, Ok

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S. MAIL

CARLSBAD NMEX 15

er

RETURN TO

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

RECEIVED
MAY 21 1980

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
(Street or P.O. Box)
BOX 10
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

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: Chase Valley Land Company, Farmington, NM 87401

3. ARTICLE DESCRIPTION: REGISTERED NO. [redacted] CERTIFIED NO. P 711 720 582 INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY — POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS

☆GPO : 1979-288-848

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
• Complete items 1, 2, and 3 on the reverse side.
• Attach to front of article if space permits, otherwise affix to back of article.
• Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

R LOCAL-U-S
MAY 21 1980

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
(Street or P.O. Box)
P.O. BOX 10
(City, State, and ZIP Code)
ROSWELL, NEW MEXICO 88201

Annual 6846

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: Pecos Valley Land Company (formerly Valley Land Company) Carlsbad N.M. 88220

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. 7204089 | INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-286-848

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

MAY 21 1980

PENALTY FOR PRIVATE USE

(Name of Sender)

Hinkle, Cox, Eaton, Coffield & Hensley

(Street or P.O. Box) BOX 10

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RECEIVED
MAY 16 1980
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

CERTIFIED
P11 7204089
MAIL

CLAIM CHECK NO. 078626
HOLD
DATE
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A May 1979

CLAIM CHECK NO. 890010
HOLD
DATE
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

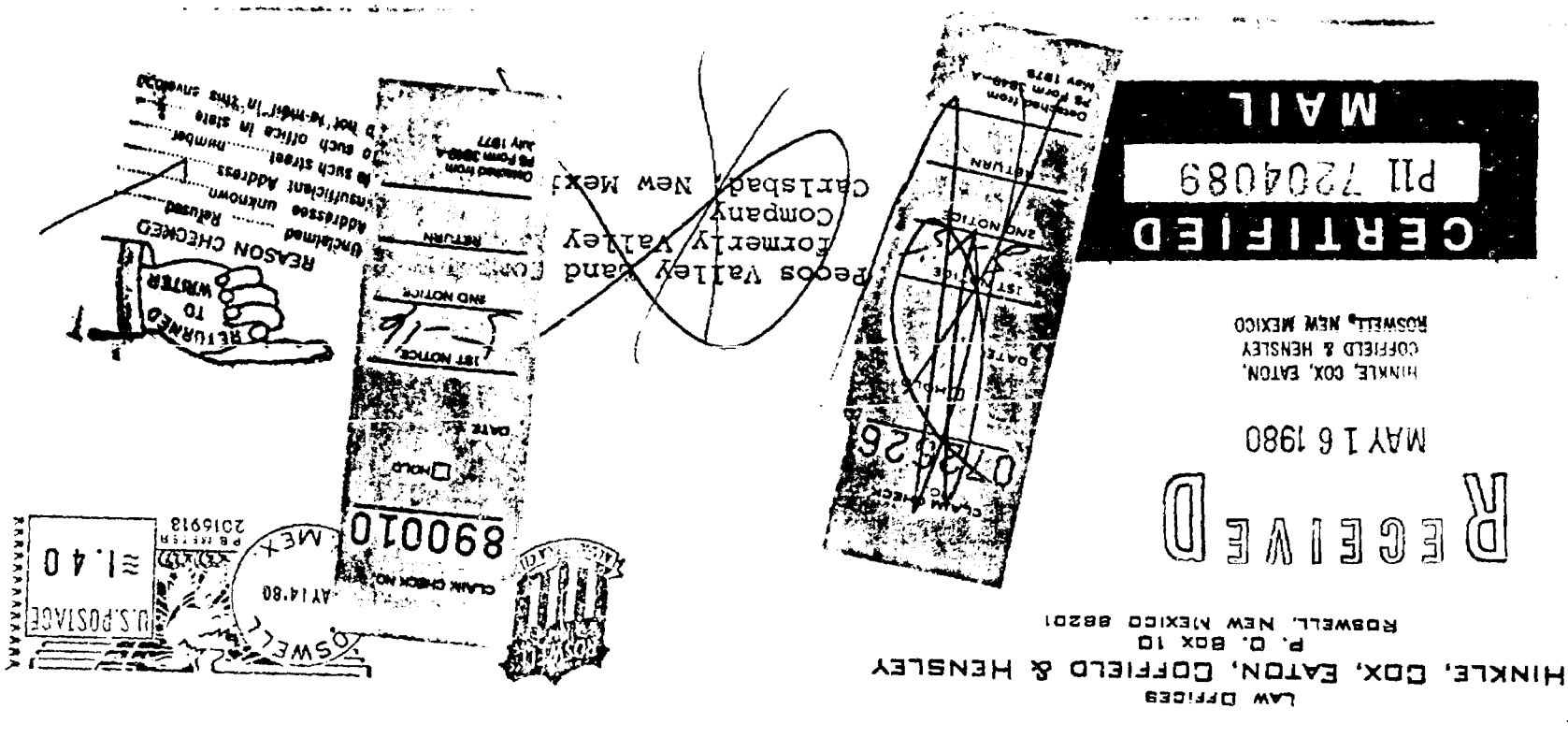
ROSWELL MEX AY 14'80

U.S.POSTAGE
PB METER 2016913
≈1.40

RETURNED TO WRITER
REASON CHECKED
Unclaimed ..... Refused.....
Addressee unknown.....
Insufficient Address.....
No such street.....number.....
No such office in state.....
Not "Re-mail" in this envelope

Pecos Valley Land
formerly Valley
Company
Carlsbad, New Mexi

776



UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

er

RETURN TO

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

RECEIVED

MAY 21 1980

HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

(Name of Sender)

Kinkle, Cox, Eaton, Coffield & Hensley

(Street or P.O. Box)

~~BOX~~ 10

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

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. ..... ¢
- ☐ 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:
Ernest Linck
P.O. Box 52
Delta Colorado 81416

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 11 720468	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
Russell Linck

4. DATE OF DELIVERY: 5-16-80

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

DELTA, CO MAY 16 1980 416

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

GPO : 1979-288-848

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. ..... ¢
- ☐ 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:
August Linck
Elmdale, Kansas

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 11 720486	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

POSTMARK

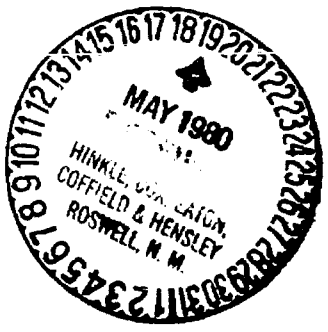
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

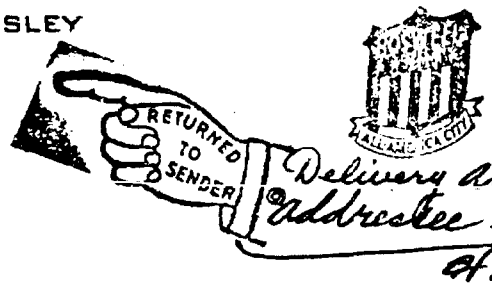
GPO : 1979-288-848

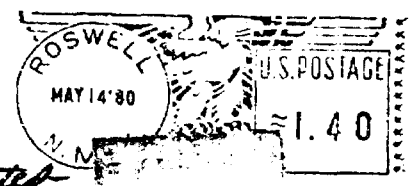
ELMDALE, KS MAY 16 1980 PM 65850

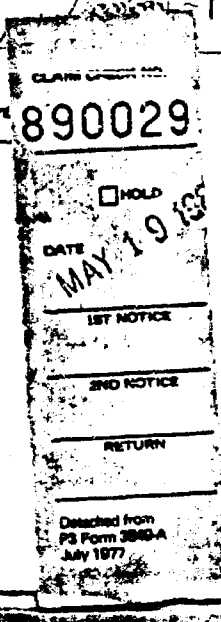
011

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201









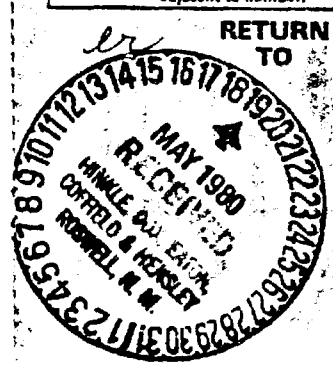
CERTIFIED
P11 7204086
MAIL

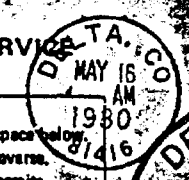
August Linck
Elmdale, Kansas 66850

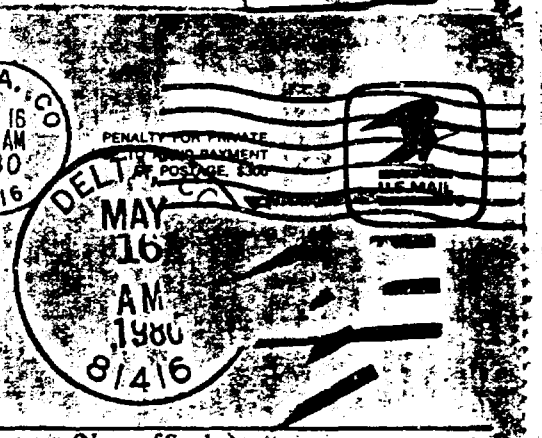
UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO







(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
(Street, P.O. Box)
P.O. Box 10
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

Armand Corbi

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:
A. R. Bruce
Ballard, Washington

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. P11 720402 | INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

Insufficient addr

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

Armand Corbi

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:
A. R. Bruce
Ballard, Washington

3. ARTICLE DESCRIPTION:
REGISTERED NO. | CERTIFIED NO. P11 720402 | INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

MAY 16 1980
SEATTLE, WASH.



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.$
  87
  (CONSULT POSTMASTER FOR FEES)

2. ARTICLE ADDRESSED TO:
Ray Darnell
La Honia, Oklahoma

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 7204084	

(Always obtain signature of addressee or agent)

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

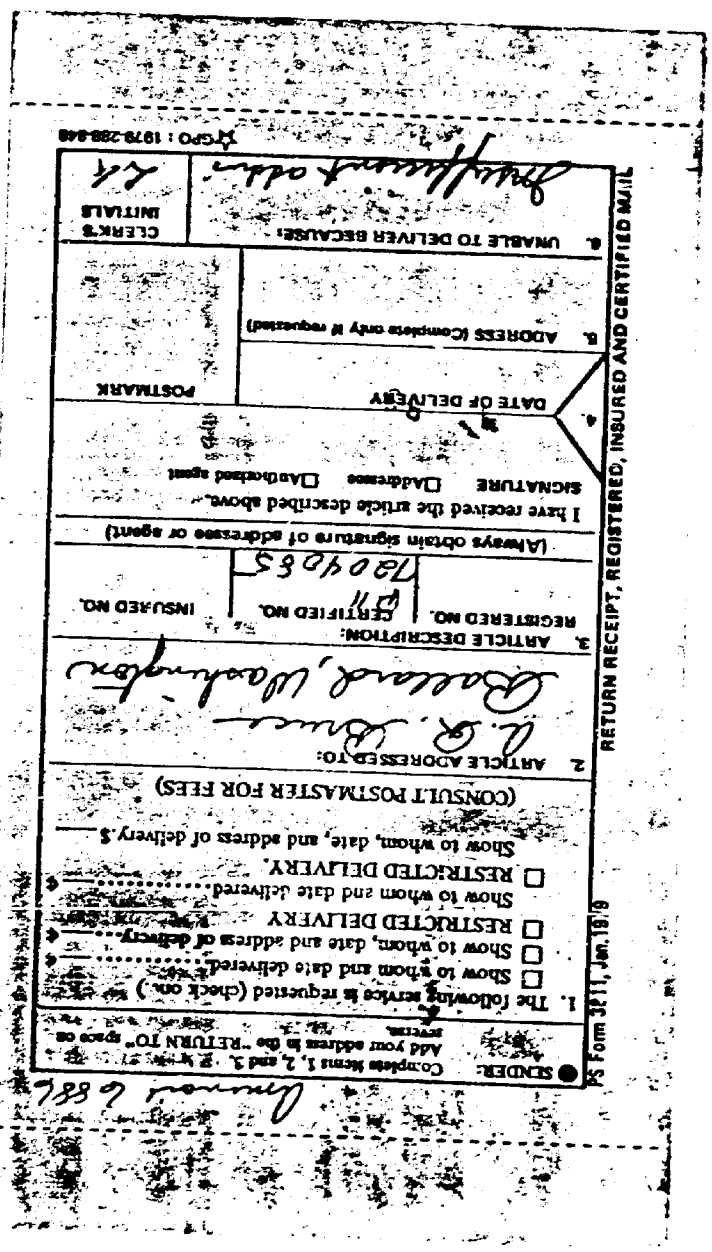
4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-288-848

PS Form 3811, JULY 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL



☆GPO : 1979-288-848

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:
L. R. Bruce
Bellevue, Washington

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 7204085	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS
ZA

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

MAY 1980
RECEIVED
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, N. M.

CERTIFIED
P11 7204085
MAIL

RETURNED TO SENDER
REASON CHECKED
Unclaimed ___ Refused ___
Addressee unknown ___
Insufficient Address ___
No such street ___ number ___
No such office in state ___
Do not remail [illegible]

ALL-AMERICA CITY

A. R. Bruce
Ballard, Washington 98100

ROSWELL MAY 14 '80 N. MEX.
U.S. POSTAGE
P.S. ME 20169

CLAIM CHECK NO.
893375
HOLD
DATE
5-27
1ST NOTICE
2ND NOTICE
RETURN
Obsoleted from PS Form 3849-A July 1977

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

MAY 1980
RECEIVED
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, N. M.

CERTIFIED
P11 7204084
MAIL

RETURNED TO SENDER
REASON CHECKED
Unclaimed Refused
Addressee unknown
Insufficient Address
No such street
No such office in state
Do not remail

ALL-AMERICA CITY

Roy Darnell
Lahoma, Oklahoma 73754

ROSWELL MAY 14 '80 N. MEX.
U.S. POSTAGE
P.S. ME 20169

CLAIM CHECK NO.
893378
HOLD
DATE
5-27
1ST NOTICE
2ND NOTICE
RETURN
Obsoleted from PS Form 3849-A July 1977

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.....¢
- ☐ 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:
Virg. D. Fernandez, Or
Midland, Tx 88220

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 [illegible]	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
X Angel Hernandez

4. DATE OF DELIVERY
5-17-80

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

POSTMARK: MIDLAND, TX MAY 17 1980

☆GPO: 1979-288-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

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.....¢
- ☐ 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:
Ronald G. Lyttleton
10 Industrial Loop
Midland, Tx

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 7204081	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
Lee Wilkerson

4. DATE OF DELIVERY
MAY 19 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

POSTMARK: MIDLAND, TX MAY 19 1980

☆GPO: [illegible]

7387 [illegible]

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

UNITED STATES POSTAL SERVICE

OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S. POSTAGE

RECEIVED

MAY 21 1980

HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

(Name of Sender)

Hinkle, Cox, Eaton, Coffield & Hensley

BOX 10

(Street or P.O. Box)

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

UNITED STATES POSTAL SERVICE

OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S. POSTAGE

(Name of Sender)

Hinkle, Cox, Eaton, Coffield & Hensley

BOX 10

(Street or P.O. Box)

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

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:
A J. Longmire
Brownell, Kansas

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	711 7204080	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-288-848

BROWNELL, KS
MAY
16
AM
1980
67521

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:
A J. Longmire
Brownell, Kansas

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 7204079	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-288-848

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:
A. J. Longmire
Brownell, Kansas

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	711 7204080	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

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:
A. J. Longmire
Brownell, Kansas

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	711 7204079	

(Always obtain signature of addressee or agent)

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

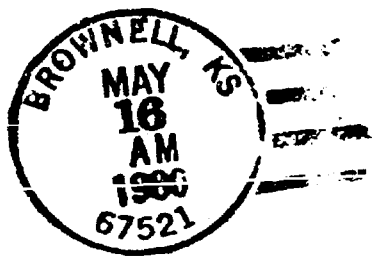
4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848



DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

JUN 1980
RECEIVED
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, N. M.

3

CERTIFIED
P11 7204079
MAIL

Gay Housouer
Benjamine, Texas

CLAIM CHECK NO.
893447
HOLD
DATE
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

ROSWELL MAY 14 '80 N. MEX.
U.S. POSTAGE
1.40
2016918

RETURNED TO SENDER
REASON CHECKED
Unclaimed ✓
Refused
Addressee unknown
Insufficient Address
No such street ___ number ___
No such office in state ___
Do not remail in this envelope

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

MAY 1980
RECEIVED
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, N. M.

CERTIFIED
P11 7204080
MAIL

RETURNED TO WRITER
REASON CHECKED
Unclaimed ___
Refused ___
Unknown ___
Insufficient address ___
No such street ___ number ___
No such office in state ___
Do not remail in this envelope

A. J. Longmire,
Brownell, Kansas 67521

ROSWELL MAY 14 '80 N. M.
U.S. POSTAGE
1.40

CLAIM CHECK NO.
890031
HOLD
DATE
MAY 19
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

Annual 6886

PS Form 3811, Jan. 1978 — 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:
   Wm. W. Leach,
   Clifton, Oklahoma

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 11 720 407	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY — POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLIFTON, OK MAY 16 4 PM 1980

RETURN TO SENDER

☆GPO : 1978-255-848

PS Form 3811, Jan. 1978 — 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:
   Ottawa County Courthouse
   Miami, Oklahoma 74354

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 11 720 677	

(Always obtain signature of addressee or agent)

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

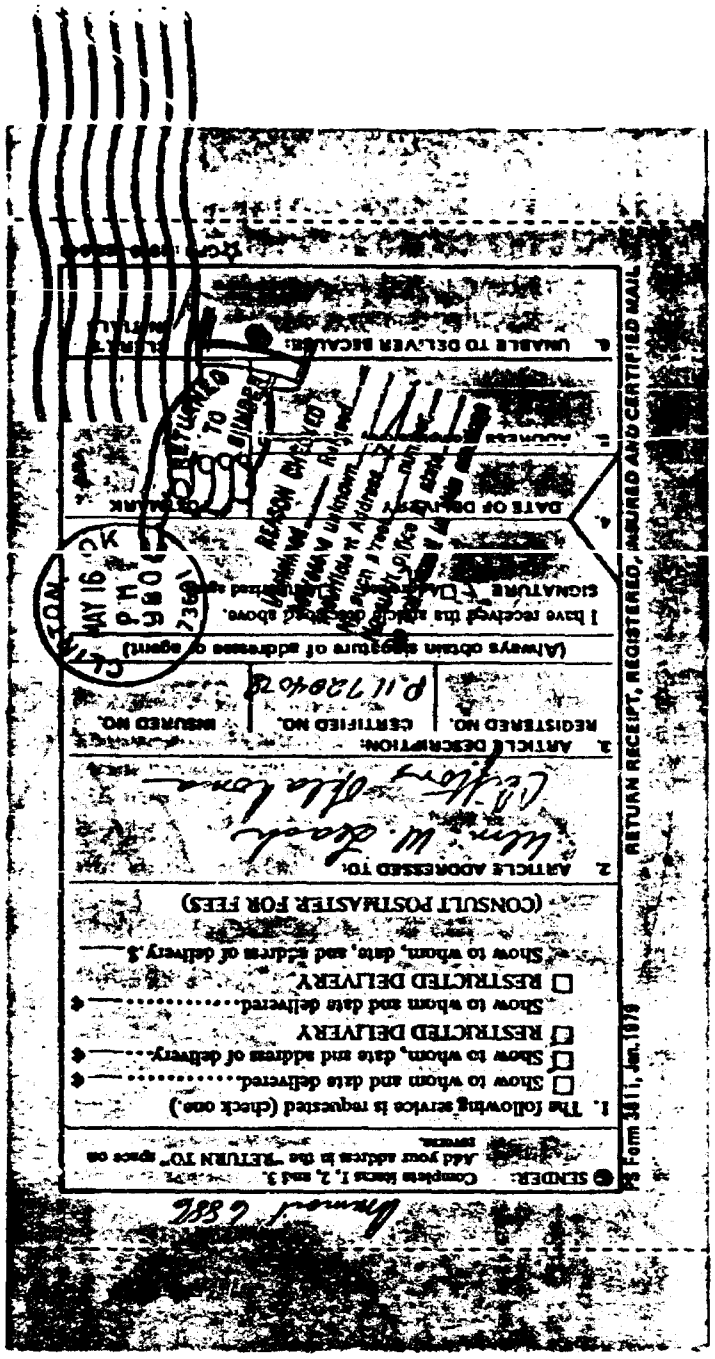
4. DATE OF DELIVERY — POSTMARK
   MAY 15 1980

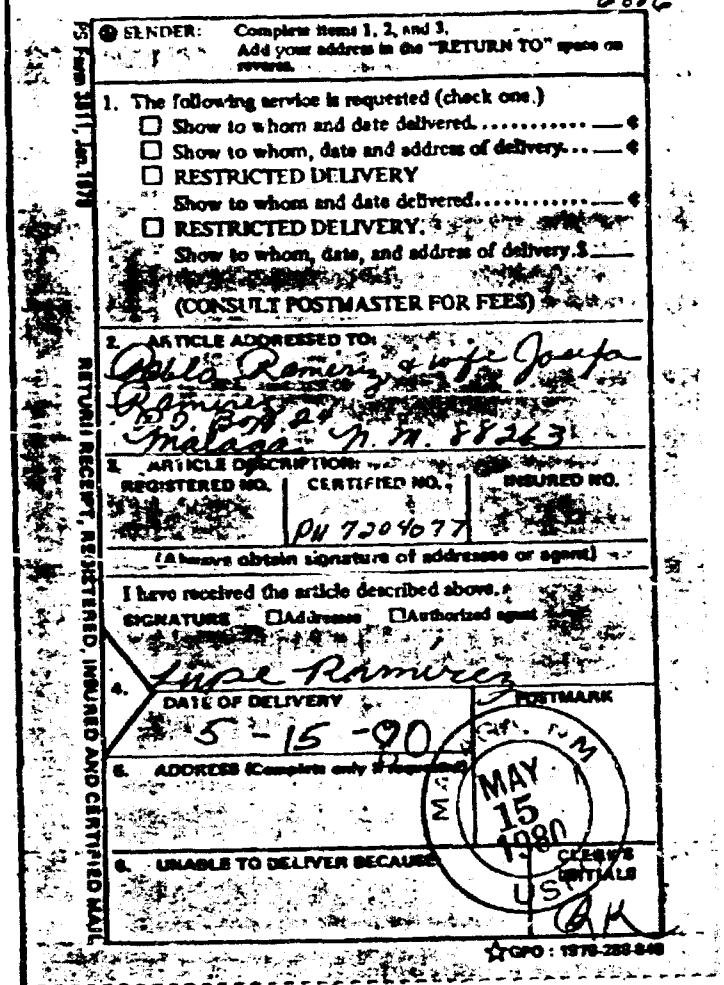
5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1978-255-848


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:
3. ARTICLE DESCRIPTION:
REGISTERED NO.
CERTIFIED NO.
INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE
4. DATE OF DELIVERY
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL
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
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:
3. ARTICLE DESCRIPTION:
REGISTERED NO.
CERTIFIED NO.
INSURED NO.
(Always obtain signature of addressee or agent)
I have received the article described above.
SIGNATURE
4. DATE OF DELIVERY
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE:
POSTMARK
CLERK'S INITIALS
RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL
Form 3811, Jan. 1979

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

RECEIVED
MAY 16 1980
HINKLE, COX, EATON
COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

U.S. MAIL

RETURN TO

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
BOX 10
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RETURNED TO SENDER
REASON CHECKED
Refused
Unclaimed
Addressee Unknown
Insufficient Address
No such number
No such street
No such office in state
Do not remail to this address

ALL-AMERICA CITY

ROSWELL
MAY 14 '80
U.S.POSTAGE
1.40

CLAIM CHECK NO.
892139
HOLD
DATE
MAY 19 198
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

MAY 1980

CERTIFIED
P11 7204078
MAIL

Wm. W. Leach
Clifton, Oklahoma

Returned For Better Address

PS Form 3811, Jan. 1978

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:
E & Hartshorn
Carlsbad, N M

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 720 [illegible]	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1978-288-848

PS Form 3811, Jan. 1978

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:
Jesus Garcia
Malaga, N M

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 720 [illegible]068	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1978-288-848

MALAGA, NM
MAY 15 1980
88263
A M

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RECEIVED
MAY 16 1980
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

CERTIFIED
P11 7204067
MAIL

CLAIM CHECK NO. 890011
HOLD
DATE
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

ROSWELL MAY 14'80 N. MEX.
U.S.POSTAGE
$1.40
PB METER 2016913

E. E. Hartshorn
Carlsbad, New Mexico 88220

RETURNED TO WRITER
REASON CHECKED
Unclaimed ..... Refused .....
Addressee unknown .....
Insufficient Address .....
No such street ..... number .....
No such office in state .....
Do not remail this envelope

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RECEIVED
MAY 16 1980
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

CERTIFIED
P11 7204068
MAIL

RETURNED TO SENDER
REASON CHECKED
Unclaimed ____ Refused ____
Addressee unknown ____
Insufficient Address ____
No such street ____ number ____
No such office in state ____
Do not remail in this envelope
RK

Jesus Garcia
Malaga, New Mexico 88263

ROSWELL MAY 14'80 N. MEX.
U.S.POSTAGE
PB METER 20169

CLAIM CHECK NO. 890003
HOLD
DATE
1ST NOTICE
5-16
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

CERTIFIED
No. 234184
MAIL

R. E. Gidley
Jackson County, Missouri

MAY 1980 RECEIVED
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, N. M.

ROSWELL N. MEX. MAY 14 '80 20169

U.S. POSTAGE

CLAIM CHECK NO.
717275
HOLD
DATE
1ST NOTICE
5-30
2ND NOTICE
RETURN

Detached from PS Form 3968-A July 1977

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL NEW MEXICO 88201

CERTIFIED
No. 234185
MAIL

RETURN TO WRITER
OKLAHOMA CITY, OKLA

ROSWELL N. MEX. MAY 14 '80 20169

U.S. POSTAGE

Hugh F. McGillivray
Oklahoma County, Oklahoma

Not in District

Insufficient

CLAIM CHECK NO.
892188
HOLD
DATE
1ST NOTICE
5-23
2ND NOTICE
RETURN

Detached from PS Form 3968-A July 1977

Arnold 6886

PS Form 3811, 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.....¢
- ☐ 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:
R. E Gidley
Jackson County, Missouri

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	234184	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY — POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS
UNDELIVERABLE AS ADDRESSED
Addressee

☆GPO : 1979-288-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

INDEPENDENCE MO 64055 MAR 27 1980 3 PM

REFUSED

Addressee unknown

Arnold Ar 6886

PS Form 3811, 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.....¢
- ☐ 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:
Hugh F. Mc Gilleray
Oklahoma County, Okla

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	234185	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY — POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS

☆GPO : 1979-288-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RECEIVED
MAY 22 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

CERTIFIED
P11 7204069
MAIL

RETURN TO WATER.
ADDRESSEE UNKNOWN

A. R. Veraguth
St. Joseph, Missouri

Insufficient address.

U.S.POSTAGE
$1.40

CLAIM CHECK NO
892096
HOLD
DATE
1ST NOTICE
2ND NOTICE
RETURN
Detached from PS Form 3849-A July 1977

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
BOX 10
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

RECEIVED
MAY 16 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

U.S.MAIL

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

BETHANY, MO
MAY 16 PM 1980
64424

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

RECEIVED
MAY 19 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
BOX 10
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

Amend 6886

● 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:
A R Veraguth
St Joseph, Missouri

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 7004069	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: Unknown. | CLERK'S INITIALS

☆GPO : 1979-288-848

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Amend 6886

● 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:
John W Miller
Star Route 7
Logan, N Mex 88426

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 7204071	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY: 5-15-80

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

LOGAN, N. Mex. MAY 15 1980

☆GPO : 1979-262-848

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

● 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:
A R Veraguth
St Joseph, Missouri

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 7004069	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY: 5-15-80 | POSTMARK: BETHANY, MO MAY 16 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

☆GPO : 1979-288-848

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Amino 1686

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:
A.R Veraguth
St Joseph, Missouri

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 720 4069	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY | POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: Unknown. | CLERK'S INITIALS

☆GPO : 1978-288 848

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

Amino 1686

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:
John H Miller
Star Route 7
Logan, N M 88426

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 720 4071	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
John H Miller

4. DATE OF DELIVERY
5-15-80

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

LOGAN N.M. MAY 15 1980

☆GPO : 1978-288 848

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1978-288 848

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:

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P11 720 4070	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY
5-15-80

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: | CLERK'S INITIALS

BETHANY MO MAY 16 1980

PS Form 3811, Jan. 1979 RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
BOX 10
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

RECEIVED
MAY 16 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

U.S.MAIL

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
BOX 10
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

RECEIVED
MAY 21 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

U.S.MAIL

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:
Dasare Buchwald
Route 3, Box 50
Santa Fe NM 87501

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 7204072	

(Always obtain signature of addressee or agent)

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

4. Valdia Buchwald
DATE OF DELIVERY

POSTMARK: SANTA FE, NM JR ANNEX STA. MAY 19 1980 USPO

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-288-848

7289 Rev. May

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:
Pauline Dickinson
217 Court St.
Batesville, Missouri 38606

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 7204075	

(Always obtain signature of addressee or agent)

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

4. Pauline M. Dickinson
DATE OF DELIVERY 5-17-80

POSTMARK: BATESVILLE, ARK. MAY 17 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-288-848

7289 Rev. May

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:
Margaret Russell
Star Route, Box 10
Logan, NM 88426

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 7204073	

(Always obtain signature of addressee or agent)

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

4. Margaret Russell
DATE OF DELIVERY 5-15-80

POSTMARK: LOGAN, NM MAY 15 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-288-848

7289 Rev. May

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RETURNED TO SENDER

ADDRESSEE UNKNOWN

ROSWELL, N. MEX. MAY 14 80 U.S.POSTAGE
PERMIT 201691

CLAIM CHECK NO.
891955
HOLD
DATE

1ST NOTICE 5-20
2ND NOTICE
RETURN

CERTIFIED
P11 7204074
MAIL

Frank L. Miller
Wellington, Kansas 67152

Name
1st Notice
2nd Notice
Return

Detached from PS Form 3849-A July 1977

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

FROM HOUSTON, TEX. P. O. DIRECTORY SECTION
RETURNED TO WRITER

FROM HOUSTON, TEX. DIRECTORY SECTION
RETURNED TO WRITER

MAY 1980 RECEIVED HINKLE, COX, EATON, COFFIELD & HENSLEY ROSWELL, N. M.

ROSWELL, N. MEX. MAY 14'80 U.S.POSTAGE 1.40

CLAIM CHECK NO.
874099
HOLD
DATE MAY 27 1980

CERTIFIED
No. 190466
MAIL

Chas. A. Miller
Houston, Texas

Insufficient address

1ST NOTICE
2ND NOTICE
RETURN

Detached from PS Form 3849-A July 1977

PS Form 3811, Jan. 1978

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:
Frank L. Miller
Wellington, KA

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 720407	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-288-848

MAY 16 1980 WELLINGTON KS

PS Form 3811, Jan. 1978

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:
Frank L. Miller
Wellington, KA

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 720407	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY

POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-288-848

Insufficient address

MAY 23 1980 USPO

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RETURNED TO SENDER

ROSWELL N. MEX MAY 14 '80 U.S. POSTAGE

CLAIM CHECK NO. 891955

HOLD

DATE

1ST NOTICE 5-20

2ND NOTICE

RETURN

Detached from PS Form 3849-A July 1977

ADDRESSEE UNKNOWN

CERTIFIED
P11 7204074
MAIL

Frank L. Miller
Wellington, Kansas 67152

Name
1st Notice
2nd Notice
Return

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

FROM HOUSTON, TEX. DIRECTORY SECTION

RETURNED TO WRITER

FROM HOUSTON, TEX. DIRECTORY SECTION

RETURNED TO WRITER

MAY 1980 RECEIVED HINKLE, COX, EATON, COFFIELD & HENSLEY ROSWELL, N. M.

ROSWELL N. MEX MAY 14 '80 U.S. POSTAGE 1.40

CLAIM CHECK NO. 874099

HOLD

DATE MAY 27 1980

1ST NOTICE

2ND NOTICE

RETURN

Detached from PS Form 3849-A July 1977

CERTIFIED
No. 190466
MAIL

Chas. A. Miller
Houston, Texas

Insufficient address

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RETURNED TO SENDER

ROSWELL N. MEX. MAY 14 '80 U.S. POSTAGE

ADDRESSEE UNKNOWN 5-16

S. W. Miller
Wellington, Kansas 67152

CERTIFIED
No. 190467
MAIL

CLAIM CHECK NO. 891953

☐ HOLD

DATE

Name
1st Notice 5-20
2nd Notice
Return

1ST NOTICE
2ND NOTICE
RETURN

Detached from PS Form 3849-A July 1977

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

RECEIVED
PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300
MAY 21 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

U.S. MAIL

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
(Street or P.O. Box) BOX 10
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

ROSWELL N. MEX. MAY 19 PM

RECEIVED
PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300
MAY 19 1980
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

U.S. MAIL

(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
(Street or P.O. Box) BOX 10
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

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:
Arthur H. Miller
Route 1
Linden, Okla.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	190468	

(Always obtain signature of addressee or agent)

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

4. Harold Miller

DATE OF DELIVERY: 5-17-80

POSTMARK: Snyder Okla 5-17-80

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS: B.T.

☆GPO : 1979-288-848

Amend
6886

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:
Amoco Prod. Co
P O Box 3092
Houston, Texas 77001

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 111 204 663	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY: MAY 19 1980

POSTMARK: D HOUSTON, TX MAY 19 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

CLERK'S INITIALS

☆GPO : 1979-288-848

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:
S. W. Miller
Wellington, KN

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	190467	

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY

POSTMARK: WELLINGTON KANSAS MAY 19 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:
Addressee unknown

CLERK'S INITIALS

7889 Amend

☆GPO : 1979-288-848

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

er RETURN TO

(Name of Sender)

Hinkle, Cox, Eaton, Coffield & Hensley

(Street or P.O. Box) ~~BOX 10~~

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

PS Form 3800, Apr. 1976

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

No. 190469

SENT TO: J. C. Lacewell

STREET AND NO.

P.O. STATE AND ZIP CODE: Lovington, NM

CONSULT POSTMASTER FOR FEES	
POSTAGE	$ .15
CERTIFIED FEE	.75
SPECIAL DELIVERY	
RESTRICTED DELIVERY	
OPTIONAL SERVICES: RETURN RECEIPT SERVICE — SHOW TO WHOM AND DATE DELIVERED	
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY	
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY	
TOTAL POSTAGE AND FEES	$ 1.40

POSTMARK OR DATE: 5/9/80

Arrived Hobbs Rec 1/10 6 PM

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

er RETURN TO

(Name of Sender)

Hinkle, Cox, Eaton, Coffield & Hensley

(Street or P.O. Box) BOX 10

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

er RETURN TO

(Name of Sender)

Hinkle, Cox, Eaton, Coffield & Hensley

(Street or P.O. Box) BOX 10

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

RETURN TO

(Name of Sender)

Hinkle, Cox, Eaton, Coffield & Hensley

BOX 10

(Street or P.O. Box)

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

PS Form 3800, Apr. 1976

No. 19469

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED—
NOT FOR INTERNATIONAL MAIL

(See Reverse)

SENT TO: J. C. Denton

STREET AND NO.

P.O., STATE AND ZIP CODE: Carlsbad, NM

CONSULT POSTMASTER FOR FEES		
OPTIONAL SERVICES		
RETURN RECEIPT SERVICE		
SHOW TO WHOM AND DATE DELIVERED		
RESTRICTED DELIVERY		
SPECIAL DELIVERY		
CERTIFIED FEE	$ 1.05	
POSTAGE	$ .15	
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		
SHOW TO WHOM, DATE, AND ADDRESS OF DELIVERY		
SHOW TO WHOM AND DATE DELIVERED WITH RESTRICTED DELIVERY		
SHOW TO WHOM, DATE AND ADDRESS OF DELIVERY WITH RESTRICTED DELIVERY		
TOTAL POSTAGE AND FEES	$ 1.20	
POSTMARK OR DATE	5/19/80 Original use Dec 10 6 86	

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

RETURN TO

(Name of Sender)

Hinkle, Cox, Eaton, Coffield & Hensley

BOX 10

(Street or P.O. Box)

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS

Print your name, address, and ZIP Code in the space below.

- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

U.S.MAIL

RETURN TO

(Name of Sender)

Hinkle, Cox, Eaton, Coffield & Hensley

BOX 10

(Street or P.O. Box)

ROSWELL, NEW MEXICO 88201

(City, State, and ZIP Code)

STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE, CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (See front)

1. If you want this receipt postmarked, stick the gummed stub to the left portion of the address side of the article, leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
2. If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, date, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article **RETURN RECEIPT REQUESTED** adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse RESTRICTED DELIVERY on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in Item 1 of Form 3811.
6. Save this receipt and present it if you make inquiry.

PS Form 3811, 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..... ¢
   - ☐ 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: Roy H. Barton Jr. Nana Jean
   P.O. Box 178 NM 88240
   Hagerman
3. ARTICLE DESCRIPTION: REGISTERED NO. | CERTIFIED NO. 190470 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
4. DATE OF DELIVERY — POSTMARK: MAY 15 1980 USPO
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

7289 revised

PS Form 3811, 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..... ¢
   - ☐ 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: George W. Bush, P.O. Box 785, Midland, Tx 79701
3. ARTICLE DESCRIPTION: REGISTERED NO. | CERTIFIED NO. 190472 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
4. DATE OF DELIVERY — POSTMARK: MAY 15 1980 USPO MIDLAND TX
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

7289 revised

PS Form 3811, 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..... ¢
   - ☐ 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: Atchison, Topeka & Santa Fe, 900 Polk St., Amarillo, TX 79171
3. ARTICLE DESCRIPTION: REGISTERED NO. | CERTIFIED NO. 190473 | INSURED NO.

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
4. DATE OF DELIVERY 5-15-80 — POSTMARK: MAY 15 1980 USPO AMARILLO TEXAS SEC. CARRIER
5. ADDRESS (Complete only if requested)
6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

☆GPO : 1979-288-848

7289 revised

STICK POSTAGE STAMPS TO ARTICLE TO COVER FIRST CLASS POSTAGE, CERTIFIED MAIL FEE, AND CHARGES FOR ANY SELECTED OPTIONAL SERVICES. (See front)

1. If you want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, leaving the receipt attached, and present the article at a post office service window or hand it to your rural carrier. (no extra charge)
2. If you do not want this receipt postmarked, stick the gummed stub on the left portion of the address side of the article, date, detach and retain the receipt, and mail the article.
3. If you want a return receipt, write the certified mail number and your name and address on a return receipt card, Form 3811, and attach it to the front of the article by means of the gummed ends if space permits. Otherwise, affix to back of article. Endorse front of article RETURN RECEIPT REQUESTED adjacent to the number.
4. If you want delivery restricted to the addressee, or to an authorized agent of the addressee, endorse RESTRICTED DELIVERY on the front of the article.
5. Enter fees for the services requested in the appropriate spaces on the front of this receipt. If return receipt is requested, check the applicable blocks in item 1 of Form 3811.
6. Save this receipt and present it if you make inquiry.

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..... ¢
   - ☐ 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: Roy D. Barton, PO Box 478 RM 88240 Jal NM

3. ARTICLE DESCRIPTION: REGISTERED NO. | CERTIFIED NO. 190470 | INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY MAY 15 1980 POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆GPO : 1979-288-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

7259

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..... ¢
   - ☐ 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: George W. Bush, P.O. Box 785, Midland, Tx 79701

3. ARTICLE DESCRIPTION: REGISTERED NO. | CERTIFIED NO. 190472 | INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY POSTMARK MIDLAND, TEX. MAY 16 1980

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆GPO : 1979-288-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

7259

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..... ¢
   - ☐ 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: Atchison, Topeka & Santa Fe, 900 Polk St., Amarillo, TX 79171

3. ARTICLE DESCRIPTION: REGISTERED NO. | CERTIFIED NO. 190471 | INSURED NO.

(Always obtain signature of addressee or agent)

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

4. DATE OF DELIVERY 5-15-80 POSTMARK AMARILLO, TEXAS MAY 15 1980 USPO SEC. CARRIER

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: CLERK'S INITIALS

☆GPO : 1979-288-848

RETURN RECEIPT, REGISTERED, INSURED AND CERTIFIED MAIL

7259

DLL

LAW OFFICES
HINKLE, COX, EATON, COFFIELD & HENSLEY
P. O. BOX 10
ROSWELL, NEW MEXICO 88201

RECEIVED
MAY 16 1980
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

CERTIFIED
No. 234174
MAIL

RETURNED TO SENDER
REASON CHECKED
Unclaimed ____ Refused ____
Addressee unknown ____
Insufficient Address ____
No such street ____ number ____
No such office in state ____
Do not remail in this envelope

Paula B. Lujan
Malaga, New Mexico 88263

ROSWELL N. MEX. MAY 14 '80

U.S. POSTAGE

CLAIM CHECK NO.
201691
890002

HOLD
DATE
1ST NOTICE
5-16
2ND NOTICE
RETURN

Detached from
PS Form 3849-A
July 1977

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

MAY 1980
RECEIVED
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, N. M.

U.S. MAIL

Hinkle, Cox, Eaton, Coffield & Hensley
(Street or P.O. Box)
BOX 10
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS

SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
- Complete items 1, 2, and 3 on the reverse.
- Attach to front of article if space permits, otherwise affix to back of article.
- Endorse article "Return Receipt Requested" adjacent to number.

RETURN TO

PENALTY FOR PRIVATE USE TO AVOID PAYMENT OF POSTAGE, $300

RECEIVED
MAY 16 1980
HINKLE, COX, EATON,
COFFIELD & HENSLEY
ROSWELL, NEW MEXICO

U.S. MAIL

Hinkle, Cox, Eaton, Coffield & Hensley
(Name of Sender)
BOX 10
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

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:
Thelma Walker
Malaga, NM

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	190423	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☒Authorized agent
Frances Vargas

4. DATE OF DELIVERY — POSTMARK: MAY 15 1980 USPO

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS: RK

☆GPO : 1979-288-848

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:
Michael + Courtne Grace
132 S. Spalding Dr.
Beverly Hills, Ca 90212

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	190474	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
Chrys Rowland

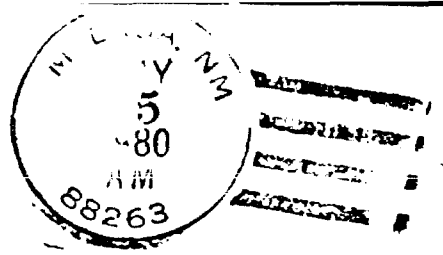
4. DATE OF DELIVERY: 5/16/80 — POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS

7889

☆GPO : 1979-288-848



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:
Paula B. Ryan
Malaga, N.M.

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	234174	

(Always obtain signature of addressee or agent)

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

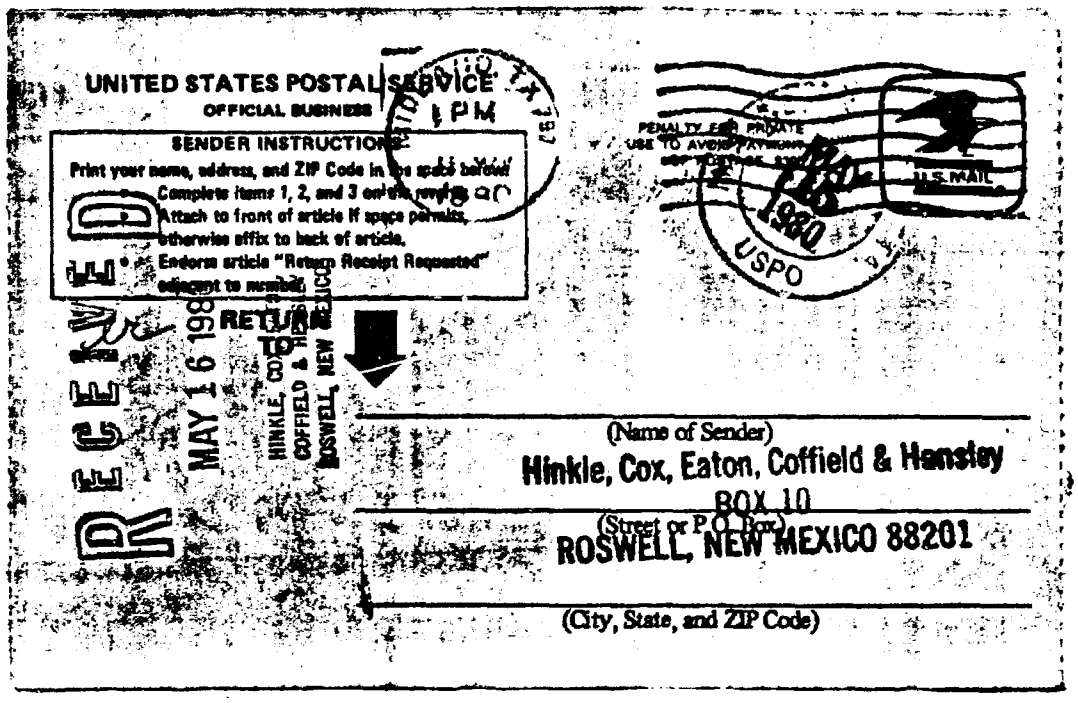
4. DATE OF DELIVERY — POSTMARK

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE: — CLERK'S INITIALS

7889

☆GPO : 1979-288-848


UNITED STATES POSTAL SERVICE
OFFICIAL BUSINESS
SENDER INSTRUCTIONS
Print your name, address, and ZIP Code in the space below.
Complete items 1, 2, and 3 on the reverse side.
Attach to front of article if space permits, otherwise affix to back of article.
Endorse article "Return Receipt Requested" adjacent to number.
RETURN TO
HINKLE, COX, EATON, COFFIELD & HENSLEY
ROSWELL, NEW MEXICO
RECEIVED
MAY 16 1980
1 PM
PENALTY FOR PRIVATE USE TO AVOID PAYMENT
U.S. MAIL
1980
USPO
(Name of Sender)
Hinkle, Cox, Eaton, Coffield & Hensley
BOX 10
(Street or P.O. Box)
ROSWELL, NEW MEXICO 88201
(City, State, and ZIP Code)

Amino # 6896

PS Form 3811, Jan. 1978 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:
Greg L Day
3906 Apache or 3500 North A
Midland, Texas 79701

3. ARTICLE DESCRIPTION:

REGISTERED NO.	CERTIFIED NO.	INSURED NO.
	P 172 040 76	

(Always obtain signature of addressee or agent)

I have received the article described above.
SIGNATURE ☐Addressee ☐Authorized agent
Kandi Day

4. DATE OF DELIVERY: 5/15/80

POSTMARK: MIDLAND, TX GRAVES MAY 15 1980 CLERK'S INITIALS USPO

5. ADDRESS (Complete only if requested)

6. UNABLE TO DELIVER BECAUSE:

☆GPO : 1979-288-848

April 21, 1980

SEE ADDRESS LIST ATTACHED

Re: OPERATING AGREEMENT COVERING
S/2 SECTION 10, T-24-S, R-28-E
N.M.P.M., EDDY COUNTY, NEW MEXICO
MALAGA AREA

Gentlemen:

For your review and further handling, enclosed herewith you will find one copy of Operating Agreement dated April 18, 1980, covering the captioned area.

If you have any questions, please advise.

Yours truly,

James S. Welin
Senior Landman

JSW/sls
Enclosure

DEARNLEY-MEIER REPORTING SERVICE, INC.
Amoco 5
CASE NO. 6886

Addresses of the Parties:

Ronald G. Tefteller
505 GPM Building
San Antonio, Texas 78216

Edmond T. Anderson IV
P. O. Box 8575
Midland, Texas 79703

Ronnie Ward
P. O. Box 2371
Midland, Texas 79702

R. F. "Buddy" Fort
114 Chancellor Building
Midland, Texas 79701

Robert B. Coleman
P. O. Box 501
Midland, Texas 79702

George W. Bush
P. O. Box 785
Midland, Texas 79702

AMOCO Production Company
P. O. Box 3092
Houston, Texas 77002
Attention: Joe W. Durkee

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762
Attention: Paul Hanna

Arbusto Energy, Inc.
P. O. Box 785
Midland, Texas 79701

James H. Isbell
727 Midland Tower Building
Midland, Texas 79701

J. R. Rowan
217 Mid-America Building
Midland, Texas 79701

Don D. Matson
P. O. Box 162
Midland, Texas 79702

Southland Royalty Company
1100 Wall Towers West
Midland, Texas 79701
Attention: Richard W. Petrie

R. C. Roberts
100 Oil & Gas Building
Midland, Texas 79701

Ed Phillips
706 Gihls Tower West
Midland, Texas 79701

Leonard T. May, et ux, Louise
Box 95
Carlsbad, New Mexico 88220

Gary E. Leascher
507 Permian Building
Midland, Texas 79702

A.A.P.L. FORM 610 - 1977

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

APRIL 18, 19 80,

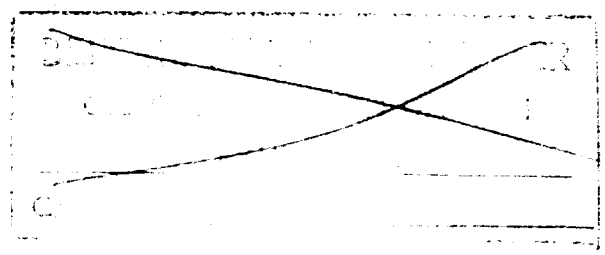
OPERATOR AMINOIL USA, INC.

CONTRACT AREA S/2 SECTION 10, TOWNSHIP 24 SOUTH, RANGE 28 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO

COUNTY OR ~~PARISH~~ OF EDDY STATE OF NEW MEXICO

COPYRIGHT 1977 — ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM. A.A.P.L. NO. 610 - 1977 REVISED
MAY BE ORDERED DIRECTLY FROM THE PUBLISHER
KRAFTBILT PRODUCTS, BOX 800, TULSA 74101



GUIDANCE IN THE PREPARATION OF THIS AGREEMENT:

1. Title Page - Fill in blank as applicable.

2. Preamble, Page 1 - Name of Operator.

3. Article II - Exhibits:
   (a) Indicate Exhibits to be attached.
   (b) If it is desired that no reference be made to Non-discrimination, the reference to Exhibit "F" should be deleted.

4. Article IV.A - Title Examination - Select option as agreed to by the parties.

5. Article IV.B - Loss of Title - If "Joint Loss" of Title is desired, the following changes should be made:
   (a) Delete Articles IV.B.1 and IV.B.2.
   (b) Article IV.B.3 - Delete phrase "other than those set forth in Articles IV.B.1 and IV.B.2 above."
   (c) Article VII.F. - Change reference at end of the first grammatical paragraph from "Article IV.B.2" to "Article IV.B.3."

6. Article V - Operator - Enter name of Operator.

7. Article VI.A - Initial Well:
   (a) Date of commencement of drilling.
   (b) Location of well.
   (c) Obligation depth.

8. Article VI.B.2.(b) - Subsequent Operations - Enter penalty percentage as agreed to by parties.

9. Article VII.D.1. - Limitation of Expenditures - Select option as agreed to by parties.

10. Article VII.D.3. - Limitation of Expenditures - Enter limitation of expenditure of Operator for single project and amount above which Operator may furnish information AFE.

11. Article VII.E. - Royalties, Overriding Royalties and Other Payments - Enter royalty fraction as agreed to by parties.

12. Article X. - Claims and Lawsuits - Enter claim limit as agreed to by parties.

13. Article XIII. - Term of Agreement:
   (a) Select Option as agreed to by parties.
   (b) If Option No. 2 is selected, enter agreed number of days in two (2) blanks.

14. Signature Page - Enter effective date.

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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between AMINOIL USA, INC. _____, hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators",

WITNESSETH:

WHEREAS, the parties to this agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A", and the parties hereto have reached an agreement to explore and develop these leases and/or oil and gas interests for the production of oil and gas to the extent and as hereinafter provided:

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "oil and gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

B. The terms "oil and gas lease", "lease" and "leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

C. The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Contract Area which are owned by parties to this agreement.

D. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".

E. The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.

F. The term "drillsite" shall mean the oil and gas lease or interest on which a proposed well is to be located.

G. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

H. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

☒ A. Exhibit "A", shall include the following information:
(1) Identification of lands subject to agreement,
(2) Restrictions, if any, as to depths or formations,
(3) Percentages or fractional interests of parties to this agreement,
~~(4) Oil and gas leases and/or oil and gas interests subject to this agreement,~~
(5) Addresses of parties for notice purposes.

☒ B. Exhibit "B", Form of Lease.

☒ C. Exhibit "C", Accounting Procedure.

☒ D. Exhibit "D", Insurance.

☒ E. Exhibit "E", Gas Balancing Agreement.

☒ F. Exhibit "F", Non-Discrimination and Certification of Non-Segregated Facilities.

If any provision of any exhibit, except Exhibit "E", is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an unleased oil and gas interest in the Contract Area, that interest shall be treated for the purpose of this agreement and during the term hereof as if it were a leased interest under the form of oil and gas lease attached as Exhibit "B". As to such interest, the owner shall receive royalty on production as prescribed in the form of oil and gas lease attached hereto as Exhibit "B". Such party shall, however, be subject to all of the provisions of this agreement relating to lessees, to the extent that it owns the lessee interest.

B. Interest of Parties in Costs and Production:

Exhibit "A" lists all of the parties and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and material acquired in operations on the Contract Area shall be owned by the parties as their interests are shown in Exhibit "A". All production of oil and gas from the Contract Area, subject to the payment of lessor's royalties which will be borne by the Joint Account, shall also be owned by the parties in the same manner during the term hereof; provided, however, this shall not be deemed an assignment or cross-assignment of interests covered hereby.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the drillsite of any proposed well prior to commencement of drilling operations or, if the Drilling Parties so request, title examination shall be made on the leases and/or oil and gas interests included, or planned to be included, in the drilling unit around such well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable leases. At the time a well is proposed, each party contributing leases and/or oil and gas interests to the drillsite, or to be included in such drilling unit, shall furnish to Operator all abstracts (including Federal Lease Status Reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Operator in this title program shall be borne as follows:

☐ Option No. 1: Costs incurred by Operator in procuring abstracts and title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be a part of the administrative overhead as provided in Exhibit "C," and shall not be a direct charge, whether performed by Operator's staff attorneys or by outside attorneys.

☒ Option No. 2: Costs incurred by Operator in procuring abstracts and fees paid outside attorneys for title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A". Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with leases or oil and gas interests contributed by such party. The Operator shall be responsible for the preparation and recording of Pooling Designations or Declarations as well as the conduct of hearings before Governmental Agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any such hearing.

No well shall be drilled on the Contract Area until after (1) the title to the drillsite or drilling unit has been examined as above provided, and (2) the title has been approved by the examining attorney or title has been accepted by all of the parties who are to participate in the drilling of the well.

B. Loss of Title:

1. Failure of Title: Should any oil and gas interest or lease, or interest therein, be lost through failure of title, which loss results in a reduction of interest from that shown on Exhibit "A", this agreement, nevertheless, shall continue in force as to all remaining oil and gas leases and interests, and

(a) The party whose oil and gas lease or interest is affected by the title failure shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development

or operating costs which it may have theretofore paid, but there shall be no monetary liability on its part to the other parties hereto for drilling, development, operating or other similar costs by reason of such title failure; and

(b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the interest which has been lost, but the interests of the parties shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose lease or interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the interest lost; and

(c) If the proportionate interest of the other parties hereto in any producing well theretofore drilled on the Contract Area is increased by reason of the title failure, the party whose title has failed shall receive the proceeds attributable to the increase in such interests (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well; and

(d) Should any person not a party to this agreement, who is determined to be the owner of any interest in the title which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties who bore the costs which are so refunded; and

(e) Any liability to account to a third party for prior production of oil and gas which arises by reason of title failure shall be borne by the party or parties in the same proportions in which they shared in such prior production; and

(f) No charge shall be made to the joint account for legal expenses, fees or salaries, in connection with the defense of the interest claimed by any party hereto, it being the intention of the parties hereto that each shall defend title to its interest and bear all expenses in connection therewith.

2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well payment, minimum royalty or royalty payment, is not paid or is erroneously paid, and as a result a lease or interest therein terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required payment secures a new lease covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties shall be revised on an acreage basis, effective as of the date of termination of the lease involved, and the party who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership of the lease or interest which has terminated. In the event the party who failed to make the required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of oil and gas attributable to the lost interest, calculated on an acreage basis, for the development and operating costs theretofore paid on account of such interest, it shall be reimbursed for unrecovered actual costs theretofore paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

(a) Proceeds of oil and gas, less operating expenses, theretofore accrued to the credit of the lost interest, on an acreage basis, up to the amount of unrecovered costs;

(b) Proceeds, less operating expenses, thereafter accrued attributable to the lost interest on an acreage basis, of that portion of oil and gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such lease termination, would be attributable to the lost interest on an acreage basis, up to the amount of unrecovered costs, the proceeds of said portion of the oil and gas to be contributed by the other parties in proportion to their respective interests; and

(c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

3. Other Losses: All losses incurred, other than those set forth in Articles IV.B.1. and IV.B.2. above, shall not be considered failure of title but shall be joint losses and shall be borne by all parties in proportion to their interests. There shall be no readjustment of interests in the remaining portion of the Contract Area.

ARTICLE V.
OPERATOR

A. DESIGNATION AND RESPONSIBILITIES OF OPERATOR:

AMINOIL USA, INC. shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest in the Contract Area, or is no longer capable of serving as Operator, it shall cease to be Operator without any action by Non-Operator, except the selection of a successor. Operator may be removed if it fails or refuses to carry out its duties hereunder, or becomes insolvent, bankrupt or is placed in receivership, by the affirmative vote of two (2) or more Non-Operators owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of Operator. Such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator, a successor Operator shall be selected by the Parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. If the Operator that is removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of the Operator that was removed.

C. Employees:

The number of employees used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed, shall be determined by Operator, and all such employees shall be the employees of Operator.

D. Drilling Contracts:

All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the 1 day of May, 19 80 Operator shall commence the drilling of a well for oil and gas at the following location:

2080' FSL and 1773' FEL of Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico

and shall thereafter continue the drilling of the well with due diligence to

a depth sufficient to test the Morrow Formation estimated to require drilling to a depth of 13,000'

unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all parties agree to complete or abandon the well at a lesser depth.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply.

If, in Operator's judgment, the well will not produce oil or gas in paying quantities, and it wishes to plug and abandon the well as a dry hole, it shall first secure the consent of all parties and shall plug and abandon same as provided in Article VI.E.1. hereof.

B. Subsequent Operations:

1. Proposed Operations: Should any party hereto desire to drill any well on the Contract Area other than the well provided for in Article VI.A., or to rework, deepen or plug back a dry hole drilled at the joint expense of all parties or a well jointly owned by all the parties and not then producing in paying quantities, the party desiring to drill, rework, deepen or plug back such a well shall give the other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of proposal to rework, plug back or drill deeper may be given by telephone and the response period shall be limited to forty-eight (48) hours, exclusive of Saturday, Sunday or legal holidays. Failure of a party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation. Any notice or response given by telephone shall be promptly confirmed in writing.

2. Operations by Less than All Parties: If any party receiving such notice as provided in Article VI.B.1. or VI.E.1. elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, within sixty (60) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period where the drilling rig is on location, as the case may be) actually commence work on the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (a) request Operator to perform the work required by such proposed operation for the account of the Consenting Parties, or (b) designate one (1) of the Consenting Parties as Operator to perform such work. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise the Consenting Parties of (a) the total interest of the parties approving such operation, and (b) its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of such notice, shall advise the proposing party of its desire to (a) limit participation to such party's interest as shown on Exhibit "A", or (b) carry its proportionate part of Non-Consenting Parties' interest. The proposing party, at its election, may withdraw such proposal if there is insufficient participation, and shall promptly notify all parties of such decision.

The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this Article results in a producer of oil and/or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold (after deducting production taxes, royalty, overriding royalty and other interests existing on the effective date hereof, payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

(a) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to each Non-Consenting Party had it participated in the well from the beginning of the operation; and

(b) 400 % of that portion of the costs and expenses of drilling reworking, deepening, or plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C., and

amended to 300% total (100% share + 200% penalty)

400% of that portion of the cost of newly acquired equipment in the well (to and including the well-head connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

Gas production attributable to any Non-Consenting Party's relinquished interest upon such Party's election, shall be sold to its purchaser, if available, under the terms of its existing gas sales contract. Such Non-Consenting Party shall direct its purchaser to remit the proceeds receivable from such sale direct to the Consenting Parties until the amounts provided for in this Article are recovered from the Non-Consenting Party's relinquished interest. If such Non-Consenting Party has not contracted for sale of its gas at the time such gas is available for delivery, or has not made the election as provided above, the Consenting Parties shall own and be entitled to receive and sell such Non-Consenting Party's share of gas as hereinabove provided during the recoupment period.

During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all production, severance, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within sixty (60) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the Party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of oil and gas produced during any month, Consenting Parties shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased, in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in the drilling, reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and the Accounting Procedure, attached hereto.

Notwithstanding the provisions of this Article VI.B.2., it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing well spacing pattern for such source of supply.

The provisions of this Article shall have no application whatsoever to the drilling of the initial well described in Article VI.A. except (a) when Option 2, Article VII.D.1., has been selected, or (b) to the reworking, deepening and plugging back of such initial well, if such well is or thereafter shall prove to be a dry hole or non-commercial well, after having been drilled to the depth specified in Article VI.A.

C. Right to Take Production in Kind:

Each party shall have the right to take in kind or separately dispose of its proportionate share of all oil and gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. Any

party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.

Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VIII.B., shall be entitled to receive payment direct from the purchaser thereof for its share of all production.

In the event any party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such oil and gas or sell it to others at any time and from time to time, for the account of the non-taking party at the best price obtainable in the area for such production. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to receive at any time upon 30 days written notice its right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a purchaser. Any purchase or sale by Operator of any other party's share of oil and gas shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the foregoing, Operator shall not make a sale, including one into interstate commerce, of any other party's share of gas production without first giving such other party thirty (30) days notice of such intended sale.

In the event one or more parties' separate disposition of its share of the gas causes split-stream deliveries to separate pipelines and or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total gas sales to be allocated to it, the balancing or accounting between the respective accounts of the parties shall be in accordance with any Gas Balancing Agreement between the parties hereto, whether such Agreement is attached as Exhibit "E", or is a separate Agreement.

D. Access to Contract Area and Information:

Each party shall have access to the Contract Area at all reasonable times, at its sole risk to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operation thereof, ~~including Operator's books and records relating thereto.~~ Operator, upon request, shall furnish each of the other parties with copies of all forms or reports filed with governmental agencies, daily drilling reports, well logs, tank tables, daily gauge and run tickets and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Contract Area. The cost of gathering and furnishing information to Non-Operator, other than that specified above, shall be charged to the Non-Operator that requests the information.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled pursuant to Article VI.B.2., any well which has been drilled under the terms of this agreement and is proposed to be completed as a dry hole shall not be plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the parties who participated in the cost of drilling of such well. Any party who objects to the plugging and abandoning such well shall have the right to take over the well and conduct further operations in search of oil and or gas subject to the provisions of Article VI.B.

2. Abandonment of Wells that have Produced: Except for any well which has been drilled or reworked pursuant to Article VI.B.2. hereof for which the Consenting Parties have not been fully reimbursed as therein provided, any well which has been completed as a producer shall not be plugged and abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of all the parties hereto. If, within thirty (30) days after receipt of notice of the proposed abandonment of such well, all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and related equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. If the interest of the abandoning party is or includes an oil and gas interest, such party shall execute and deliver to the non-abandoning party or parties an oil and gas lease, limited to the interval or intervals of the formation or formations then open to production, for a term of one year and so long thereafter as oil and or gas is produced from the interval or inter-

sale of the formation or formations covered hereby, and as to each such well the "Initial Contract Area" shall be reduced as provided in Exhibit "B". The assignments of leases so limited shall reserve to the assignor all rights in each well to be drilled. The payments by, and the assignments of leases to, the assignees shall be in accordance with the relationship of their respective percentages of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all assignees. There shall be no readjustment of interest in the remaining portion of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open other than the royalties retained in any lease made under the terms of this Article. Upon request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well.

ARTICLE VII.
EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership or association, or to render the parties liable as partners.

B. Liens and Payment Defaults:

Each Non-Operator grants to Operator a lien upon its oil and gas rights in the Contract Area, and a security interest in its share of oil and or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with interest thereon at the rate provided in the Accounting Procedure attached hereto as Exhibit "C". To the extent that Operator has a security interest under the Uniform Commercial Code of the State, Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Non-Operator in the payment of its share of expense, Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Non-Operator's share of oil and or gas until the amount owed by such Non-Operator, plus interest has been paid. Each purchaser shall be entitled to rely upon Operator's written statement concerning the amount of any default. Operator grants a like lien and security interest to the Non-Operators to secure payment of Operator's proportionate share of expense.

If any party fails or is unable to pay its share of expense within sixty (60) days after rendition of a statement therefor by Operator, the non-defaulting parties, including Operator, shall, upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. Each party so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in the foregoing paragraph.

C. Payments and Accounting:

Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in the Accounting Procedure attached hereto as Exhibit "C". Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of a statement of such estimated expense, or in accordance with the accounting procedures, as provided in Exhibit "C", together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

D. Limitation of Expenditures:

1. Drill or Deepen: Without the consent of all parties, no well shall be drilled or deepened, except any well drilled or deepened pursuant to the provisions of Article VI.B.2. of this Agreement. It being understood that the consent to the drilling or deepening shall include:

shall include all necessary expenditures for the drilling, deepening or testing of said well and as further provided in ARTICLE XV, B, C & D

~~2. Option No. 2: All necessary expenditures for the drilling, completing and testing of the well. When~~ such well has reached its authorized depth, and all tests have been completed, Operator shall give immediate notice to the Non-Operators who have the right to participate in the completion costs. The parties receiving such notice shall have forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) in which to elect to participate in the setting of casing and the completion attempt. Such election, when made, shall include consent to all necessary expenditures for the completing and equipping of such well, including necessary tankage and or surface facilities. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the completion attempt. If one or more, but less than all of the parties, elect to set pipe and to attempt a completion, the provisions of Article VI.B.2. hereof (the phrase "reworking, deepening or plugging back" as contained in Article VI.B.2. shall be deemed to include "completing") shall apply to ~~any operations thereafter conducted by less than all parties.~~

2. Rework or Plug Back: Without the consent of all parties, no well shall be reworked or plugged back except a well reworked or plugged back pursuant to the provisions of Article VI.B.2. of this agreement, it being understood that the consent to the reworking or plugging back of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping of said well, including necessary tankage and or surface facilities.

3. Other Operations: Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of twenty thousand Dollars ($ 20,000.00) except in connection with a well, the drilling, reworking, deepening, completing, recompleting, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares "Authority for Expenditures" for its own use, Operator, upon request, shall furnish copies of its "Authority for Expenditures" for any single project costing in excess of twenty thousand Dollars ($ 20,000.00).

E. Royalties, Overriding Royalties and Other Payments:

Each party shall pay or deliver, or cause to be paid or delivered, all royalties to the extent ~~XX XXX~~ ~~XXXXXXXXXXXXXXXXXXXXX~~ due on its share of production and shall hold the other parties free from any liability therefor. If the interest of any party in any oil and gas lease covered by this agreement is subject to any royalty, overriding royalty, production payment, or other charge over and above the aforesaid royalty, such party shall assume and alone bear all such obligations and shall account for or cause to be accounted for, such interest to the owners thereof.

No party shall ever be responsible, on any price basis higher than the price received by such party, to any other party's lessor or royalty owners and if any such other party's lessor or royalty owner should demand and receive settlements on a higher price basis, the party contributing such lease shall bear the royalty burden insofar as such higher price is concerned.

F. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article IV.B.2.

Operator shall notify Non-Operator of the anticipated completion of a shut-in gas well, or the shutting in or return to production of a producing gas well, at least five (5) days (excluding Saturday, Sunday and holidays), or at the earliest opportunity permitted by circumstances, prior to taking such action, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operator, the loss of any lease contributed hereto by Non-Operator for failure to make timely payments

A new well-to-well payment shall be borne equally as the parties agree, or in the event of Article IV B.3

G. Taxes:

Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on leases and oil and gas interests contributed by such Non-Operator. If the assessed valuation of any leasehold estate is reduced by reason of its being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such leasehold estate, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such reduction. Operator shall bill other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

Each party shall pay or cause to be paid all production, severance, gathering and other taxes imposed upon or with respect to the production or handling of such party's share of oil and or gas produced under the terms of this agreement. (See Amendment by ARTICLE XV G)

H. Insurance:

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where the operations are being conducted; provided, however, that Operator may be a self-insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall be an amount equivalent to the premium which would have been paid had such insurance been obtained. Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D", attached to and made a part hereof. Operator shall require all contractors engaged in work on or for the Contract Area to comply with the Workmen's Compensation Law of the State where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event Automobile Public Liability Insurance is specified in said Exhibit "D", or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's fully owned automotive equipment.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless all parties consent thereto.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. If the interest of the assigning party includes an oil and gas interest, the assigning party shall execute and deliver to the party or parties not desiring to surrender an oil and gas lease covering such oil and gas interest for a term of one year and so long thereafter as oil and/or gas is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B". Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production other than the royalties retained in any lease made under the terms of this Article. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage. The value of all material shall be determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall

for the benefit of the parties assigned in the proportions that the interest of each bears to the interest of all parties assigned.

Any assignment or surrender made under this provision shall not reduce or change the assignor's or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Contract Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

B. Renewal or Extension of Leases:

If any party secures a renewal of any oil and gas lease subject to this Agreement, or top lease, extension or option affecting any such lease or leased acreage, all other parties shall be notified promptly, and shall have the right for a period of thirty (30) days following receipt of such notice in which to elect to participate in the ownership of the renewal lease, insofar as such lease affects lands within the Contract Area, by paying to the party who acquired it their several proper proportionate shares of the acquisition cost allocated to that part of such lease within the Contract Area, which shall be in proportion to the interests held at that time by the parties in the Contract Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this Article shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. Any renewal lease taken before the expiration of its predecessor lease, or taken or contracted for within six (6) months after the expiration of the existing lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall apply also and in like manner to extensions of oil and gas leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash toward the drilling of a well or any other operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. If all parties hereto are Drilling Parties and accept such tender, such acreage shall become a part of the Contract Area and be governed by the provisions of this agreement. If less than all parties hereto are Drilling Parties and accept such tender, such acreage shall not become a part of the Contract Area. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Subsequently Created Interest:

Notwithstanding the provisions of Article VIII.E. and VIII.G., if any party hereto shall, subsequent to execution of this agreement, create an overriding royalty, production payment, or net proceeds interest, which such interests are hereinafter referred to as "subsequently created interest", such subsequently created interest shall be specifically made subject to all of the terms and provisions of this agreement, as follows:

1. If non-consent operations are conducted pursuant to any provision of this agreement, and the party conducting such operations becomes entitled to receive the production attributable to the interest out of which the subsequently created interest is derived, such party shall receive same free and clear of such subsequently created interest. The party creating same shall bear and pay all such subsequently created interests and shall indemnify and hold the other parties hereto free and harmless from any and all liability resulting therefrom.

2. If the owner of the interest from which the subsequently created interest is derived (1) fails to pay, when due, its share of expenses chargeable hereunder, or (2) elects to abandon a well under provisions of Article VI.E. hereof, or (3) elects to surrender a lease under provisions of Article VIII.A. hereof, the subsequently created interest shall be chargeable with the pro rata portion of all expenses hereunder in the same manner as if such interest were a working interest. For purposes of collecting such chargeable expenses, the party or parties who receive assignments as a result of (2) or (3) above shall have the right to enforce all provisions of Article VII.B. hereof against such subsequently created interest.

E. Maintenance of Uniform Interest:

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this agreement, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases embraced within the Contract Area and in wells, equipment and production unless such disposition covers either:

1. the entire interest of the party in all leases and equipment and production; or

2. an equal undivided interest in all leases and equipment and production in the Contract Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the right of the other parties.

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interests within the scope of the operations embraced in this agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the oil and gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale proceeds hereof.

F. Waiver of Right to Partition:

If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest therein.

~~G. Preferential Right to Purchase:~~

~~Should any party desire to sell all or any part of its interests under this agreement, or its rights and~~ interests in the Contract Area, it shall promptly give written notice to the other parties, with ~~full~~ information concerning its proposed sale, which shall include the name and address of the prospective purchaser (who must be ready, willing and able to purchase), the purchase price, and all other terms of the offer. The other parties shall then have an optional prior right, for a period of ten (10) days after receipt of the notice, to purchase on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to dispose of its interests by merger, reorganization, consolidation, or sale of all or substantially all of its assets to a subsidiary or parent company or to a subsidiary of a parent company, or to any company in which any one party owns a majority of the stock.

ARTICLE IX.
INTERNAL REVENUE CODE ELECTION

This agreement is not intended to create, and shall not be construed to create, a relationship of partnership or an association for profit between or among the parties hereto. Notwithstanding any provisions herein that the rights and liabilities hereunder are several and not joint or collective, or that this agreement and operations hereunder shall not constitute a partnership, if, for Federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, each party hereby affected elects to be excluded from the application of all of the provisions of Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulations 1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No

such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from Operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

Operator may settle any single damage claim or suit arising from operations hereunder if the expenditure does not exceed ten thousand Dollars ($ 10,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be at the joint expense of the parties. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, the party shall immediately notify Operator, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI.
FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE XII.
NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, unless otherwise specifically provided, shall be given in writing by United States mail or Western Union telegram, postage or charges prepaid, or by teletype, and addressed to the party to whom the notice is given at the addresses listed on Exhibit "A". The originating notice given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed, and the time for such party to give any notice in response thereto shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid, or when sent by teletype. Each party shall have the right to change its address at any time, and from time to time, by giving written notice hereof to all other parties.

ARTICLE XIII.
TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the oil and gas leases and/or oil and gas interests subjected hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any lease, or oil and gas interest contributed by any other party beyond the term of this agreement.

☐ Option No. 1: So long as any of the oil and gas leases subject to this agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise, and or so long as oil and/or gas production continues from any lease or oil and gas interest.

x Option No. 2 In the event this well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in production of oil and/or gas in paying quantities, this agreement shall continue in force so long as any such well or wells produce, or are capable of production, and for an additional period of 120 days thereafter; provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling or reworking a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is producing, or capable of producing oil and/or gas from the Contract Area, this agreement shall terminate unless drilling or reworking operations are commenced within 120 days from the date of abandonment of said well.

It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the conservation laws of the state in which the committed acreage is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations, and orders.

B. Governing Law:

The essential validity of this agreement and all matters pertaining thereto, including, but not limited to, matters of performance, non-performance, breach, remedies, procedures, rights, duties and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state where most of the land in the Contract Area is located shall govern.

ARTICLE XV.
OTHER PROVISIONS

A. Conflicts:

In the event of a conflict between the provisions of this Article XV and any other provision of this Operating Agreement, the provisions of this Article XV shall control and prevail.

B. Casing Point Election:

Consent to the drilling or deepening of any well in the Contract Area, including the initial well, shall not be deemed consent to the running and setting of a production string of casing therein or to the completion of said well as a producing well. After the drilling or deepening of such well to the depth or formation authorized and after appropriate testing, coring and logging have been made, Operator shall then give immediate notice to the Non-Operators participating in the drilling or deepening of such well, setting forth Operator's recommendations with respect to such attempted completion. Each such party shall within 48 hours after receipt of such notice notify Operator as to whether or not such party elects to set production casing and to participate in such completion attempt. Failure to so notify Operator shall be deemed an election not to participate. Should all parties hereto elect to so participate, Operator shall conduct such operations for the joint account of all parties. Should less than all parties elect to so participate, then such completion operations shall be conducted under the provisions of Article VI.B.2. hereof, as an operation by less than all the parties. Should no party elect to attempt such completion or should the completion attempt result in a dry hole, Operator shall plug and abandon the well at the joint cost of all parties who participated in the drilling or deepening of the well.

If the Operator is not successful with its first completion attempt and Operator recommends a completion attempt in another zone, or if less than all parties elect to attempt a completion attempt in another zone, then the previous Non-Consent Parties shall be entitled to notice and the option to participate regardless of their election on a previous completion attempt; however, to have such options must have participated in all operations leading up to the initial completion attempt. This option is a recurring right.

C. Sequence of Elections:

It is agreed that where a well, which has been authorized under the terms of this agreement by all parties, or by one or more but less than all parties under Paragraph VI.B.1. or 2., shall have been drilled to the objective depth or the objective formation, whichever is deepest, and the parties participating in the well cannot mutually agree upon the sequence and timing of further operations regarding said well, the following elections shall control in the order enumerated hereafter: (1) An election to do additional logging, coring or testing; (2) An election to attempt to complete the well at either the objective depth or objective formation; (3) An election to plug back and attempt to complete said well; (4) An election to deepen said well; and (5) An election to sidetrack the well.

It is provided, however, that if at the time said participating parties are considering any of the above elections the hole is in such a condition that a reasonably prudent operator would not conduct the operations contemplated by the particular election involved for fear of placing the hole in jeopardy or losing the same prior to completing the well in the objective depth or objective formation, such election shall be eliminated from the priorities hereinabove set forth.

D. Election of Approving Party:

Notwithstanding any of the provisions of Articles VI and XV.B. and C. hereof, approval of a proposed operation shall not constitute the approving party as a Consenting Party (as defined in Article I.G.) to the operation if less than all parties hereto qualified to participate in the operation approve the proposed operation until said approving party (a) has been notified in writing that less than all such parties have consented to the operation and (b) has notified Operator in writing within 48 hours of receipt of said notice that it agrees to be a Consenting Party to the operation as one participated in by less than all parties. Failure to so timely notify Operator shall constitute an election by such party to be a non-consenting party to the operation.

E. Operations Required to Maintain a Lease in Force:

It is understood and agreed that the non-consent provisions of Article VI.B.2. shall not be applicable to any well or operation which is necessary to perpetuate a lease or leases or interest therein within the Contract Area which is expiring within six months of the date such well or operation is proposed. Any well or operation which is necessary to perpetuate such a lease or interest therein shall be deemed to be a "required well" or a "required operation". As to any required well or required operation proposed by any party hereto in which any other party hereto elects to not participate, the non-participating party shall release and relinquish forever, proportionately to the participating parties, all of non-participating party's interest in and to the lease or leases within the Contract Area or interest therein which would be perpetuated by such required well or required operation together with any lease or interest therein pooled therewith to form a proration unit under the regulations of the applicable state regulatory body having such jurisdiction. The interest in such leases shall be assigned by the non-participating party to the participating parties without warranty of title except as to claims by, through or under assignor and shall be free of any additional burdens, and shall remain subject to this joint operating agreement. Nothing herein shall be construed as requiring a relinquishment of such non-participating party's interest in any producing well or units.

F. Taxes:

If the operator is required hereunder to pay ad valorem taxes based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the joint account shall be made and paid by the parties thereto in accordance with the tax value generated by each party's working interest.

G. Special Indemnity Provisions:

Non-operators agree to release operator from any and all losses, damages, injuries, claims and causes of action arising out of, incident to or resulting directly or indirectly from operator's interpretation or application of rules, rulings, regulations or orders of any Federal, State, local or other governmental agency to the extent operator's interpretation or application of such rules, rulings, regulations or orders were made in good faith. Non-operators further agree to reimburse operator for their proportionate share of any amounts operator may be required to refund, rebate or pay as a result of an incorrect interpretation or application of the above noted rules, rulings, regulations or orders, together with the non-operators' proportionate part of interest and penalties owing by operator as a result of such incorrect interpretation or application of such rules, rulings, regulations or orders.

H. Metering or Production:

If a diversity of the working interest ownership in production from a lease subject to this agreement occurs as a result of operations by less than all parties pursuant to any provision of this agreement, it is agreed that the oil and other liquid hydrocarbons produced from the well or wells completed by the consenting party or parties shall be separately measured by standard metering equipment to be properly tested periodically for accuracy, and the setting of a separate tank battery will not be required unless the purchaser of the production or governmental regulatory body having jurisdiction will not approve metering for separately measuring the production.

I. Agreement Subject to Applicable Laws - Reporting:

This agreement and the respective rights and obligations of the parties hereunder shall be subject to all applicable Federal, State, local, or other governmental laws, rules, regulations and orders, and in the event this agreement or any provision hereof is or the operations contemplated hereby are, found to be inconsistent with or contrary to any such law, rule, regulation or order, the latter shall be deemed to control and this agreement shall be regarded as modified accordingly, and as so modified, to continue in full force and effect. Operator shall prepare and furnish to any duly constituted authority having jurisdiction in the premises through its proper agency or department any and all reports, statements and information that may be requested when such reports are required to be filed by Operator.

Operator shall act as the representative of all parties hereto in all hearings and proceedings before administrative bodies concerning the Contract Area and, subject to approval by Non-Operators, all costs and expenses incurred by Operator directly or by retention of outside personnel in participation in such hearings or proceedings shall be proper charges against the joint account; provided, however, that nothing herein contained shall prohibit any of the parties other than Operator from participating in any such hearing or proceedings in his or its own behalf and at his or its own cost and expense.

The Operator shall at all times consult freely with the other parties concerning the operations being or to be conducted on the Contract Area and shall permit any party hereto to collaborate in any litigation or hearings before any administrative body, state or federal, affecting the Contract Area or the production therefrom.

J. Third Party Disclaimer:

It is not the intention of the parties that this contract is made or intended for the benefit of any third person or party.

K. AFE Overruns and Option to Withdraw:

Subject to the provisions set out herein, any party participating in any well or operation conducted under the provisions of this Operating Agreement, including the Operator, shall have the option of withdrawing from further participation in such well or operation at such time as the expenditures for the well or operation exceed the total amount of the Original Authority for Expenditure (AFE) and approved Supplemental AFE's by 50%. Any such party desiring to so withdraw (herein called

"withdrawing party") shall incur no further liabilities and owe no further obligations after the time such election to withdraw is made, as specified below, with respect to such well or operation. Such withdrawing party shall own no further interest in such well or production from the well beyond the point at which it withdraws, but shall relinquish all of such interest to the parties continuing participation in the subject well or operation. Nothing herein shall be construed to require a withdrawing party to relinquish its interest in any producing wells or units or to relinquish its rights to participate in any future wells or operations.

At such time as Operator shall have had actual notice that expenditures incurred in any well or operation exceed the total amount of the Original and Supplemental approved AFE's by 50%, it shall give written notice of such fact to all parties participating in the well or operations. If Operator desires to withdraw from further participation, it shall so notify all participating parties in its notice of over-expenditures. Any other party desiring to withdraw from further participation in the well or operation shall so notify Operator in writing within five days after receipt of the original notice by Operator. Failure to give such timely written notice shall constitute an election to continue participation in such well or operation. Each withdrawing party shall be responsible for its accrued obligations and liabilities up to and until such time as Operator receives the required written notice of its election to withdraw. In the event any party withdraws from further participation in a well or operation as provided for herein, all risk, cost and expense incurred for such well or operation from such time as Operator (or the other participating parties, if Operator withdraws) receives written notice of this withdrawal shall be borne proportionately by the parties desiring to continue participation, with all such parties assuming a proportionate share of the withdrawing party's share of the cost, risk and expense.

It is understood and agreed that the election to withdraw afforded all participating parties herein shall be a one time election as to any one well or operation but is a recurring right for each additional well or operation. Furthermore, no party may be relieved of its obligations and liabilities during the periods of time that (1) Operator does not have actual knowledge of the requisite excessive expenditure; or (2) it is necessary for Operator to carry out any contractural obligations made for the joint account of the parties; or (3) Operator is required to remove tools and equipment from the hole for which the joint account is responsible; or (4) it is necessary to plug and abandon the well; or (5) emergency conditions exist, such as, but not limited to, loss of control of well, blow-out, pollution problems and so forth.

EXHIBIT "A"

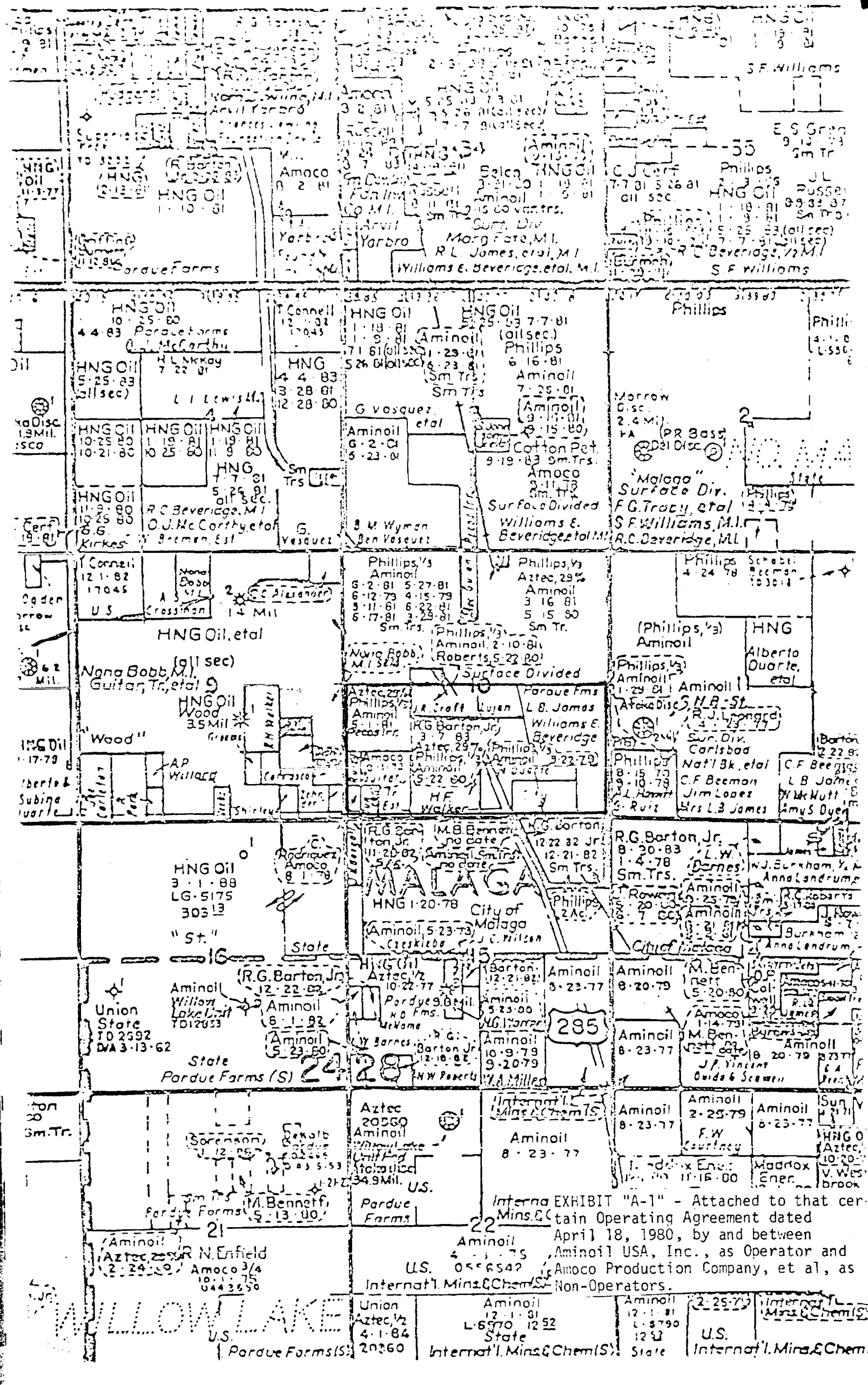


EXHIBIT "A-1" - Attached to that certain Operating Agreement dated April 18, 1980, by and between Aminoil USA, Inc., as Operator and Amoco Production Company, et al, as Non-Operators.

Paid-Up Revised 1-58—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the _____ day of _____ 19_____ by and between

_____

_____

whose postoffice address is _____, hereinafter called lessor (whether one or more), and _____, hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of _____ Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of _____, State of _____, and is described as follows:

EXHIBIT "B" - Attached to and made a part of that certain Operating Agreement dated April 18, 1980, by and between Aminoil USA, Inc., as Operator and Amoco Production Company, et al, as Non-Operators.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain _____ acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 3/16 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 3/16 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 3/16 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 3/16 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 3/16 of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

11. (a) Lessee is hereby granted the right, at its option, at any time and from time to time, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than ☐ surface acres, provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres (plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquefiable hydrocarbons which are not a liquid in the subsurface reservoir. If larger units are permitted, under any governmental rule or order, for the drilling of a well at a regular location or for obtaining maximum allowable therefrom, any such unit may be established or enlarged, to conform to the size permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded.

(b) Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease, included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres 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, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas.

(c) The formation or such unit shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit.

(d) Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 11, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

(e) A unit may be so established, modified or dissolved during the life of this lease, but in no event later than twenty (20) years after the date hereof.

12. If at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reasons of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

13. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

14. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor.

IN TESTIMONY WHEREOF, we sign as of the day and year first above written.

_____ _____

_____ _____

_____ _____

SINGLE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____

known to me to be the person___ described in and who executed the foregoing instrument, and whose name___ is (are) subscribed thereto, and acknowledged to me that _____ executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Witness my hand and seal of office this _____ day of _____, 19_____.

My Commission Expires

_____

_____

Notary Public in and for _____ County, State of _____

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____

_____ wife of _____,

known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

_____

Notary Public in and for _____ County, State of _____

TEXAS JOINT ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____

_____ and _____, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

_____

Notary Public in and for _____ County, State of _____

_____

When recorded return to _____

This instrument was filed for record on the _____ day of _____, 19_____, at _____ o'clock _____m., and duly recorded in Book _____, page _____ of the _____ Records of this office

_____ County Clerk _____ County _____

COPAS — 1974
Recommended by the Council of Petroleum Accountants Societies of North America
COPAS

EXHIBIT "C"

Attached to and made a part of that certain Operating Agreement dated April 18, 1980 by and between Aminoil USA, Inc., as Operator and Amoco Production Company et al, as Non-Operators

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

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II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

2. Labor

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First Level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent (20%), or the percent most recently recommended by the Council of Petroleum Accountant Societies of America.

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.

C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of $200 or less excluding accessorial charges.

6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

7. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

(X) Fixed Rate Basis, Paragraph 1A, or
( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not (X) be covered by the Overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate $ 3,450.00
Producing Well Rate $ 345.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

[1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.

[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days

[3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

[1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

[4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.

[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

_____ Percent (___ %) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

_____ Percent (___ %) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:
For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of $ 25,000.00 :

A. 5 % of total costs if such costs are more than $ 25,000.00 but less than $ 100,000.00 ; plus

B. 3 % of total costs in excess of $ 100,000.00 but less than $1,000,000; plus

C. 2 % of total costs in excess of $1,000,000

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

3. Amendment of Rates

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

(b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

4. Expense of Conducting Periodic Inventories

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

INSURANCE PROVISIONS

The Operator shall, at all times while conducting operations for the Joint Account on the Joint Lease, maintain, pay for and charge to the Joint Account, Employer's Liability Insurance and Workers' Compensation Insurance providing statutory benefits in accordance with the state having jurisdiction over each employee of the Operator engaged in operations on the Joint Lease. The Workers' Compensation policy shall have attached the "Voluntary Compensation Endorsement". The limit for Employer's Liability and the limit for Voluntary Compensation shall both be $500,000.00 per occurrence. These policies shall also contain waivers of subrogation in favor of the parties hereto as respects work conducted under this agreement.

The Operator shall also maintain, pay for, and charge to the Joint Account the following insurance, self-insurance, or a combination thereof, for itself and the Non-Operators:

A. Comprehensive General Liability Insurance, endorsed to provide Blanket Contractual Liability coverage, with a combined single limit of $500,000.00 per occurrence for bodily injury and property damage. It is understood that Operator will not provide Pollution Liability for Non-Operators.

B. Comprehensive Automobile Liability Insurance, including non-owned and hired vehicle coverage, with a combined single limit of $500,000.00 per occurrence for bodily injury and property damage.

C. Such other insurance, self-insurance, or combination thereof as deemed necessary and agreed to in writing by the parties to this agreement, to cover the risks inherent to the work being performed by the Operator.

Where insurance coverage is carried by the Operator for the Non-Operators as provided for in Sections A, B, and C above, such insurance policy(ies) shall name the Non-Operators as additional insureds and shall also contain a provision stating that insurance underwriters shall waive all rights of subrogation in favor of the Non-Operators.

The Operator shall, at any time requested, furnish Non-Operator with full information concerning the kind, character and amounts of insurance carried.

The Operator shall promptly notify the Non-Operators of any accident exceeding $25,000.00 involving loss of or damage to property or injuries to or death of persons.

The Operator shall require its contractors and subcontractors conducting operations on the Joint Lease to carry insurance of the types set out above and in amounts deemed adequate by the Operator to cover the risks inherent to the work being contemplated. It is recognized that there are certain contractors and subcontractors whose services are necessary to the operations contemplated under this Agreement, who as a matter of policy refuse contractually to indemnify lease owners or to carry any insurance indemnifying lease owners. As respects such contractors and subcontractors, the Operator may waive any requirement of contractual indemnity or insurance.

INDEMNITY PROVISIONS

The Operator, in said capacity, shall not be liable for loss, damages or destruction to the property of either the Joint Account or any party hereto in connection with operations on the Joint Lease, except those arising out of the willful misconduct or gross negligence of the Operator. When such loss, damage or destruction is not caused by the willful misconduct or gross negligence of the Operator or any Non-Operator(s), all parties to this Agreement shall share in the loss according to their respective Percentage Interests in this Agreement.

With respect to claims, losses and expenses exceeding the amounts collectible under the insurance maintained by the Operator (as set forth in Exhibit _____, Insurance Provisions), on account of personal injury, including death resulting therefrom, to any employee, agent or representative of any party to this Agreement, in connection with operations on the Joint Lease, all parties shall share in the loss to the extent of their respective percentage interests, unless such loss is caused by the willful misconduct or gross negligence of a party(ies) hereto, then such loss shall be borne entirely by that party.

Liability for (1) damages to property of or injury to or death of third persons arising from operations on the Joint Lease ("third persons" as used in this Section does not include the employee, agents or representatives of Operator or any Non-Operator), and (2) fines, penalties, damages or losses arising out of claims either civil or criminal, public or private, relating to actual or alleged pollution of water, air or environment, shall, when not covered by insurance provided in this Agreement, be borne by all parties to this Agreement in proportion to their respective Percentage Interests at the time the first act giving rise to the claim occurred, or in the case of an operation in which fewer than all the parties hereto participate, by the parties participating in such operation in proportion to each party's respective interest in that operation at the time the first act giving rise to the claim occurred. All expenses incurred in defending the claims described above shall be borne in the same manner. When any liability is caused by the gross negligence or willful misconduct of any party to this agreement, either Operator or Non-Operator, that party shall bear all such liability.

EXHIBIT "E"

Attached to and made a part of that certain Operating Agreement dated April 18, 1980 by and between Aminoil USA, Inc., as Operator and Amoco Production Company, et al, as Non-Operators

GAS BALANCING AGREEMENT

The parties to the Operating Agreement to which this agreement is attached own the working interest in the gas rights underlying the Unit Area covered by such agreement in accordance with the percentages of participation as set forth in Exhibit "A" to the Operating Agreement.

In accordance with the terms of the Operating Agreement, each party thereto has the right to take its share of gas produced from the Unit Area and market the same. In the event any of the parties hereto is not at any time taking or marketing its share of gas or has contracted to sell its share of gas produced from the Unit Area to a purchaser which does not at any time while this agreement is in effect take the full share of gas attributable to the interest of such party, the terms of this agreement shall automatically become effective.

During the period or periods when any party hereto has no market for its share of gas produced from any proration unit within the Unit Area, or its purchaser does not take its full share of gas produced from such proration unit, the other parties shall be entitled to produce each month one hundred percent (100%) of the allowable gas production assigned to such proration unit by the State regulatory body having jurisdiction and shall be entitled to take and deliver to its or their purchaser all of such gas production. All parties hereto shall share in and own the liquid hydrocarbons recovered from such gas by lease equipment in accordance with their respective interests and subject to the Operating Agreement to which this agreement is attached, but the party or parties taking such gas shall own all of the gas delivered to its or their purchaser.

On a cumulative basis, each party not taking or marketing its full share of the gas produced shall be credited with underproduction equal to its full share of the gas produced under this agreement, less its share of gas used in lease operations, vented or lost, and less that portion such party took or

delivered to its purchaser. The Operator will maintain a current account of the gas balance between the parties and will furnish all parties hereto monthly statements showing the total quantity of gas produced, the amount used in lease operations, vented or lost, the total quantity of liquid hydrocarbons recovered therefrom, and the monthly and cumulative over and under account of each party.

At all times while gas is produced from the Unit Area, each party hereto will make settlement with the respective royalty owners to whom they are accountable, just as if each party were taking or delivering to a purchaser its share, and its share only, of total gas production exclusive of gas used in lease operations, vented or lost. Each party hereto agrees to hold each other party harmless from any and all claims for royalty payments asserted by royalty owners to whom each party is accountable. Ther term "royalty owner" shall include owners of royalty, overriding royalties, production payments and similar interest.

After notice to the Operator, any party at any time may begin taking or delivering to its purchaser its full share of the gas produced from a proration unit under which it has underproduction less such party's share of gas used in operations, vented or lost. In addition to such share, each party, including the Operator, until it has recovered its underproduction and balanced the gas account as to its interest, shall be entitled to take or deliver to its purchaser a share of gas determined by multiplying fifty percent (50%) of the interest in the current gas production of the party or parties without underproduction by a fraction, the numerator of which is the interest in the proration unit of such party with underproduction and the denominator of which is the total percentage interest in such proration unit of all parties with underproduction currently taking or delivering to a purchaser.

Each party producing and taking or delivering gas to its purchaser shall pay any and all production taxes due on such gas.

Nothing herein shall be contrued to deny any party the right, from time to time, to produce and take or deliver to its purchaser its full share of the allowable gas production to meet the deliverability tests required by its purchaser.

Should production of gas from said well be permanently discontinued before the gas account is balanced, settlement will be made between the underproduced and overproduced parties. Each overproduced party shall pay into a common fund for distribution to the underproduced parties a sum of money equal to that which such overproduced party received for the overproduction it experienced less applicable taxes with such computation to be made on a last-in first-out basis so that the overproduced volumes used in the calculation include only those volumes which have occurred after the last time such overproduced parties account was in either an underproduced or a balanced position. Each underproduced party shall receive from the common fund its proportionate share based on its share of underproduction without regard as to when such underproduction occurs. For gas sold which is subject to price regulation under the Natural Gas Policy Act of 1978 or by any authority having jurisdiction, the price basis shall be the rate collected from time to time which is not subject to possible refund, as provided by such authority applicable to the gas sold from said well, plus any additional collected amount which is not ultimately required by said authority to be refunded, such additional collected amount to be accounted for at such time as final determination is made with respect thereto.

Nothing herein shall change or affect each party's obligation to pay its proportionate share of all costs and liabilities incurred, as its share thereof is set forth in the Operating Agreement.

This agreement shall constitute a separate agreement as to each proration unit within the Unit Area and shall become effective in accordance with its terms and shall remain in force and effect as long as the Operating Agreement to which it is attached remains in effect, and shall inure to the benefit of and be binding upon the parties hereto, their successors, legal representatives and assigns.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names.

EXHIBIT "F"

To Operating Agreement dated April 18, 19 80 between
Aminoil USA, Inc., and Amoco Production Company, et al, as Non-Operators

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I. EQUAL EMPLOYMENT OPPORTUNITY PROVISION

During the performance of this contract, the Operator agrees as follows:

(1) The Operator will not discriminate against any employee or applicant for employment because of race, color, religion, national origin or sex. The Operator will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, national origin or sex. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post in conspicuous places, available to employees and applicants for employment notices to be provided for the contracting officer setting forth the provision of this non-discrimination clause.

(2) The Operator will, in all solicitations or advertisements for employees placed by or on behalf of the Operator, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin or sex.

(3) The Operator will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Operator's commitments under Section 202 of Executive Order 11246 of September 24, 1965 and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Operator will comply with all provisions of Executive Order 11246 of September 24, 1965 and of the rules, regulations and relevent orders of the Secretary of Labor.

(5) The Operator will furnish all information and reports required by Executive Order 11246 of September 24, 1965 and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(6) In the event of the Operator's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the Operator may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965 and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Operator will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965 so that such provisions will be binding upon each subcontractor or vendor. The Operator will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for non-compliance: Provided, however, that in the event the Operator becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Operator may request the United States to enter into such litigation to protect the interests of the United States.

Operator acknowledges that it may be required to file Standard Form 100 (EEO-1) promulgated jointly by the Office of Federal Contract Compliance, the Equal Employment Opportunity Commission and Plans for Progress with Joint Reporting Committee, Federal Depot, Jeffersonville, Indiana, within thirty (30) days of the date of contract award if such report has not been filed for the current year and otherwise comply with or file such other compliance reports as may be required under Executive Order 11246, as amended and Rules and Regulations adopted thereunder.

II. AFFIRMATIVE ACTION PROVISIONS

(1) Operator agrees that the provisions of Title 41, Chapter 60, Part 60-250, Code of Federal Regulations, relating to the Affirmative Action Program for Disabled Veterans and Veterans of the Vietnam Era are incorporated herein by specific reference.

(2) Operator agrees that the provisions of Title 41, Chapter 60, Part 60-741, Code of Federal Regulations, relating to the Affirmative Action Program for the Handicapped, are incorporated herein by specific reference.

Operator acknowledges that he may be required to develop a written affirmative action compliance program as required by the Rules and Regulations approved by the Secretary of Labor under authority of Executive Order 11246 and supply Non-Operators with a copy of such program if they so request.

III. CERTIFICATION OF NON-SEGREGATED FACILITIES

(1) Operator assures Non-Operators that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. For this purpose, it is understood that the phrase "segregated facilities" includes facilities which are in fact segregated on a basis of race, color, religion or national origin, because of habit; local custom or otherwise. It is further understood and agreed that maintaining or providing segregated facilities for its employees or permitting its employees to perform their services at any location under its control where segregated facilities are maintained is a violation of the equal opportunity clause required by Executive Order 11246 of September 24, 1965.

(2) Operator further understands and agrees that a breach of the assurance herein contained subjects it to the provisions of the Order at 41 CFR Chapter 60 of the Secretary of Labor dated May 21, 1968, and the provisions of the equal opportunity clause enumerated in contracts between the United States of America and Non-Operators.

(3) Whoever knowingly and willfully makes any false, fictitious or fraudulent representation may be liable to criminal prosecution under 18 U.S.C. § 1001.

IV. OCCUPATIONAL SAFETY AND HEALTH ACT

Operator will observe and comply with all safety and health standards promulgated by the Secretary of Labor under Section 107 of the Contract Work Hours and Standards Act, published in 29 CFR Part 1518 and adopted by the Secretary of Labor as occupational safety and health standards under the Williams-Steiger Occupational Safety and Health Act of 1970. Such safety and health standards shall apply to all subcontractors and their employees as well as to the prime contractor and its employees.

V. VETERAN'S PREFERENCE

Operator agrees to comply with the following insofar as contracts it lets for an amount of $10,000 or more or which will generate 400 or more man-days of employment (each man-day consisting of any day in which an employee performs more than one hour of work) and further agrees to include the following provision in contracts with Contractors and Subcontractors:

CONTRACTOR AND SUBCONTRACTOR LISTING REQUIREMENT

(1) As provided by 41 CFR 50-250, the contractor agrees that all employment openings of the contractor which exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by the contract and including those occurring at an establishment of the contractor other than the one wherein the contract is being performed but excluding those of independently operated corporate affiliates, shall, to the maximum extent feasible, be offered for listing at an appropriate local office of the State employment service system wherein the opening occurs and to provide such periodic reports to such local office regarding employment openings and hires as may be required: Provided, that this provision shall not apply to openings which the contractor fills from within the contractor's organization or are filled pursuant to a customary and traditional employer-union hiring arrangement and that the listing of employment openings shall involve only the normal obligations which attach to the placing of job orders.

(2) The contractor agrees to place the above provision in any subcontract directly under this contract."

VI. CERTIFICATION OF COMPLIANCE WITH ENVIRONMENTAL LAWS

Operator agrees to comply with the Clean Air Act (42 U.S.C. §§ 1857) and the Federal Water Pollution Act (33 U.S.C. § 1251) when conducting operations involving nonexempt contracts. In all nonexempt contracts with subcontractors, Operator shall require:

(1) No facility to be utilized by Subcontractor in the performance of this contract with Operator is listed on the Environmental Protection Agency (EPA) List of Violating Facilities. See Executive Order No. 11738 of September 12, 1973, and 40 CFR § 15.20.

(2) Prompt written notification shall be given by Subcontractor to Operator of any communication indicating that any such facility is under consideration to be included on the EPA List of Violating Facilities.

(3) Subcontractor shall comply with all requirements of Section 114 of the Clean Air Act (42 U.S.C. § 1857) and Section 308 of the Federal Water Pollution Control Act (33 U.S.C. § 1251), relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified in these Sections, and all regulations and guidelines issued thereunder.

(4) The foregoing criteria and requirements shall be included in all of Subcontractor's nonexempt subcontracts, and Subcontractor shall take such action as the Government may direct as a means of enforcing such provisions. Sec. 40 CFR § 15.4 and 5.

(5) Operator agrees to notify non-operators of any violations of the afore provisions.

VII. Operator agrees to comply with Executive Orders 11458 and 11625 regarding Minority Business Enterprises and all orders, rules and regulations issued thereunder or amendments thereto.

VIII. Operator agrees to comply with Rehabilitation Act of 1973 and all orders, rules and regulations issued thereunder and amendments thereto.

Schlumberger

TED SONIC LOG AND COMPENSATED NEUTRON LOG-FORMATION DENSITY LOG.

COMPANY MARBOB ENERGY CORPORATION

WELL MALAGA #1

FIELD WILDCAT

COUNTY EDDY STATE NEW MEXICO

1980' FNL & 1980' FEL

Other Services: DLL CYBERLOOK ML

Sec. 3 Twp. 24-S Rge. 28-E

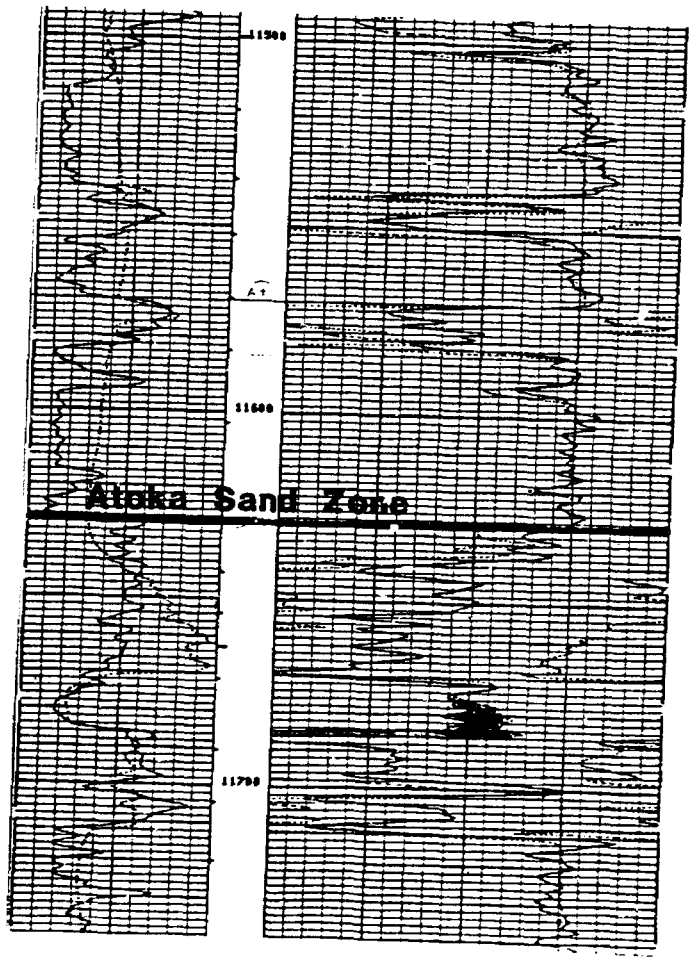
Permanent Datum G.L. Elev. 3016

Log Measured From K.B. 25 Ft. Above Perm. Datum

Drilling Measured From K.B.

Elev.: K.B. 3041 D.F. G.L. 3016

Date	4-1-79	4-21-79	5-19-79	6-3-79
Run No.	1 (BHC)	2 (CNL-FDC)	3 (CNL-FDC)	4 (CNL-FDC)
Depth-Driller	3000	10400	12068	13200
Depth-Logger (Total)	2999	10400	12068	13199
Btm. Log Interval	2989	10399	12067	13109
Top Log Interval	SURF	1007	10396	13107
Casing-Driller	20 @ 40C	13 3/8 @ 3004	7" 578 @ 10400'	@ 12071
Casing-Logger	298	3002	10396	12068
Bit Size	17 1/2	12 1/4	8 1/2	6 7/8
Type Fluid in Hole	BRINE/STARCH	BRINE	FRESH	BRINE
Dens. Visc.	10.5 38	9.7 28	12.6 46	9.7 40
pH Fluid Loss	9.5 15 cc	10.5 cc	10 6.5 cc	9.5 13 cc
Source of Sample	CIRC	PIT	FLOWLINE	PIT
Rm @ Meas. Temp.	.048 @ 70 °F	.053 @ 78 °F	.43 @ 65 °F	.058 @ 75 °F
Rmf @ Meas. Temp.	.040 @ 70 °F	@ °F	.31 @ 65 °F	.046 @ 75 °F
Rmc @ Meas. Temp.	.027 @ 70 °F	@ °F	.69 @ 65 °F	@ °F
Source Rmf / Rmc	M	M	C / C	M
Rm @ BHT	.032 @ 91 °F	.03 @ 157 °F	@ °F	.023 @ 185 °F
Time Since Circ.	2200 4-1	0500		0500
Max. Rec. Temp.	0500 4-1	1030	7210	1330
Equip. Location	91	157 °F	175 °F	185 °F
Recorded By	8042 HOBBS	8042 HOBBS	8042 HOBBS	8042 HOBBS
Witnessed By	MCGINLEY	CAMPAIGN	WILSON	LYON
	BAKER	BAKER	BAKER	BAKER



10-1

EXHIBIT
AMINOIL
CASE NO. 6886

COMPUTER

Schlumberger

PROCESSED LOG

COMPANY Hanks Exploration Co.

WELL Ben Cowan #1

FIELD Malaga (Morrow)

COUNTY Eddy STATE New Mexico

LOCATION 1650' FSL & 1980' FEL Sec. 14, T-24S, R-28E

ELEVATION KB 3018 DF GL 2984 API NO

Schlumberger Cyberlook
WELLSITE COMPUTATION
A CSU Service

Date	2-27-80		
Run No.	Two		
Depth - Driller	11,710		
Depth - Logger	11,699		
Btm. Log Interval	11,696		
Top Log Interval	11,500		
Casing - Driller	7⅝ @ 9800	@	@
Casing - Logger	—		
Bit Size	6¾		
Type Fluid in Hole	Brine/Starch		
Dens. / Visc.	10.1 / 32		
pH / Fluid Loss	8.5 / 6.4 cc	cc	cc
Source of Sample	Flow line		
Rm @ Meas. Temp	.078 @ 70 °F	@ °F	@ °F
Rmf @ Meas. Temp	.064 @ 70 °F	@ °F	@ °F
Rmc @ Meas. Temp	—	—	—
Source Rmf / Rmc	—		
Rm @ BHT	.041 @ 170 °F	@ °F	@ °F
Circulation Stopped	0500 2/29		
Logger on Bottom	0900 3/1		
Max. Rec. Temp	170 °F	°F	°F
Equip. / Location	3264 / Hobbs		
Recorded By	Schmidt		
Witnessed By	Yates		

Schlumberger COMPENSATED NEUTRON-FORMATION DENSITY

COMPANY AMINOIL USA, INC

WELL GUITAR #1

FIELD MALAGA

COUNTY EDDY STATE NEW MEXICO

1310' FEL & 660' FNL

Other Services: DLL, BHC, NGT

Sec. 10 Twp. 24-S Rge. 28-E

Permanent Datum G.L. Elev. 2991

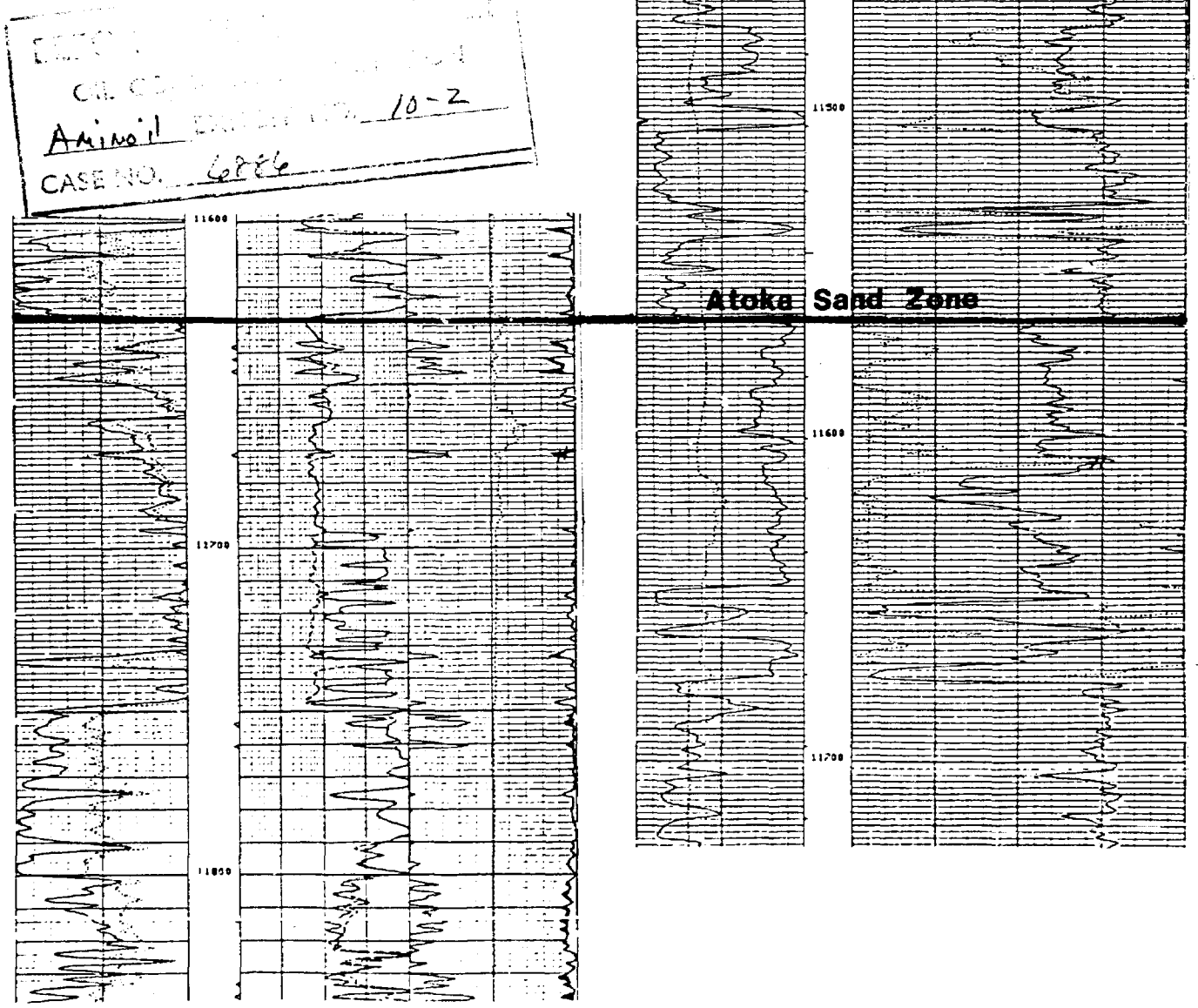
Log Measured From KDB 20 Ft. Above Perm. Datum

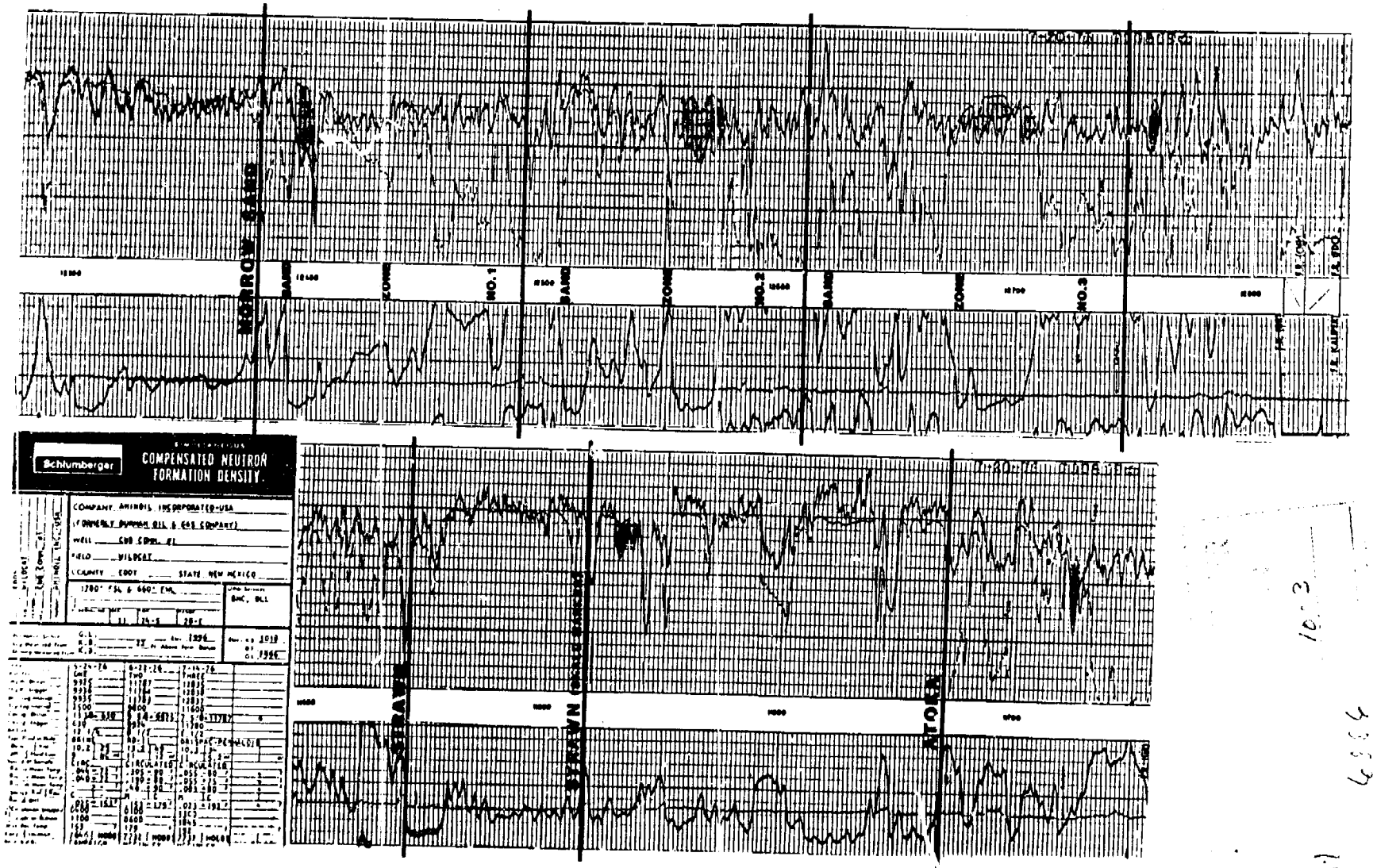
Drilling Measured From KDB

Elev.: KB 3011, DF, GL 2991

Date	3-6-80	3-31-80	4-15-80
Run No.	ONE	TWO	THREE
Depth - Driller	9850	12030	12715
Depth - Logger	9846	12029	12707
Btm. Log Interval	9845	12028	12706
Top Log Interval	SURF	9680	12100
Casing - Driller	13 3/8 @ 351'	9 5/8 @ 9845	7 5/8 @ 12100
Casing - Logger	351'	9843	12090
Bit Size	12 1/4	8 1/2	6 1/2
Type Fluid in Hole	BRINE	P	POLY MAGIC
Dens. / Visc.	9.2 / 31	12.9 / 41	8.9 / 32
pH / Fluid Loss	10 / 12 cc	9.5 / 11.2 cc	11 / 4.8 cc
Source of Sample	PIT	CIRC	PIT
Rm @ Meas. Temp	.09 @ 70 °F	.15 @ 60 °F	.090 @ 75 °F
Rmf @ Meas. Temp	.08 @ 72 °F	.12 @ 60 °F	.074 @ 75 °F
Rmc @ Meas. Temp	.2	.4	.135 @ 75 °F
Source Rmf / Rmc	M	M	
Rm @ BHT	.05 @ 135 °F	.06 @ 152 °F	.038 @ 186 °F
Circulation Stopped	1230	0130	0400
Logger on Bottom	1430	0930	1030
Max. Rec. Temp	135 °F	152 °F	186 °F
Equip. / Location	3264 / Hobbs	3264 / Hobbs	3264 / Hobbs
Recorded By	NEUMANN	WILSON	SPRINGER
Witnessed By	THOMAS	WOODWARD	WOODWARD

EXHIBIT NO. 10-2
OIL CONSERVATION DIVISION
Aminoil
CASE NO. 6886





10-3

Aminoil

49554

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702

June 2, 1980

Aminoil, USA, Inc.
600 Western United Life Building
Midland, Texas 79701

ATTN: Mr. Jamie Welin

RE: Lot 4, Block 1, in the townsite of Malaga, New Mexico, located in SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, Eddy County, New Mexico.

Gentlemen:

As per our previous conversations and conversation with Mr. Dexter Hopkins, this letter serves to inform you that it is the desire of Mr. Dexter Hopkins to be force pooled under the above captioned lands in lieu of leasing for an oil and gas lease.

Mr. Hopkins has advised the undersigned that he has leased various other properties and would like to take a varying degree of risk and therefore does not wish to lease this, but would rather have the option of being force pooled and possibly receiving at a later date a larger net revenue interest.

If you have any further questions, please do not hesitate to advise.

Yours very truly,

R A Jennings Jr

R. A. Jennings

RAJ:jj

AMINOIL 3C
6886

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas
PLACE

April 22, 1980
DATE

NO. _____

10 DAYS AFTER receipt of attached oil and gas lease---------- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Dexter and Charlene Hopkins, husband and wife ---------- $ 250.00

Two Hundred Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus Consideration for execution and delivery of attached oil and gas lease covering lands in Eddy County, New Mexico.

TO Cadell S. Liedtke
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

NOTICE
DO NOT HANDLE AS A CASH ITEM

X Cadell S. Liedtke
Cadell S. Liedtke

FNB CAS-18

Producers 88 Rev. (5 Year Lease) 10-67

THREE YEAR
~~FOUR YEAR~~ PAID UP LEASE)

OIL AND GAS LEASE

Form 345
Hall-Poorbaugh Press
Roswell, New Mexico

THIS AGREEMENT made this 22nd day of April, 19 80, between Dexter and Charlene Hopkins, husband and wife,

Lessor (whether one or more), whose address is: 111 North Farris, Carlsbad, NM 88220

and Cadell S. Liedtke, PO Box 10369, Midland, Texas 79702 Lessee, WITNESSETH:

1. Lessor in consideration of Ten ~~Dollars~~ Dollars ($ 10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport, and own said products and housing its employees, the following described land in Eddy County, New Mexico, to-wit:

Lot 4, Block 1, in the townsite of Malaga, New Mexico, located in SW¼SE¼SE¼ Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of ~~four years~~ three from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or land with which said land is pooled hereunder.

3. The royalties to paid by Lessee are: (a) on oil, 3/16 of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16 of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut in and thereafter at annual intervals the sum of $1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Lessee shall have free use of oil, gas, coal and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease, or any portion thereof as to oil and gas, or either of them, with other land, lease or leases in the immediate vicinity thereof to the extent, hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the New Mexico Oil Conservation Commission, or other lawful authority or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease, or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit. Lessee may at its election exercise its pooling option after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. Operations for drilling on or production of oil or gas from any part of the pooled unit which includes all or a portion of the land covered by this lease regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease, and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them, shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled units. Such allocation shall be on an acreage basis—that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. In addition to the foregoing, Lessee at its option is hereby given the right and power from time to time to commit said land or any part or formation or mineral substance covered hereby to any cooperative or unit agreement or plan of development and operation, and to any modifications thereof, which have been approved by the New Mexico Oil Conservation Commission or other lawful governmental authority. In such event, the royalty payable to Lessor hereunder shall be computed and paid on the basis of the oil or gas allocated to such land under the terms of any such agreement or plan of operation, which basis shall be the same by which the royalty due the United States or the State of New Mexico is computed and paid. This lease shall not expire during the life of such agreement or plan and shall be subject to the terms thereof and said agreement or plan of operation shall be filed with the New Mexico Oil Conservation Commission, or other lawful authority, and Lessee shall record in the County in which the leased premises are situated, an instrument describing such agreement or plan of operation and reflecting the commitment thereto, and the same may be recorded either before or after the completion of wells.

5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary terms, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the lease premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. 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 below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities.

9. 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 either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under said land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. 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.

10. Should Lessee be prevented from complying with any express or implied covenant of this lease, from conducting drilling or reworking operations thereon or from producing oil or gas therefrom by reason of scarcity of or inability to obtain or to use equipment or material, or by operation of force majeure, any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, Lessee's obligation to comply with such covenant shall be suspended, and Lessee shall not be liable in damages 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 on or from producing oil or gas from the leased premises; and the time while Lessee is so prevented shall not be counted against Lessee, anything in this lease to the contrary notwithstanding.

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

SS# _____ X _____
Dexter Hopkins

_____ _____

SS# _____ X _____
Lessor Charlene Hopkins Lessor

RICHARD A. JENNINGS
P. O. BOX 3758
MIDLAND, TEXAS 79702
May 23, 1980

Merle Holloway
Route 1
Snyder, Oklahoma

AMINOIL 3D
6886

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Holloway:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

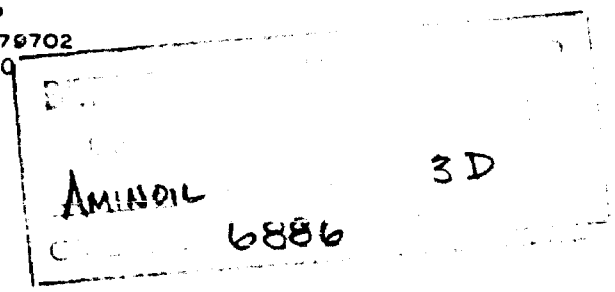
Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Merle Holloway
Route 1
Snyder, Oklahoma



RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Holloway:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus:	$50.00 total bonus
Royalty:	1/4th
Term:	3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

[illegible], Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITL

PAY TO THE ORDER OF Merle Holloway, a married woman, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

To R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAB-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R. A. Jennings, as Agent

Paid Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Merle Holloway, a married woman, dealing in her sole and separate property--

whose postoffice address is Route 1, Box 145, Snyder, Oklahoma, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~five (5)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Merle Holloway, a married woman, dealing in her sole and separate property

---

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____ , Page _____ , of the _____

Records of Eddy County, New Mexico , covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc.

---------- , in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ----------

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Merle Holloway Rt 1, Box 145 Snyder, Oklahoma	1/21	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____ , 19 ___.

X
Merle Holloway, a married woman, dealing in her sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3789
MIDLAND, TEXAS 79702
May 23, 1980

Mrs. Francis Gray
628 Tiduron Drive
Prescott, Arizona

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Gray:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

Exhibit 3D
Case 6886

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease - AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Mrs. Francis Gray, a married woman, dealing in her sole and separate property ---------- **$** 50.00

Fifty Dollars and NO/100---------- (WITH EXCHANGE) **DOLLARS**

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings

R. A. Jennings, as agent

Paid Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Mrs. Francis Gray, a married woman, dealing in her sole and separate property

whose postoffice address is 628 Tiduron Drive, Prescott, Arizona, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~ten~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respect lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Mrs. Francis Gray, a married woman, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____

Records of Eddy County, New MExico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc., in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Mrs. Francis Gray 628 Tiduron Drive Prescott, Arizona	1/35th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X
Mrs. Francis Gray, a married woman,
dealing in her sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O BOX 3788
MIDLAND, TEXAS 79702
May 23, 1980

Fern Martin
11140 Jersey Avenue
Youngtown, Arizona

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Martin:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Fern Martin, a widow, delaing in her sole and separate

property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

NOW Bonus consideration for execution and delivery of attached oil, gas and

mineral lease covering land in Eddy County, New MExico

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE

DO NOT HANDLE AS A CASH ITEM

R. A. Jennings

R. A. Jennings, as agent

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Fern Martin, a widow, dealing in her sole and separate property --

whose postoffice address is 11140 Jersey Ave., Youngtown, Arizona, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other accruals 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Order date of May 23rd, 1980

Fern Martin, a widow, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____ Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc., in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

2nd

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc.

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Fern Martin 11140 Jersey Avenue Youngtown, Arizona	1/35th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X
Fern Martin, a widow, dealing in her sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Daisie Buchwald
Rt 3 Box 50
Sante Fe, New Mexico

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Buchwald:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus:	$50.00 total bonus
Royalty:	1/4th
Term:	3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Daisie Buchwald, a married woman, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R A Jennings
R. A. Jennings, as agent

Paid-Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between

Daisie Buchwald, a married woman, dealing in her sole and separate property --

whose postoffice address is Route 3, Box 50, Sante Fe, New Mexico 87501, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc. ---------- hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN ---------- Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New MExico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Daisie Buchwald, a married woman, dealing in her sole and separate property ----------

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume ___, Page _____, of the _____

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc. ----

----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ---------- to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Daisie Buchwald Route 3 Box 50 Sante Fe, New Mexico	1/28th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of _____ her _____ assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ _____ day of _____, 19___.

_____

_____

_____

X _____
Daisie Buchwald, a married woman, dealing in her sole and separate property

_____

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3788
MIDLAND, TEXAS 79702
May 23, 1980

Miss Mona Miller
5313 Valerie
Bellaire, Texas

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Daer Miss Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE) 19 80 NO.

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Miss Mona Miller, a single woman, dealing in her sole and separate property $ 50.00

Fifty Dollars and NO/100 DOLLARS
WITH EXCHANGE

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAB-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings

R. A. Jennings, as agent

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Miss Mona Miller, a single woman, dealing in her sole and separate property

whose postoffice address is 5313 Valerie, Bellair, Texas 77401, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New MExico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessee. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (90) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Miss Mona Miller, a single woman, dealing in her sole and separate property

---

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume ___, Page _____, of the _____

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc. --------

---------- , in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ----------

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Miss Mona Miller 5313 Valerie Bellair, Texas	1/21st	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X
Miss Mona Miller, a single woman, dealing in her sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Mrs. Charles A. Miller
5313 Valerie
Bellair, Texas

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Mrs. Charles A. Miller, a widow, dealing in her sole

and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and

mineral lease covering land in Eddy County, New MExico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R A Jennings
R.A. Jennings, as agent

Paid-Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Mrs. Charles A. Miller, a widow, dealing in her sole and separate property --

whose postoffice address is 5313 Valerie, Bellaire, Texas 77401, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum consideration for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~three~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Mrs. Charles A. Miller, a widow, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____ Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc.

, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc.

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Mrs. Charles A. Miller 5313 Valerie Bellair, Texas	1/21st	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X
Mrs. Charles A. Miller, a widow, dealing in her sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3788
MIDLAND, TEXAS 79702
May 23, 1980

Ralph Miller
Route 1
Snyder, Oklahoma

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Ralph Miller
Route 1
Snyder, Oklahoma

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eldy County, New Mexico.

Dear Mr. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Ralph B. Miller, a married man, dealing in his sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
CITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New MExico ----------

TO R.A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAR-15

NOTICE
DO NOT HANDLE AS A CASH ITEM

x R A Jennings
R. A. Jennings, as agent

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Ralph B. Miller, a married man, dealing in his sole and separate property

whose postoffice address is Snyder, Oklahoma, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of Ten Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Ralph B. Miller, a married man, dealing in his sole and separate property ---

---

as lessor, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume ___, Page ___, of the ___

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ----------

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Ralph B. Miller RT 1 Snyder, Oklahoma	1/21	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of his assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the ___ day of ___, 19___.

X
Ralph B. Miller, a married man, dealing ~~in his sole and separate property~~

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Luther W. Miller
2520 West 27th North
Wichita, Kansas

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Luther W. Miller, a married man, dealing in his sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New MExico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings

R. A. Jennings, as Agent

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Luther W. Miller, a married man, dealing in his sole and separate property

whose postoffice address is 2520 West 27th North, Wichita, Kansas, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~three~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil. 1/4

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Luther W. Miller, a married man, dealing in his sole and separate property

---

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____ , Page _____ , of the _____

Records of Eddy County, New Mexico , covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc.

---------- , in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Amincil, USA, Inc. ---------- to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Luther W. Miller 2520 West 27th North Wichita, Kansas	1/35th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of his assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____ , 19 ___.

X
Luther W. Miller, a married man, dealing in his sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3788
MIDLAND, TEXAS 79702
May 23, 1980

Harold Miller
Route 1
Snyder, Oklahoma

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Harold E. Miller, a married man, dealing in his separate and sole property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus Consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New MExico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-12

NOTICE
DO NOT HANDLE AS A CASH ITEM

x R A Jennings
R. A. Jennings, as Agent

Paid-Up Revised 1-48—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Harold E. Miller, a married man, dealing in his sole and separate property ---

whose postoffice address is Snyder, Oklahoma, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New MExico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~three (3)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessee. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Harold E. Miller, a married man, dealing in his sole and separate property ---

---

as lessor, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____

Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ---------- to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Harold E. Miller RT 1 Snyder, Oklahoma	1/21	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of his assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X
Harold E. Miller, a married man, dealing in his sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3758
MIDLAND, TEXAS 79702

May 23, 1980

Margaret Russell
Star Route, Box 10
Logan, New Mexico 88426

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Russell:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease ----- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Margaret Russell, a married woman, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- DOLLARS
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico.----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAD-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R. A. Jennings, as Agent

Paid-Up Revised 1-oil--Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between

Margaret Russell, a married woman, dealing in her sole and separate property

whose postoffice address is Star Route, Box 10, Logan, New MEXICO 87501 hereinafter called lessor (whether one or more), and Aminoil, USA, Inc. hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN$ Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~five (5)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil. 1/4

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd. 1980

Margaret Russell, a married woman, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume ___, Page ___, of the ___ Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc., in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Margaret Russell Star Route, Box 1 Logan, New MExico	1/28th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the ___ day of ___, 19___.

X Margaret Russell, a married woman, dealing in her sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3788
MIDLAND, TEXAS 79702
May 23, 1980

Charles A. Miller, Jr
2501 Cornell
Roswell, New Mexico

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23 (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease ------ AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Charles A. Miller, Jr., a married man dealing in his sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100 ---------- WITH EXCHANGE **DOLLARS**

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAB-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R. A. Jennings, as agent

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Charles A. Miller, Jr., a married man, dealing in his sole and separate property ----------

as lessor, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____

Records of Eddy County, New MExico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1146 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ---------- to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Charles A. Miller Jr. 2501 Cornell Roswell, New MExico	1/21st	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of ~~his~~ assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X
Charles A. Miller, Jr, a married man,
~~dealing in his sole and separate property~~

(Acknowledgment on Back)

Paid-Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Charles A. Miller, Jr., a married man, dealing in his sole and separate property

whose postoffice address is 2501 Cornell, Roswell, New Mexico, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~one (1)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RICHARD A JENNINGS
P O BOX 3789
MIDLAND, TEXAS 79702
May 23, 1980

John W. Miller
Star Route, Box 9
Logan New Mexico

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mr. Miller:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R A Jennings

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease ---- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF John W. Miller, a married man, dealing in his sole and

separate property ---------- $ 50.00

Fifty and NO/100---------- WITH EXCHANGE DOLLARS

FOR Bonus consideration for execution and delivery of attached oil, gas and

mineral lease covering land in Eddy County, New Mexico.----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FMB CAB-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R. A. Jennings
R. A. Jennings, as agent

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between John W. Miller, a married man, dealing in his sole and separate property ------

---

whose postoffice address is Star Route, Box 9, Logan, New Mexico 88426, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc. ----------, hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN ---------- Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain .1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

John W. Miller, a married man, dealing in his sole and separate property

---

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume _____ , Page _____ , of the _____

Records of Eddy County, New Mexico , covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ----------

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
John W. Miller Star Route Box 9 Logan, New MExico	1/28th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of his assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____ , 19___.

X
John W. Miller, a married man dealing in his sole and separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O. BOX 3788
MIDLAND, TEXAS 79702
May 23, 1980

Caroline Miller McCombs
4512 Exposition
Las Vegas, Nevada

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. McCombs:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 23, (DATE), 19 80 NO. _____

30 DAYS AFTER receipt of attached oil, gas and mineral lease ---- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Caroline Miller McCombs, a married woman, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- WITH EXCHANGE **DOLLARS**

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County, New Mexico ----------

TO R. A. Jennings
First National Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAS-18

NOTICE
DO NOT HANDLE AS A CASH ITEM

R. A. Jennings

R. A. Jennings, as Agent

Paid-Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Caroline Miller McCombs, a married woman, dealing in her sole and separate property ----------

whose postoffice address is 4512 Exposition, Las Vegas, Nevada ----------, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc. ----------, hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of TEN & ---------- Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1149 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~three (3)~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal ~~one-eighth~~ 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ 1/4 part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well fecilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Caroline Miller McCombs, a married woman, dealing in her sole and separate property ----------

as lessor __, executed and delivered to Aminoil, USA, Inc. ----------

as lessee, an oil, gas and mineral lease which is recorded in Volume __, Page _____, of the _____

Records of Eddy County, New MExico ----, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by ----------

Aminoil, USA, Inc. ----------, in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc. ----------

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc. ---------- to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Caroline Miller McCombs 4512 Exposition Las Vegas, Nevada	1/35th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19__.

X Caroline Miller McCombs, a married woman dealing in her separate property

(Acknowledgment on Back)

RICHARD A. JENNINGS
P. O BOX 3759
MIDLAND, TEXAS 79702
May 23, 1980

Pauline Dickens
217 Court Street
Batesville, Mississippi 38606

RE: Oil, Gas and Mineral Lease covering
Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

Dear Mrs. Dickens:

A record check of the Eddy County deed records reflects that you are the owner of a mineral interest under the above captioned lands in Eddy County, New Mexico. At this time, the undersigned is desirous of leasing for oil and gas your interest in the above captioned lands for Aminoil, USA, Inc.

Enclosed please find an oil, gas and mineral lease, a ratification and rental division order, and a draft made out in your name covering your interest in the above described lands. The lease provides for the following terms:

Bonus: $50.00 total bonus
Royalty: 1/4th
Term: 3 year paid up lease

If the enclosed oil, gas and mineral lease meets with your satisfaction, please fill in the name of your bank on the ratification and rental division order, sign the lease and the ratification and rental division order in the presence of a notary public and have the instruments acknowledged. You will also need to endorse the back of the draft and place all three items in your bank's collection department for collection.

Please fill in your social security number in the space opposite your name on the oil and gas lease.

If you should have any questions concerning this matter, or if I may be of any assistance to you in regards to this property, please do not hesitate to call my office "collect" at area code 915/683-3092.

Yours very truly,

R A Jennings

R. A. Jennings

RAJ:jj
Enclosures

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

PLACE DATE

30 DAYS AFTER receipt of attached oil, gas and mineral lease ------- AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Mrs. Pauline Dickens, a widow, dealing in her sole and separate property ---------- $ 50.00

Fifty Dollars and NO/100---------- **DOLLARS**
WITH EXCHANGE

FOR Bonus consideration for execution and delivery of attached oil, gas and mineral lease covering land in Eddy County New Mexico.

TO R. A. Jennings
First NAtional Bank of Midland
Midland, Texas

PHONE: 915/683-3092

FNB CAD-13

NOTICE
DO NOT HANDLE AS A CASH ITEM

X R. A. Jennings, as agent

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 23rd day of May 19 80 by and between Mrs. Pauline Dickens, a widow, dealing in her sole and separate property

whose postoffice address is 217 Court Street, Batesville, Mississippi 38606, hereinafter called lessor (whether one or more), and Aminoil, USA, Inc., hereinafter called lessee:

WITNESSETH. 1. Lessor, in consideration of TEN Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain 1148 acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of ~~three~~ three (3) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal 1/4 part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such ~~one-eighth~~ part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear ~~one-eighth~~ 1/4 of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, ~~one-eighth~~ 1/4 of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

RATIFICATION AND RENTAL DIVISION ORDER

STATE OF New Mexico

COUNTY OF Eddy

WHEREAS, Under date of May 23rd, 1980

Mrs. Pauline Dickens, a Widow, dealing in her sole and separate property

as lessor, executed and delivered to Aminoil, USA, Inc.

as lessee, an oil, gas and mineral lease which is recorded in Volume _____, Page _____, of the _____ Records of Eddy County, New Mexico, covering certain land which is described in said lease. Reference to said lease and the record thereof is here made for all purposes; and

WHEREAS, said lease and all rights and privileges thereunder are now owned by Aminoil, USA, Inc., in so far as said lease covers

Lot 15, Block 1, Townsite of Malaga, New Mexico, being a portion of the SW/4 SE/4 SE/4 of Section 10, T-24-S, R-28-E, N.M.P.M., Eddy County, New Mexico being .1148 acres of land, more or less.

and

WHEREAS, the undersigned desire to adopt, ratify and confirm said lease in so far as it covers the right, title and interest of the undersigned in and to the above described land, and to set out the divisions of interests in and to any rental payments which may be made under said lease:

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the undersigned hereby adopt, ratify and confirm said lease as of the date of its execution and recognize the full validity of the same in so far as it affects the right, title and interest of the undersigned in and to the above described land, and the undersigned hereby grant, lease and let to

Aminoil, USA, Inc.

the above described tract of land, subject to and in accordance with all of the terms and conditions set forth in said above described lease.

The undersigned further authorize Aminoil, USA, Inc.

to pay any rentals which may be paid under the terms of said lease in the proportions set out below and to the respective depositories herein specified or, at lessee's option, to the depositories named in said lease, and payments so made will fully protect said lease as to the respective interests of the undersigned, each of whom certifies as to the interest set opposite his name only:

CREDIT TO	FRACTIONAL INTEREST	AMOUNT	DEPOSITORY
Mrs. Pauline Dickens 217 Court Street Batesville, Mississippi	1/28th	.03¢	X

The above division covers the payment of delay rentals only and does not purport to cover royalties.

This agreement is binding upon the heirs, executors, administrators and assigns of the undersigned as to the fractional interests in rentals set forth above, but shall not operate to change the depository named in the lease as to any of her assigns. This instrument is binding on all of the undersigned regardless of whether all parties named in the above division of interests join in its execution.

IN TESTIMONY WHEREOF, we have hereunto subscribed our signatures and affixed our seals as of the _____ day of _____, 19___.

X
Mrs. Pauline Dickens, a widow, dealing in her sole and separate property

(Acknowledgment on Back)

Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701
(915) 682-8231

AMINOIL USA

Mrs. Ruth Rock
c/o Mr. William Esley, Attorney
Box 410
Bethany, Missouri 64424

RE: Estate of A. S. Cumming
Lot 7, Block 19, City of Malaga
S/2 of Section 10, T-24-S, R-28-E,
N.M.P.M., Eddy County, New Mexico
AUSA File No. 2841

AMINOIL 3E
6886

Dear Mr. Esley:

A check of the records of Records of Eddy County, New Mexico indicates Mr. Cumming had record title to the captioned acreage at one time prior to Jan. 2, 1920. J. L. Williams acquired various Tax Sale Certificates dated Jan. 2, 1920, recorded in Book 17, Page 66,in the Records of Eddy County, New Mexico, however no tax deed to him covering the subject lands appear of record.

Aminoil will offer to take a protection lease covering the subject lands under the following terms:

$50.00 total bonus consideration

3 year paid-up lease

3/16ths royalty

(captioned property covers approximately 0.0911 net acres.)

Enclosed herewith for your examination you will find an O&G lease with the aforementioned terms. After you have examined same and it meets with your approval, please have Mrs.Rock execute the lease in the space provided, insert her social security number under her name, endorse the draft and deposit both with the collections department of her bank for collection.

If you have any questions concerning the above, please advise.

Yours, truly,

James S. Welin
Senior Landman

JSW/kk

Enclosures

(whether lessor's interest is herein specified or not), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

COLLECTION DRAFT
COURTESY OF
THE FIRST NATIONAL BANK
OF MIDLAND, TEXAS

Midland, Texas (PLACE) May 30, (DATE) , 19 80 NO. _____

10 DAYS AFTER receipt of OG&ML AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF RUTH ROCK , Bethany, Missouri $50.00

----------FIFTY and NO/100---------- WITH EXCHANGE ----------DOLLARS

FOR Bonus consideration for the execution of an O&G Lease covering Lot 7, Block 19

Townsite of Malaga, New Mexico. Section 10-Twp 24 S- Rg 28 E, Eddy Co., New Mexico

TO Aminoil USA, Inc.

600 Western United Life Bldg.

Midland, Texas

NOTICE
DO NOT HANDLE AS A CASH ITEM

James S. Welin

FOR CASH

(whether lessor's interest is herein specified or not), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the 30th day of May 19 80 by and between RUTH ROCK, dealing in her sole and separate property

whose postoffice address is General Delivery, Bethany, Missouri, hereinafter called lessor (whether one or more), and Aminoil USA, Inc., hereinafter called lessee.

WITNESSETH: 1. Lessor, in consideration of ——— Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of Eddy, State of New Mexico, and is described as follows:

Section 10, Township 24 South, Range 28 East, Eddy County, New Mexico

All of Lot 7, Block 19, Townsite of Malaga, New Mexico

Notwithstanding anything to the contrary herein contained, it is understood and agreed that the words "one-eighth" (1/8th) are hereby deleted and the words "three-sixteenths" (3/16ths) substituted, therefore, to the end that the royalty shall be three-sixteenths (3/16ths) rather than one-eighth (1/8th).

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain ——— acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees:

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal one-eighth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such one-eighth part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear one-eighth of the cost of treating oil to render it marketable pipe line oil.

(b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, one-eighth of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of one-eighth of such gas and casinghead gas.

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

11. (a) Lessee is hereby granted the right, at its option, at any time and from time to time, to pool or unitize all or any part of said land and of this lease as to any or all minerals or horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or horizon thereunder, so as to establish units containing not more than 45 surface acres; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are permitted, under any governmental rule or order, for the drilling of a well at a regular location or for obtaining maximum allowable therefrom, any such unit may be established or enlarged, to conform to the size permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded.

(b) Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease, included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres 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, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas.

(c) The formation of such unit shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit.

(d) Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 11, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

(e) A unit may be so established, modified or dissolved during the life of this lease, but in no event later than twenty (20) years after the date hereof.

12. If at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reasons of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

13. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

14. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor.

IN TESTIMONY WHEREOF, we sign as of the day and year first above written.

* _____ _____

(S.S. _____

_____ _____

_____ _____

SINGLE ACKNOWLEDGMENT

* THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ _____ known to me to be the person___ described in and who executed the foregoing instrument, and whose name___ is (are) subscribed thereto, and acknowledged to me that _____ executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Witness my hand and seal of office this _____ day of _____, 19_____.

My Commission Expires

_____

_____

Notary Public in and for _____ County, State of _____

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ _____ wife of _____, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

_____

Notary Public in and for _____ County, State of _____

TEXAS JOINT ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ _____ and _____, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

_____

Notary Public in and for _____ County, State of _____

_____

When recorded return to _____

This instrument was filed for record on the _____ day of _____, 19____ at _____ o'clock ____m., and duly recorded in Book _____, page _____ of the _____ Records of this office

* _____ County Clerk _____ County _____

April 21, 1980

SEE ADDRESS LIST ATTACHED

Re: OPERATING AGREEMENT COVERING
S/2 SECTION 10, T-24-S, R-28-E
N.M.P.M., EDDY COUNTY, NEW MEXICO
MALAGA AREA

Gentlemen:

For your review and further handling, enclosed herewith you will find one copy of Operating Agreement dated April 18, 1980, covering the captioned area.

If you have any questions, please advise.

Yours truly,

James S. Welin
Senior Landman

JSW/sls
Enclosure

BEFORE ... ER
OIL CO... ON
AMINOIL 5
CASE NO. 6886

Addresses of the Parties:

Ronald G. Tefteller
505 GPM Building
San Antonio, Texas 78216

Edmond T. Anderson IV
P. O. Box 8575
Midland, Texas 79703

Ronnie Ward
P. O. Box 2371
Midland, Texas 79702

R. F. "Buddy" Fort
114 Chancellor Building
Midland, Texas 79701

Robert B. Coleman
P. O. Box 501
Midland, Texas 79702

George W. Bush
P. O. Box 785
Midland, Texas 79702

AMOCO Production Company
P. O. Box 3092
Houston, Texas 77002
Attention: Joe W. Durkee

Phillips Petroleum Company
4001 Penbrook
Odessa, Texas 79762
Attention: Paul Hanna

Arbusto Energy, Inc.
P. O. Box 785
Midland, Texas 79701

James H. Isbell
727 Midland Tower Building
Midland, Texas 79701

J. R. Rowan
217 Mid-America Building
Midland, Texas 79701

Don D. Matson
P. O. Box 162
Midland, Texas 79702

Southland Royalty Company
1100 Wall Towers West
Midland, Texas 79701
Attention: Richard W. Petrie

R. C. Roberts
100 Oil & Gas Building
Midland, Texas 79701

Ed Phillips
706 Gihls Tower West
Midland, Texas 79701

Leonard T. May, et ux, Louise
Box 95
Carlsbad, New Mexico 88220

Gary E. Leascher
507 Permian Building
Midland, Texas 79702

A.A.P.L. FORM 610 - 1977

MODEL FORM OPERATING AGREEMENT

OPERATING AGREEMENT

DATED

APRIL 18 , 19 80 ,

OPERATOR AMINOIL USA, INC.

CONTRACT AREA S/2 SECTION 10, TOWNSHIP 24 SOUTH, RANGE 28 EAST,

N.M.P.M., EDDY COUNTY, NEW MEXICO

COUNTY OR ~~PARISH~~ OF EDDY STATE OF NEW MEXICO

BEFORE EXAMINER
OIL CONSERVATION DIVISION
EXHIBIT NO. 5
CASE NO.

COPYRIGHT 1977 — ALL RIGHTS RESERVED
AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM. A.A.P.L. NO. 610 - 1977 REVISED
MAY BE ORDERED DIRECTLY FROM THE PUBLISHER
KRAFTBILT PRODUCTS, BOX 800, TULSA 74101

GUIDANCE IN THE PREPARATION OF THIS AGREEMENT:

1. Title Page - Fill in blank as applicable.

2. Preamble, Page 1 - Name of Operator.

3. Article II - Exhibits:
   (a) Indicate Exhibits to be attached.
   (b) If it is desired that no reference be made to Non-discrimination, the reference to Exhibit "F" should be deleted.

4. Article IV.A - Title Examination - Select option as agreed to by the parties.

5. Article IV.B - Loss of Title - If "Joint Loss" of Title is desired, the following changes should be made:
   (a) Delete Articles IV.B.1 and IV.B.2.
   (b) Article IV.B.3 - Delete phrase "other than those set forth in Articles IV.B.1 and IV.B.2 above."
   (c) Article VII.F. - Change reference at end of the first grammatical paragraph from "Article IV.B.2" to "Article IV.B.3."

6. Article V - Operator - Enter name of Operator.

7. Article VI.A - Initial Well:
   (a) Date of commencement of drilling.
   (b) Location of well.
   (c) Obligation depth.

8. Article VI.B.2.(b) - Subsequent Operations - Enter penalty percentage as agreed to by parties.

9. Article VII.D.1. - Limitation of Expenditures - Select option as agreed to by parties.

10. Article VII.D.3. - Limitation of Expenditures - Enter limitation of expenditure of Operator for single project and amount above which Operator may furnish information AFE.

11. Article VII.E. - Royalties, Overriding Royalties and Other Payments - Enter royalty fraction as agreed to by parties.

12. Article X. - Claims and Lawsuits - Enter claim limit as agreed to by parties.

13. Article XIII. - Term of Agreement:
   (a) Select Option as agreed to by parties.
   (b) If Option No. 2 is selected, enter agreed number of days in two (2) blanks.

14. Signature Page - Enter effective date.

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OPERATING AGREEMENT

THIS AGREEMENT, entered into by and between AMINOIL USA, INC. _____, hereinafter designated and referred to as "Operator", and the signatory party or parties other than Operator, sometimes hereinafter referred to individually herein as "Non-Operator", and collectively as "Non-Operators",

WITNESSETH:

WHEREAS, the parties to this agreement are owners of oil and gas leases and/or oil and gas interests in the land identified in Exhibit "A", and the parties hereto have reached an agreement to explore and develop these leases and/or oil and gas interests for the production of oil and gas to the extent and as hereinafter provided:

NOW, THEREFORE, it is agreed as follows:

ARTICLE I.
DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them:

A. The term "oil and gas" shall mean oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons and other marketable substances produced therewith, unless an intent to limit the inclusiveness of this term is specifically stated.

B. The terms "oil and gas lease", "lease" and "leasehold" shall mean the oil and gas leases covering tracts of land lying within the Contract Area which are owned by the parties to this agreement.

C. The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Contract Area which are owned by parties to this agreement.

D. The term "Contract Area" shall mean all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".

E. The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Contract Area or as fixed by express agreement of the Drilling Parties.

F. The term "drillsite" shall mean the oil and gas lease or interest on which a proposed well is to be located.

G. The terms "Drilling Party" and "Consenting Party" shall mean a party who agrees to join in and pay its share of the cost of any operation conducted under the provisions of this agreement.

H. The terms "Non-Drilling Party" and "Non-Consenting Party" shall mean a party who elects not to participate in a proposed operation.

Unless the context otherwise clearly indicates, words used in the singular include the plural, the plural includes the singular, and the neuter gender includes the masculine and the feminine.

ARTICLE II.
EXHIBITS

The following exhibits, as indicated below and attached hereto, are incorporated in and made a part hereof:

☒ A. Exhibit "A", shall include the following information:
(1) Identification of lands subject to agreement,
(2) Restrictions, if any, as to depths or formations,
(3) Percentages or fractional interests of parties to this agreement,
~~(4) Oil and gas leases and/or oil and gas interests subject to this agreement,~~
(5) Addresses of parties for notice purposes.

☒ B. Exhibit "B", Form of Lease.

☒ C. Exhibit "C", Accounting Procedure.

☒ D. Exhibit "D", Insurance.

☒ E. Exhibit "E", Gas Balancing Agreement.

☒ F. Exhibit "F", Non-Discrimination and Certification of Non-Segregated Facilities.

If any provision of any exhibit, except Exhibit "E", is inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

ARTICLE III.
INTERESTS OF PARTIES

A. Oil and Gas Interests:

If any party owns an unleased oil and gas interest in the Contract Area, that interest shall be treated for the purpose of this agreement and during the term hereof as if it were a leased interest under the form of oil and gas lease attached as Exhibit "B". As to such interest, the owner shall receive royalty on production as prescribed in the form of oil and gas lease attached hereto as Exhibit "B". Such party shall, however, be subject to all of the provisions of this agreement relating to lessees, to the extent that it owns the lessee interest.

B. Interest of Parties in Costs and Production:

Exhibit "A" lists all of the parties and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this agreement shall be borne and paid, and all equipment and material acquired in operations on the Contract Area shall be owned by the parties as their interests are shown in Exhibit "A". All production of oil and gas from the Contract Area, subject to the payment of lessor's royalties which will be borne by the Joint Account, shall also be owned by the parties in the same manner during the term hereof; provided, however, this shall not be deemed an assignment or cross-assignment of interests covered hereby.

ARTICLE IV.
TITLES

A. Title Examination:

Title examination shall be made on the drillsite of any proposed well prior to commencement of drilling operations or, if the Drilling Parties so request, title examination shall be made on the leases and/or oil and gas interests included, or planned to be included, in the drilling unit around such well. The opinion will include the ownership of the working interest, minerals, royalty, overriding royalty and production payments under the applicable leases. At the time a well is proposed, each party contributing leases and/or oil and gas interests to the drillsite, or to be included in such drilling unit, shall furnish to Operator all abstracts (including Federal Lease Status Reports), title opinions, title papers and curative material in its possession free of charge. All such information not in the possession of or made available to Operator by the parties, but necessary for the examination of title, shall be obtained by Operator. Operator shall cause title to be examined by attorneys on its staff or by outside attorneys. Copies of all title opinions shall be furnished to each party hereto. The cost incurred by Operator in this title program shall be borne as follows:

☐ Option No. 1: Costs incurred by Operator in procuring abstracts and title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be a part of the administrative overhead as provided in Exhibit "C," and shall not be a direct charge, whether performed by Operator's staff attorneys or by outside attorneys.

☒ Option No. 2: Costs incurred by Operator in procuring abstracts and fees paid outside attorneys for title examination (including preliminary, supplemental, shut-in gas royalty opinions and division order title opinions) shall be borne by the Drilling Parties in the proportion that the interest of each Drilling Party bears to the total interest of all Drilling Parties as such interests appear in Exhibit "A". Operator shall make no charge for services rendered by its staff attorneys or other personnel in the performance of the above functions.

Each party shall be responsible for securing curative matter and pooling amendments or agreements required in connection with leases or oil and gas interests contributed by such party. The Operator shall be responsible for the preparation and recording of Pooling Designations or Declarations as well as the conduct of hearings before Governmental Agencies for the securing of spacing or pooling orders. This shall not prevent any party from appearing on its own behalf at any such hearing.

No well shall be drilled on the Contract Area until after (1) the title to the drillsite or drilling unit has been examined as above provided, and (2) the title has been approved by the examining attorney or title has been accepted by all of the parties who are to participate in the drilling of the well.

B. Loss of Title:

1. Failure of Title: Should any oil and gas interest or lease, or interest therein, be lost through failure of title, which loss results in a reduction of interest from that shown on Exhibit "A", this agreement, nevertheless, shall continue in force as to all remaining oil and gas leases and interests, and

(a) The party whose oil and gas lease or interest is affected by the title failure shall bear alone the entire loss and it shall not be entitled to recover from Operator or the other parties any development

or operating costs which it may have theretofore paid, but there shall be no monetary liability on its part to the other parties hereto for drilling, development, operating or other similar costs by reason of such title failure; and

(b) There shall be no retroactive adjustment of expenses incurred or revenues received from the operation of the interest which has been lost, but the interests of the parties shall be revised on an acreage basis, as of the time it is determined finally that title failure has occurred, so that the interest of the party whose lease or interest is affected by the title failure will thereafter be reduced in the Contract Area by the amount of the interest lost; and

(c) If the proportionate interest of the other parties hereto in any producing well theretofore drilled on the Contract Area is increased by reason of the title failure, the party whose title has failed shall receive the proceeds attributable to the increase in such interests (less costs and burdens attributable thereto) until it has been reimbursed for unrecovered costs paid by it in connection with such well; and

(d) Should any person not a party to this agreement, who is determined to be the owner of any interest in the title which has failed, pay in any manner any part of the cost of operation, development, or equipment, such amount shall be paid to the party or parties who bore the costs which are so refunded; and

(e) Any liability to account to a third party for prior production of oil and gas which arises by reason of title failure shall be borne by the party or parties in the same proportions in which they shared in such prior production; and

(f) No charge shall be made to the joint account for legal expenses, fees or salaries, in connection with the defense of the interest claimed by any party hereto, it being the intention of the parties hereto that each shall defend title to its interest and bear all expenses in connection therewith.

2. Loss by Non-Payment or Erroneous Payment of Amount Due: If, through mistake or oversight, any rental, shut-in well payment, minimum royalty or royalty payment, is not paid or is erroneously paid, and as a result a lease or interest therein terminates, there shall be no monetary liability against the party who failed to make such payment. Unless the party who failed to make the required payment secures a new lease covering the same interest within ninety (90) days from the discovery of the failure to make proper payment, which acquisition will not be subject to Article VIII.B., the interests of the parties shall be revised on an acreage basis, effective as of the date of termination of the lease involved, and the party who failed to make proper payment will no longer be credited with an interest in the Contract Area on account of ownership of the lease or interest which has terminated. In the event the party who failed to make the required payment shall not have been fully reimbursed, at the time of the loss, from the proceeds of the sale of oil and gas attributable to the lost interest, calculated on an acreage basis, for the development and operating costs theretofore paid on account of such interest, it shall be reimbursed for unrecovered actual costs theretofore paid by it (but not for its share of the cost of any dry hole previously drilled or wells previously abandoned) from so much of the following as is necessary to effect reimbursement:

(a) Proceeds of oil and gas, less operating expenses, theretofore accrued to the credit of the lost interest, on an acreage basis, up to the amount of unrecovered costs;

(b) Proceeds, less operating expenses, thereafter accrued attributable to the lost interest on an acreage basis, of that portion of oil and gas thereafter produced and marketed (excluding production from any wells thereafter drilled) which, in the absence of such lease termination, would be attributable to the lost interest on an acreage basis, up to the amount of unrecovered costs, the proceeds of said portion of the oil and gas to be contributed by the other parties in proportion to their respective interests; and

(c) Any monies, up to the amount of unrecovered costs, that may be paid by any party who is, or becomes, the owner of the interest lost, for the privilege of participating in the Contract Area or becoming a party to this agreement.

3. Other Losses: All losses incurred, other than those set forth in Articles IV.B.1. and IV.B.2. above, shall not be considered failure of title but shall be joint losses and shall be borne by all parties in proportion to their interests. There shall be no readjustment of interests in the remaining portion of the Contract Area.

ARTICLE V.
OPERATOR

A. DESIGNATION AND RESPONSIBILITIES OF OPERATOR:

AMINOIL USA, INC. shall be the Operator of the Contract Area, and shall conduct and direct and have full control of all operations on the Contract Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained or liabilities incurred, except such as may result from gross negligence or willful misconduct.

B. Resignation or Removal of Operator and Selection of Successor:

1. Resignation or Removal of Operator: Operator may resign at any time by giving written notice thereof to Non-Operators. If Operator terminates its legal existence, no longer owns an interest in the Contract Area, or is no longer capable of serving as Operator, it shall cease to be Operator without any action by Non-Operator, except the selection of a successor. Operator may be removed if it fails or refuses to carry out its duties hereunder, or becomes insolvent, bankrupt or is placed in receivership, by the affirmative vote of two (2) or more Non-Operators owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of Operator. Such resignation or removal shall not become effective until 7:00 o'clock A.M. on the first day of the calendar month following the expiration of ninety (90) days after the giving of notice of resignation by Operator or action by the Non-Operators to remove Operator, unless a successor Operator has been selected and assumes the duties of Operator at an earlier date. Operator, after effective date of resignation or removal, shall be bound by the terms hereof as a Non-Operator. A change of a corporate name or structure of Operator or transfer of Operator's interest to any single subsidiary, parent or successor corporation shall not be the basis for removal of Operator.

2. Selection of Successor Operator: Upon the resignation or removal of Operator, a successor Operator shall be selected by the Parties. The successor Operator shall be selected from the parties owning an interest in the Contract Area at the time such successor Operator is selected. If the Operator that is removed fails to vote or votes only to succeed itself, the successor Operator shall be selected by the affirmative vote of two (2) or more parties owning a majority interest based on ownership as shown on Exhibit "A", and not on the number of parties remaining after excluding the voting interest of the Operator that was removed.

C. Employees:

The number of employees used by Operator in conducting operations hereunder, their selection, and the hours of labor and the compensation for services performed, shall be determined by Operator, and all such employees shall be the employees of Operator.

D. Drilling Contracts:

All wells drilled on the Contract Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. If it so desires, Operator may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the area and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as are customary and usual in the area in contracts of independent contractors who are doing work of a similar nature.

ARTICLE VI.
DRILLING AND DEVELOPMENT

A. Initial Well:

On or before the 1 day of May, 19 80 Operator shall commence the drilling of a well for oil and gas at the following location:

2080' FSL and 1773' FSL of Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico

and shall thereafter continue the drilling of the well with due diligence to

a depth sufficient to test the Morrow Formation estimated to require drilling to a depth of 13,000'

unless granite or other practically impenetrable substance or condition in the hole, which renders further drilling impractical, is encountered at a lesser depth, or unless all parties agree to complete or abandon the well at a lesser depth.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply.

If, in Operator's judgment, the well will not produce oil or gas in paying quantities, and it wishes to plug and abandon the well as a dry hole, it shall first secure the consent of all parties and shall plug and abandon same as provided in Article VI.E.1. hereof.

B. Subsequent Operations:

1. Proposed Operations: Should any party hereto desire to drill any well on the Contract Area other than the well provided for in Article VI.A., or to rework, deepen or plug back a dry hole drilled at the joint expense of all parties or a well jointly owned by all the parties and not then producing in paying quantities, the party desiring to drill, rework, deepen or plug back such a well shall give the other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. If a drilling rig is on location, notice of proposal to rework, plug back or drill deeper may be given by telephone and the response period shall be limited to forty-eight (48) hours, exclusive of Saturday, Sunday or legal holidays. Failure of a party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation. Any notice or response given by telephone shall be promptly confirmed in writing.

2. Operations by Less than All Parties: If any party receiving such notice as provided in Article VI.B.1. or VI.E.1. elects not to participate in the proposed operation, then, in order to be entitled to the benefits of this article, the party or parties giving the notice and such other parties as shall elect to participate in the operation shall, within sixty (60) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the forty-eight (48) hour period where the drilling rig is on location, as the case may be) actually commence work on the proposed operation and complete it with due diligence. Operator shall perform all work for the account of the Consenting Parties; provided, however, if no drilling rig or other equipment is on location, and if Operator is a Non-Consenting Party, the Consenting Parties shall either: (a) request Operator to perform the work required by such proposed operation for the account of the Consenting Parties, or (b) designate one (1) of the Consenting Parties as Operator to perform such work. Consenting Parties, when conducting operations on the Contract Area pursuant to this Article VI.B.2., shall comply with all terms and conditions of this agreement.

If less than all parties approve any proposed operation, the proposing party, immediately after the expiration of the applicable notice period, shall advise the Consenting Parties of (a) the total interest of the parties approving such operation, and (b) its recommendation as to whether the Consenting Parties should proceed with the operation as proposed. Each Consenting Party, within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of such notice, shall advise the proposing party of it's desire to (a) limit participation to such party's interest as shown on Exhibit "A", or (b) carry its proportionate part of Non-Consenting Parties' interest. The proposing party, at its election, may withdraw such proposal if there is insufficient participation, and shall promptly notify all parties of such decision.

The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions they have elected to bear same under the terms of the preceding paragraph. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this Article results in a producer of oil and/or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this Article, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well and share of production therefrom until the proceeds of the sale of such share, calculated at the well, or market value thereof if such share is not sold (after deducting production taxes, royalty, overriding royalty and other interests existing on the effective date hereof, payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

(a) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this Article, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to each Non-Consenting Party had it participated in the well from the beginning of the operation; and

(b) 400 % of that portion of the costs and expenses of drilling reworking, deepening, or plugging back, testing and completing, after deducting any cash contributions received under Article VIII.C., and

400% of that portion of the cost of newly acquired equipment in the well (to and including the well-head connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

Gas production attributable to any Non-Consenting Party's relinquished interest upon such Party's election, shall be sold to its purchaser, if available, under the terms of its existing gas sales contract. Such Non-Consenting Party shall direct its purchaser to remit the proceeds receivable from such sale direct to the Consenting Parties until the amounts provided for in this Article are recovered from the Non-Consenting Party's relinquished interest. If such Non-Consenting Party has not contracted for sale of its gas at the time such gas is available for delivery, or has not made the election as provided above, the Consenting Parties shall own and be entitled to receive and sell such Non-Consenting Party's share of gas as hereinabove provided during the recoupment period.

During the period of time Consenting Parties are entitled to receive Non-Consenting Party's share of production, or the proceeds therefrom, Consenting Parties shall be responsible for the payment of all production, severance, gathering and other taxes, and all royalty, overriding royalty and other burdens applicable to Non-Consenting Party's share of production.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value, less cost of salvage.

Within sixty (60) days after the completion of any operation under this Article, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the Party conducting the operations for the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. In determining the quantity of oil and gas produced during any month, Consenting Parties shall use industry accepted methods such as, but not limited to, metering or periodic well tests. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased, in determining when the interest of such Non-Consenting Party shall revert to it as above provided; and if there is a credit balance, it shall be paid to such Non-Consenting party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it, and, from and after such reversion, such Non-Consenting Party shall own the same interest in such well, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have been entitled to had it participated in the drilling, reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and the Accounting Procedure, attached hereto.

Notwithstanding the provisions of this Article VI.B.2., it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Contract Area is producing, unless such well conforms to the then-existing well spacing pattern for such source of supply.

The provisions of this Article shall have no application whatsoever to the drilling of the initial well described in Article VI.A. except (a) when Option 2, Article VII.D.1., has been selected, or (b) to the reworking, deepening and plugging back of such initial well, if such well is or thereafter shall prove to be a dry hole or non-commercial well, after having been drilled to the depth specified in Article VI.A.

C. Right to Take Production in Kind:

Each party shall have the right to take in kind or separately dispose of its proportionate share of all oil and gas produced from the Contract Area, exclusive of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party. Any

party taking its share of production in kind shall be required to pay for only its proportionate share of such part of Operator's surface facilities which it uses.

Each party shall execute such division orders and contracts as may be necessary for the sale of its interest in production from the Contract Area, and, except as provided in Article VIII.2., shall be entitled to receive payment direct from the purchaser thereof for its share of all production.

In the event any party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Contract Area, Operator shall have the right, subject to the revocation at will by the party owning it, but not the obligation, to purchase such oil and gas or sell it to others at any time and from time to time, for the account of the non-taking party at the best price obtainable in the area for such production. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to exercise at any time upon 30 days written notice its right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a purchaser. Any purchase or sale by Operator of any other party's share of oil and gas shall be only for such reasonable periods of time as are consistent with the minimum needs of the industry under the particular circumstances, but in no event for a period in excess of one (1) year. Notwithstanding the foregoing, Operator shall not make a sale, including one into interstate commerce, of any other party's share of gas production without first giving such other party thirty (30) days notice of such intended sale.

In the event one or more parties' separate disposition of its share of the gas causes split-stream deliveries to separate pipelines and or deliveries which on a day-to-day basis for any reason are not exactly equal to a party's respective proportionate share of total gas sales to be allocated to it, the balancing or accounting between the respective accounts of the parties shall be in accordance with any Gas Balancing Agreement between the parties hereto, whether such Agreement is attached as Exhibit "E", or is a separate Agreement.

D. Access to Contract Area and Information:

Each party shall have access to the Contract Area at all reasonable times, at its sole risk to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operation thereof, ~~including Operator's books and records relating thereto.~~ Operator, upon request, shall furnish each of the other parties with copies of all forms or reports filed with governmental agencies, daily drilling reports, well logs, tank tables, daily gauge and run tickets and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Contract Area. The cost of gathering and furnishing information to Non-Operator, other than that specified above, shall be charged to the Non-Operator that requests the information.

E. Abandonment of Wells:

1. Abandonment of Dry Holes: Except for any well drilled pursuant to Article VI.B.2., any well which has been drilled under the terms of this agreement and is proposed to be completed as a dry hole shall not be plugged and abandoned without the consent of all parties. Should Operator, after diligent effort, be unable to contact any party, or should any party fail to reply within forty-eight (48) hours (exclusive of Saturday, Sunday or legal holidays) after receipt of notice of the proposal to plug and abandon such well, such party shall be deemed to have consented to the proposed abandonment. All such wells shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of the parties who participated in the cost of drilling of such well. Any party who objects to the plugging and abandoning such well shall have the right to take over the well and conduct further operations in search of oil and or gas subject to the provisions of Article VI.B.

2. Abandonment of Wells that have Produced: Except for any well which has been drilled or reworked pursuant to Article VI.B.2. hereof for which the Consenting Parties have not been fully reimbursed as therein provided, any well which has been completed as a producer shall not be plugged and abandoned without the consent of all parties. If all parties consent to such abandonment, the well shall be plugged and abandoned in accordance with applicable regulations and at the cost, risk and expense of all the parties hereto. If, within thirty (30) days after receipt of notice of the proposed abandonment of such well, all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and related equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. If the interest of the abandoning party is or includes an oil and gas interest, such party shall execute and deliver to the non-abandoning party or parties an oil and gas lease, limited to the interval or intervals of the formation or formations then open to production, for a term of one year and so long thereafter as oil and or gas is produced from the interval or inter-

wells in the pooled or communitized acreage, as set forth on Exhibit "B". The assignments of leases or undivided interests in the drilling unit upon which the well is located. The payments by, and the assignments or agreements with, the assigning parties with respect to the relationship of their respective percentages of participation in the Contract Area to the percentages of participation in the Contract Area of all signers. They shall not relate to any interest in the remaining portion of the Contract Area.

Thereafter, abandoning parties shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then upon other than the royalties retained in any lease made under the terms of this Article. Upon request, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well.

ARTICLE VII.
EXPENDITURES AND LIABILITY OF PARTIES

A. Liability of Parties:

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Contract Area. Accordingly, the liens granted among the parties in Article VII.B. are given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership or association, or to render the parties liable as partners.

B. Liens and Payment Defaults:

Each Non-Operator grants to Operator a lien upon its oil and gas rights in the Contract Area, and a security interest in its share of oil and or gas when extracted and its interest in all equipment, to secure payment of its share of expense, together with interest thereon at the rate provided in the Accounting Procedure attached hereto as Exhibit "C". To the extent that Operator has a security interest under the Uniform Commercial Code of the State, Operator shall be entitled to exercise the rights and remedies of a secured party under the Code. The bringing of a suit and the obtaining of judgment by Operator for the secured indebtedness shall not be deemed an election of remedies or otherwise affect the lien rights or security interest as security for the payment thereof. In addition, upon default by any Non-Operator in the payment of its share of expense, Operator shall have the right, without prejudice to other rights or remedies, to collect from the purchaser the proceeds from the sale of such Non-Operator's share of oil and or gas until the amount owed by such Non-Operator, plus interest has been paid. Each purchaser shall be entitled to rely upon Operator's written statement concerning the amount of any default. Operator grants a like lien and security interest to the Non-Operators to secure payment of Operator's proportionate share of expense.

If any party fails or is unable to pay its share of expense within sixty (60) days after rendition of a statement therefor by Operator, the non-defaulting parties, including Operator, shall, upon request by Operator, pay the unpaid amount in the proportion that the interest of each such party bears to the interest of all such parties. Each party so paying its share of the unpaid amount shall, to obtain reimbursement thereof, be subrogated to the security rights described in the foregoing paragraph.

C. Payments and Accounting:

Except as herein otherwise specifically provided, Operator shall promptly pay and discharge expenses incurred in the development and operation of the Contract Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the expense basis provided in the Accounting Procedure attached hereto as Exhibit "C". Operator shall keep an accurate record of the joint account hereunder, showing expenses incurred and charges and credits made and received.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the expense to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of a statement of such estimated expense, or in accordance with the accounting procedures, as provided in Exhibit "C", together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated expense shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest as provided in Exhibit "C" until paid. Proper adjustment shall be made monthly between advances and actual expense to the end that each party shall bear and pay its proportionate share of actual expenses incurred, and no more.

D. Limitation of Expenditures:

1. Drill or Deepen: Without the consent of all parties, no well shall be drilled or deepened, except [illegible] provided or deepened pursuant to the provisions of Article VI.B.2 of this Agreement, it being understood that the consent to the drilling or deepening shall include:

shall include all necessary expenditures for the drilling, deepening or testing of said well and as further provided in ARTICLE XV, B, C & D

~~2. Option No. 2: All necessary expenditures for the drilling or deepening and testing of the well. When~~ such well has reached its authorized depth, and all tests have been completed, Operator shall give immediate notice to the Non-Operators who have the right to participate in the completion costs. The parties receiving such notice shall have forty-eight (48) hours (exclusive of Saturday, Sunday and legal holidays) in which to elect to participate in the setting of casing and the completion attempt. Such election, when made, shall include consent to all necessary expenditures for the completing and equipping of such well, including necessary tankage and or surface facilities. Failure of any party receiving such notice to reply within the period above fixed shall constitute an election by that party not to participate in the cost of the completion attempt. If one or more, but less than all of the parties, elect to set pipe and to attempt a completion, the provisions of Article VI.B.2. hereof (the phrase "reworking, deepening or plugging back" as contained in Article VI.B.2. shall be deemed to include "completing") shall apply to ~~[illegible] operations thereafter conducted by less than all parties.~~

2. Rework or Plug Back: Without the consent of all parties, no well shall be reworked or plugged back except a well reworked or plugged back pursuant to the provisions of Article VI.B.2. of this agreement, it being understood that the consent to the reworking or plugging back of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping of said well, including necessary tankage and or surface facilities.

3. Other Operations: Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of twenty thousand ---------- Dollars ($ 20,000.00) except in connection with a well, the drilling, reworking, deepening, completing, recompleting, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that, in case of explosion, fire, flood or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency to safeguard life and property but Operator, as promptly as possible, shall report the emergency to the other parties. If Operator prepares "Authority for Expenditures" for its own use, Operator, upon request, shall furnish copies of its "Authority for Expenditures" for any single project costing in excess of twenty thousand ---------- Dollars ($ 20,000.00).

E. Royalties, Overriding Royalties and Other Payments:

Each party shall pay or deliver, or cause to be paid or delivered, all royalties to the extent ~~XX~~ XXXXXXXXXXXXXXXXXXXXXXXXXXXX due on its share of production and shall hold the other parties free from any liability therefor. If the interest of any party in any oil and gas lease covered by this agreement is subject to any royalty, overriding royalty, production payment, or other charge over and above the aforesaid royalty, such party shall assume and alone bear all such obligations and shall account for or cause to be accounted for, such interest to the owners thereof.

No party shall ever be responsible, on any price basis higher than the price received by such party, to any other party's lessor or royalty owner; and if any such other party's lessor or royalty owner should demand and receive settlements on a higher price basis, the party contributing such lease shall bear the royalty burden insofar as such higher price is concerned.

F. Rentals, Shut-in Well Payments and Minimum Royalties:

Rentals, shut-in well payments and minimum royalties which may be required under the terms of any lease shall be paid by the party or parties who subjected such lease to this agreement at its or their expense. In the event two or more parties own and have contributed interests in the same lease to this agreement, such parties may designate one of such parties to make said payments for and on behalf of all such parties. Any party may request, and shall be entitled to receive, proper evidence of all such payments. In the event of failure to make proper payment of any rental, shut-in well payment or minimum royalty through mistake or oversight where such payment is required to continue the lease in force, any loss which results from such non-payment shall be borne in accordance with the provisions of Article IV.B.2.

Operator shall notify Non-Operator of the anticipated completion of a shut-in gas well, or the shutting in or return to production of a producing gas well, at least five (5) days (excluding Saturday, Sunday and holidays), or at the earliest opportunity permitted by circumstances, prior to taking such action, but assumes no liability for failure to do so. In the event of failure by Operator to so notify Non-Operator, the loss of any lease contributed hereto by Non-Operator for failure to make timely payments

[illegible] well payment shall be borne solely by the party or parties [illegible] Article IV.B.

G. Taxes:

Beginning with the first calendar year after the effective date hereof, Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Prior to the rendition date, each Non-Operator shall furnish Operator information as to burdens (to include, but not be limited to, royalties, overriding royalties and production payments) on leases and oil and gas interests contributed by such Non-Operator. If the assessed valuation of any leasehold estate is reduced by reason of its being subject to outstanding excess royalties, overriding royalties or production payments, the reduction in ad valorem taxes resulting therefrom shall inure to the benefit of the owner or owners of such leasehold estate, and Operator shall adjust the charge to such owner or owners so as to reflect the benefit of such reduction. Operator shall bill other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If Operator considers any tax assessment improper, Operator may, at its discretion, protest within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. During the pendency of administrative or judicial proceedings, Operator may elect to pay, under protest, all such taxes and any interest and penalty. When any such protested assessment shall have been finally determined, Operator shall pay the tax for the joint account, together with any interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

Each party shall pay or cause to be paid all production, severance, gathering and other taxes imposed upon or with respect to the production or handling of such party's share of oil and or gas produced under the terms of this agreement. (See Amendment by ARTICLE XV G)

H. Insurance:

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where the operations are being conducted; provided, however, that Operator may be a self-insurer for liability under said compensation laws in which event the only charge that shall be made to the joint account shall be an amount equivalent to the premium which would have been paid had such insurance been obtained. Operator shall also carry or provide insurance for the benefit of the joint account of the parties as outlined in Exhibit "D", attached to and made a part hereof. Operator shall require all contractors engaged in work on or for the Contract Area to comply with the Workmen's Compensation Law of the State where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event Automobile Public Liability Insurance is specified in said Exhibit "D", or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for Operator's fully owned automotive equipment.

ARTICLE VIII.
ACQUISITION, MAINTENANCE OR TRANSFER OF INTEREST

A. Surrender of Leases:

The leases covered by this agreement, insofar as they embrace acreage in the Contract Area, shall not be surrendered in whole or in part unless all parties consent thereto.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties do not agree or consent thereto, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. If the interest of the assigning party includes an oil and gas interest, the assigning party shall execute and deliver to the party or parties not desiring to surrender an oil and gas lease covering such oil and gas interest for a term of one year and so long thereafter as oil and/or gas is produced from the land covered thereby, such lease to be on the form attached hereto as Exhibit "B". Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production other than the royalties retained in any lease made under the terms of this Article. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage. The value of all material shall be determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall

be agreed by the parties assigned in the proportions that the interest of each bears to the interest of all parties assigned.

An assignment or surrender made under this provision shall not relieve or discharge the assignor's or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Contract Area and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

B. Renewal or Extension of Leases:

If any party secures a renewal of any oil and gas lease subject to this Agreement, or top lease, extension or option affecting any such lease or leased acreage, all other parties shall be notified promptly, and shall have the right for a period of thirty (30) days following receipt of such notice in which to elect to participate in the ownership of the renewal lease, insofar as such lease affects lands within the Contract Area, by paying to the party who acquired it their several proper proportionate shares of the acquisition cost allocated to that part of such lease within the Contract Area, which shall be in proportion to the interests held at that time by the parties in the Contract Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the Contract Area to the aggregate of the percentages of participation in the Contract Area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this Article shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. Any renewal lease taken before the expiration of its predecessor lease, or taken or contracted for within six (6) months after the expiration of the existing lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this agreement.

The provisions in this Article shall apply also and in like manner to extensions of oil and gas leases.

C. Acreage or Cash Contributions:

While this agreement is in force, if any party contracts for a contribution of cash toward the drilling of a well or any other operation on the Contract Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly tender an assignment of the acreage, without warranty of title, to the Drilling Parties in the proportions said Drilling Parties shared the cost of drilling the well. If all parties hereto are Drilling Parties and accept such tender, such acreage shall become a part of the Contract Area and be governed by the provisions of this agreement. If less than all parties hereto are Drilling Parties and accept such tender, such acreage shall not become a part of the Contract Area. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Contract Area.

If any party contracts for any consideration relating to disposition of such party's share of substances produced hereunder, such consideration shall not be deemed a contribution as contemplated in this Article VIII.C.

D. Subsequently Created Interest:

Notwithstanding the provisions of Article VIII.E. and VIII.G., if any party hereto shall, subsequent to execution of this agreement, create an overriding royalty, production payment, or net proceeds interest, which such interests are hereinafter referred to as "subsequently created interest", such subsequently created interest shall be specifically made subject to all of the terms and provisions of this agreement, as follows:

1. If non-consent operations are conducted pursuant to any provision of this agreement, and the party conducting such operations becomes entitled to receive the production attributable to the interest out of which the subsequently created interest is derived, such party shall receive same free and clear of such subsequently created interest. The party creating same shall bear and pay all such subsequently created interests and shall indemnify and hold the other parties hereto free and harmless from any and all liability resulting therefrom.

2. If the owner of the interest from which the subsequently created interest is derived (1) fails to pay, when due, its share of expenses chargeable hereunder, or (2) elects to abandon a well under provisions of Article VI.E. hereof, or (3) elects to surrender a lease under provisions of Article VIII.A. hereof, the subsequently created interest shall be chargeable with the pro rata portion of all expenses hereunder in the same manner as if such interest were a working interest. For purposes of collecting such chargeable expenses, the party or parties who receive assignments as a result of (2) or (3) above shall have the right to enforce all provisions of Article VII.B. hereof against such subsequently created interest.

E. Maintenance of Uniform Interest:

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this agreement, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases embraced within the Contract Area and in wells, equipment and production unless such disposition covers either:

1. the entire interest of the party in all leases and equipment and production; or

2. an equal undivided interest in all leases and equipment and production in the Contract Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the right of the other parties.

If, at any time the interest of any party is divided among and owned by four or more co-owners, Operator, at its discretion, may require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interests within the scope of the operations embraced in this agreement; however, all such co-owners shall have the right to enter into and execute all contracts or agreements for the disposition of their respective shares of the oil and gas produced from the Contract Area and they shall have the right to receive, separately, payment of the sale proceeds hereof.

F. Waiver of Right to Partition:

If permitted by the laws of the state or states in which the property covered hereby is located, each party hereto owning an undivided interest in the Contract Area waives any and all rights it may have to partition and have set aside to it in severalty its undivided interest therein.

~~**G. Preferential Right to Purchase:**~~

~~Should any party desire to sell all or any part of its interests under this agreement, or its rights and~~ interests in the Contract Area, it shall promptly give written notice to the other parties, with full information concerning its proposed sale, which shall include the name and address of the prospective purchaser (who must be ready, willing and able to purchase), the purchase price, and all other terms of the offer. The other parties shall then have an optional prior right, for a period of ten (10) days after receipt of the notice, to purchase on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to dispose of its interests by merger, reorganization, consolidation, or sale of all or substantially all of its assets to a subsidiary or parent company or to a subsidiary of a parent ~~company, or to any company in which any one party owns a majority of the stock.~~

ARTICLE IX.
INTERNAL REVENUE CODE ELECTION

This agreement is not intended to create, and shall not be construed to create, a relationship of partnership or an association for profit between or among the parties hereto. Notwithstanding any provisions herein that the rights and liabilities hereunder are several and not joint or collective, or that this agreement and operations hereunder shall not constitute a partnership, if, for Federal income tax purposes, this agreement and the operations hereunder are regarded as a partnership, each party hereby affected elects to be excluded from the application of all of the provisions of Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, as permitted and authorized by Section 761 of the Code and the regulations promulgated thereunder. Operator is authorized and directed to execute on behalf of each party hereby affected such evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and the data required by Federal Regulations 1.761. Should there be any requirement that each party hereby affected give further evidence of this election, each such party shall execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service or as may be necessary to evidence this election. No

such party shall give any notices or take any other action inconsistent with the election made hereby. If any present or future income tax laws of the state or states in which the Contract Area is located or any future income tax laws of the United States contain provisions similar to those in Subchapter "K", Chapter 1, Subtitle "A", of the Internal Revenue Code of 1954, under which an election similar to that provided by Section 761 of the Code is permitted, each party hereby affected shall make such election as may be permitted or required by such laws. In making the foregoing election, each such party states that the income derived by such party from Operations hereunder can be adequately determined without the computation of partnership taxable income.

ARTICLE X.
CLAIMS AND LAWSUITS

Operator may settle any single damage claim or suit arising from operations hereunder if the expenditure does not exceed _____ten thousand---------- Dollars ($ 10,000.00) and if the payment is in complete settlement of such claim or suit. If the amount required for settlement exceeds the above amount, the parties hereto shall assume and take over the further handling of the claim or suit, unless such authority is delegated to Operator. All costs and expense of handling, settling, or otherwise discharging such claim or suit shall be at the joint expense of the parties. If a claim is made against any party or if any party is sued on account of any matter arising from operations hereunder over which such individual has no control because of the rights given Operator by this agreement, the party shall immediately notify Operator, and the claim or suit shall be treated as any other claim or suit involving operations hereunder.

ARTICLE XI.
FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all reasonable diligence to remove the force majeure situation as quickly as practicable.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure", as here employed, shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental action, governmental delay, restraint or inaction, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

ARTICLE XII.
NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, unless otherwise specifically provided, shall be given in writing by United States mail or Western Union telegram, postage or charges prepaid, or by teletype, and addressed to the party to whom the notice is given at the addresses listed on Exhibit "A". The originating notice given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed, and the time for such party to give any notice in response thereto shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid, or when sent by teletype. Each party shall have the right to change its address at any time, and from time to time, by giving written notice hereof to all other parties.

ARTICLE XIII.
TERM OF AGREEMENT

This agreement shall remain in full force and effect as to the oil and gas leases and/or oil and gas interests subjected hereto for the period of time selected below; provided, however, no party hereto shall ever be construed as having any right, title or interest in or to any lease, or oil and gas interest contributed by any other party beyond the term of this agreement.

☐ Option No. 1: So long as any of the oil and gas leases subject to this agreement remain or are continued in force as to any part of the Contract Area, whether by production, extension, renewal or otherwise, and or so long as oil and/or gas production continues from any lease or oil and gas interest.

X Option No. 2 In the event the well described in Article VI.A., or any subsequent well drilled under any provision of this agreement, results in production of oil and/or gas in paying quantities, this agreement shall continue in force so long as any such well or wells produce, or are capable of production, and for an additional period of 120 days from cessation of all production, provided, however, if, prior to the expiration of such additional period, one or more of the parties hereto are engaged in drilling or reworking a well or wells hereunder, this agreement shall continue in force until such operations have been completed and if production results therefrom, this agreement shall continue in force as provided herein. In the event the well described in Article VI.A., or any subsequent well drilled hereunder, results in a dry hole, and no other well is producing, or capable of producing oil and/or gas from the Contract Area, this agreement shall terminate unless drilling or reworking operations are commenced within 120 days from the date of abandonment of said well.

It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

ARTICLE XIV.
COMPLIANCE WITH LAWS AND REGULATIONS

A. Laws, Regulations and Orders:

This agreement shall be subject to the conservation laws of the state in which the committed acreage is located, to the valid rules, regulations, and orders of any duly constituted regulatory body of said state; and to all other applicable federal, state, and local laws, ordinances, rules, regulations, and orders.

B. Governing Law:

The essential validity of this agreement and all matters pertaining thereto, including, but not limited to, matters of performance, non-performance, breach, remedies, procedures, rights, duties and interpretation or construction, shall be governed and determined by the law of the state in which the Contract Area is located. If the Contract Area is in two or more states, the law of the state where most of the land in the Contract Area is located shall govern.

ARTICLE XV.
OTHER PROVISIONS

A. Conflicts:

In the event of a conflict between the provisions of this Article XV and any other provision of this Operating Agreement, the provisions of this Article XV shall control and prevail.

B. Casing Point Election:

Consent to the drilling or deepening of any well in the Contract Area, including the initial well, shall not be deemed consent to the running and setting of a production string of casing therein or to the completion of said well as a producing well. After the drilling or deepening of such well to the depth or formation authorized and after appropriate testing, coring and logging have been made, Operator shall then give immediate notice to the Non-Operators participating in the drilling or deepening of such well, setting forth Operator's recommendations with respect to such attempted completion. Each such party shall within 48 hours after receipt of such notice notify Operator as to whether or not such party elects to set production casing and to participate in such completion attempt. Failure to so notify Operator shall be deemed an election not to participate. Should all parties hereto elect to so participate, Operator shall conduct such operations for the joint account of all parties. Should less than all parties elect to so participate, then such completion operations shall be conducted under the provisions of Article VI.B.2. hereof, as an operation by less than all the parties. Should no party elect to attempt such completion or should the completion attempt result in a dry hole, Operator shall plug and abandon the well at the joint cost of all parties who participated in the drilling or deepening of the well.

If the Operator is not successful with its first completion attempt and Operator recommends a completion attempt in another zone, or if less than all parties elect to attempt a completion attempt in another zone, then the previous Non-Consent Parties shall be entitled to notice and the option to participate regardless of their election on a previous completion attempt; however, to have such options must have participated in all operations leading up to the initial completion attempt. This option is a recurring right.

C. Sequence of Elections:

It is agreed that where a well, which has been authorized under the terms of this agreement by all parties, or by one or more but less than all parties under Paragraph VI.B.1. or 2., shall have been drilled to the objective depth or the objective formation, whichever is deepest, and the parties participating in the well cannot mutually agree upon the sequence and timing of further operations regarding said well, the following elections shall control in the order enumerated hereafter: (1) An election to do additional logging, coring or testing; (2) An election to attempt to complete the well at either the objective depth or objective formation; (3) An election to plug back and attempt to complete said well; (4) An election to deepen said well; and (5) An election to sidetrack the well.

It is provided, however, that if at the time said participating parties are considering any of the above elections the hole is in such a condition that a reasonably prudent operator would not conduct the operations contemplated by the particular election involved for fear of placing the hole in jeopardy or losing the same prior to completing the well in the objective depth or objective formation, such election shall be eliminated from the priorities hereinabove set forth.

D. Election of Approving Party:

Notwithstanding any of the provisions of Articles VI and XV.B. and C. hereof, approval of a proposed operation shall not constitute the approving party as a Consenting Party (as defined in Article I.G.) to the operation if less than all parties hereto qualified to participate in the operation approve the proposed operation until said approving party (a) has been notified in writing that less than all such parties have consented to the operation and (b) has notified Operator in writing within 48 hours of receipt of said notice that it agrees to be a Consenting Party to the operation as one participated in by less than all parties. Failure to so timely notify Operator shall constitute an election by such party to be a non-consenting party to the operation.

E. Operations Required to Maintain a Lease in Force:

It is understood and agreed that the non-consent provisions of Article VI.B.2. shall not be applicable to any well or operation which is necessary to perpetuate a lease or leases or interest therein within the Contract Area which is expiring within six months of the date such well or operation is proposed. Any well or operation which is necessary to perpetuate such a lease or interest therein shall be deemed to be a "required well" or a "required operation". As to any required well or required operation proposed by any party hereto in which any other party hereto elects to not participate, the non-participating party shall release and relinquish forever, proportionately to the participating parties, all of non-participating party's interest in and to the lease or leases within the Contract Area or interest therein which would be perpetuated by such required well or required operation together with any lease or interest therein pooled therewith to form a proration unit under the regulations of the applicable state regulatory body having such jurisdiction. The interest in such leases shall be assigned by the non-participating party to the participating parties without warranty of title except as to claims by, through or under assignor and shall be free of any additional burdens, and shall remain subject to this joint operating agreement. Nothing herein shall be construed as requiring a relinquishment of such non-participating party's interest in any producing well or units.

F. Taxes:

If the operator is required hereunder to pay ad valorem taxes based in whole or in part upon separate valuations of each party's working interest, then notwithstanding anything to the contrary herein, charges to the joint account shall be made and paid by the parties thereto in accordance with the tax value generated by each party's working interest.

G. Special Indemnity Provisions:

Non-operators agree to release operator from any and all losses, damages, injuries, claims and causes of action arising out of, incident to or resulting directly or indirectly from operator's interpretation or application of rules, rulings, regulations or orders of any Federal, State, local or other governmental agency to the extent operator's interpretation or application of such rules, rulings, regulations or orders were made in good faith. Non-operators further agree to reimburse operator for their proportionate share of any amounts operator may be required to refund, rebate or pay as a result of an incorrect interpretation or application of the above noted rules, rulings, regulations or orders, together with the non-operators' proportionate part of interest and penalties owing by operator as a result of such incorrect interpretation or application of such rules, rulings, regulations or orders.

H. Metering or Production:

If a diversity of the working interest ownership in production from a lease subject to this agreement occurs as a result of operations by less than all parties pursuant to any provision of this agreement, it is agreed that the oil and other liquid hydrocarbons produced from the well or wells completed by the consenting party or parties shall be separately measured by standard metering equipment to be properly tested periodically for accuracy, and the setting of a separate tank battery will not be required unless the purchaser of the production or governmental regulatory body having jurisdiction will not approve metering for separately measuring the production.

I. Agreement Subject to Applicable Laws - Reporting:

This agreement and the respective rights and obligations of the parties hereunder shall be subject to all applicable Federal, State, local, or other governmental laws, rules, regulations and orders, and in the event this agreement or any provision hereof is or the operations contemplated hereby are, found to be inconsistent with or contrary to any such law, rule, regulation or order, the latter shall be deemed to control and this agreement shall be regarded as modified accordingly, and as so modified, to continue in full force and effect. Operator shall prepare and furnish to any duly constituted authority having jurisdiction in the premises through its proper agency or department any and all reports, statements and information that may be requested when such reports are required to be filed by Operator.

Operator shall act as the representative of all parties hereto in all hearings and proceedings before administrative bodies concerning the Contract Area and, subject to approval by Non-Operators, all costs and expenses incurred by Operator directly or by retention of outside personnel in participation in such hearings or proceedings shall be proper charges against the joint account; provided, however, that nothing herein contained shall prohibit any of the parties other than Operator from participating in any such hearing or proceedings in his or its own behalf and at his or its own cost and expense.

The Operator shall at all times consult freely with the other parties concerning the operations being or to be conducted on the Contract Area and shall permit any party hereto to collaborate in any litigation or hearings before any administrative body, state or federal, affecting the Contract Area or the production therefrom.

J. Third Party Disclaimer:

It is not the intention of the parties that this contract is made or intended for the benefit of any third person or party.

K. AFE Overruns and Option to Withdraw:

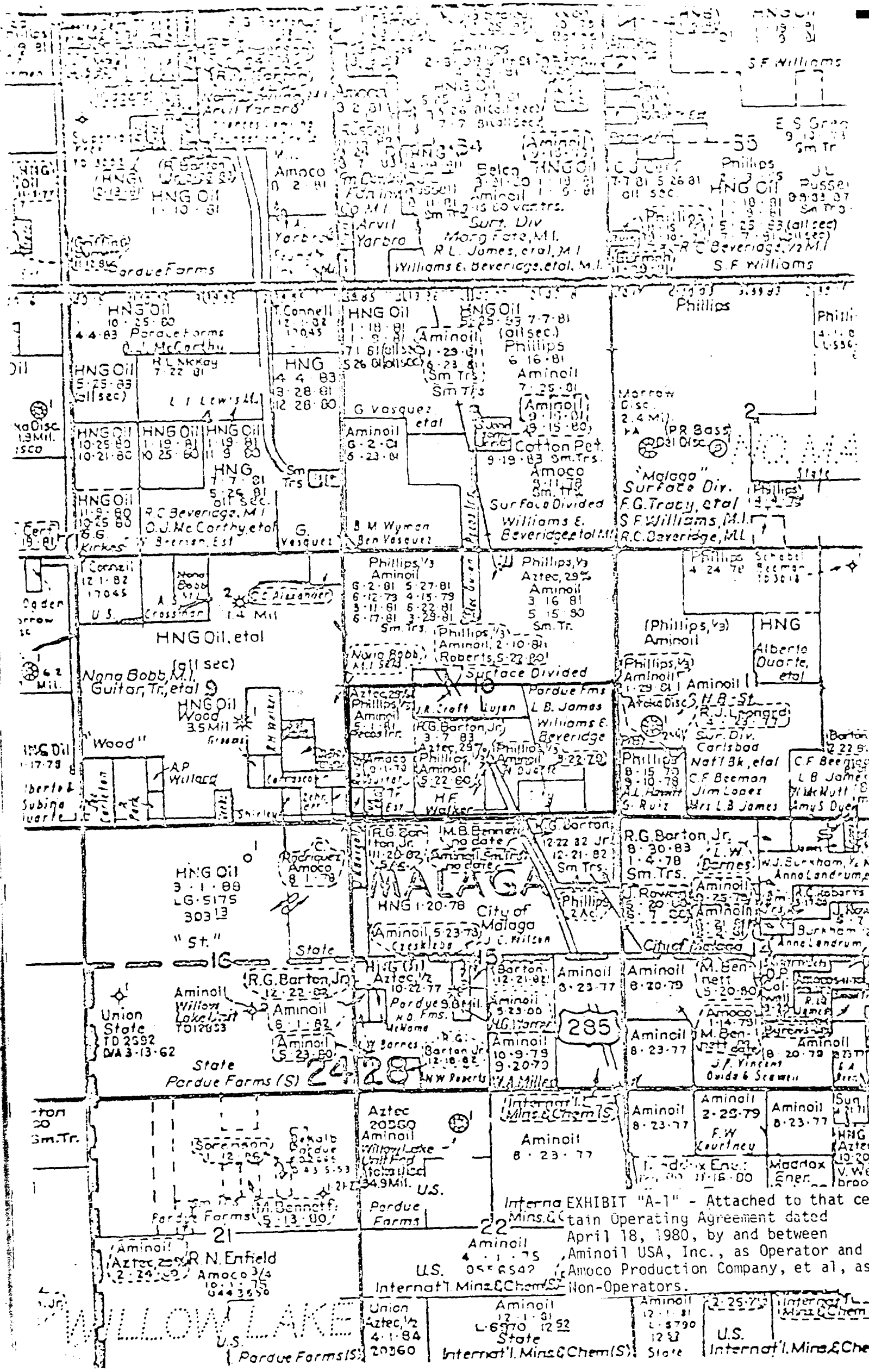
Subject to the provisions set out herein, any party participating in any well or operation conducted under the provisions of this Operating Agreement, including the Operator, shall have the option of withdrawing from further participation in such well or operation at such time as the expenditures for the well or operation exceed the total amount of the Original Authority for Expenditure (AFE) and approved Supplemental AFE's by 50%. Any such party desiring to so withdraw (herein called

"withdrawing party") shall incur no further liabilities and owe no further obligations after the time such election to withdraw is made, as specified below, with respect to such well or operation. Such withdrawing party shall own no further interest in such well or production from the well beyond the point at which it withdraws, but shall relinquish all of such interest to the parties continuing participation in the subject well or operation. Nothing herein shall be construed to require a withdrawing party to relinquish its interest in any producing wells or units or to relinquish its rights to participate in any future wells or operations.

At such time as Operator shall have had actual notice that expenditures incurred in any well or operation exceed the total amount of the Original and Supplemental approved AFE's by 50%, it shall give written notice of such fact to all parties participating in the well or operations. If Operator desires to withdraw from further participation, it shall so notify all participating parties in its notice of over-expenditures. Any other party desiring to withdraw from further participation in the well or operation shall so notify Operator in writing within five days after receipt of the original notice by Operator. Failure to give such timely written notice shall constitute an election to continue participation in such well or operation. Each withdrawing party shall be responsible for its accrued obligations and liabilities up to and until such time as Operator receives the required written notice of its election to withdraw. In the event any party withdraws from further participation in a well or operation as provided for herein, all risk, cost and expense incurred for such well or operation from such time as Operator (or the other participating parties, if Operator withdraws) receives written notice of this withdrawal shall be borne proportionately by the parties desiring to continue participation, with all such parties assuming a proportionate share of the withdrawing party's share of the cost, risk and expense.

It is understood and agreed that the election to withdraw afforded all participating parties herein shall be a one time election as to any one well or operation but is a recurring right for each additional well or operation. Furthermore, no party may be relieved of its obligations and liabilities during the periods of time that (1) Operator does not have actual knowledge of the requisite excessive expenditure; or (2) it is necessary for Operator to carry out any contractural obligations made for the joint account of the parties; or (3) Operator is required to remove tools and equipment from the hole for which the joint account is responsible; or (4) it is necessary to plug and abandon the well; or (5) emergency conditions exist, such as, but not limited to, loss of control of well, blow-out, pollution problems and so forth.

EXHIBIT "A"


HNG Oil
10-25-80
4-4-83 Peracet Farms
HNG Oil
5-25-83 (all sec)
HNG Oil
10-25-80
10-21-80
HNG Oil
1-19-81
10-25-80
HNG Oil
1-19-81
11-9-80
HNG
7-7-81
5-25-83 oil sec.
HNG Oil
11-9-80
10-25-80
Kirkes
R.C. Beveridge, M.I.
O.J. McCarthy et al
W. Brennan, Est
G. Vasquez
HNG
4-4-83
3-28-81
12-28-80
Sm Trs
Connell
12-1-82
17045
U.S.
Nana Bobb
A.S.M.L.
Crossman
1.4 Mil
HNG Oil, et al
(all sec)
Nana Bobb, M.I.
Guitar, Tr, et al
HNG Oil
Wood
3.5 Mil
"Wood"
A.P. Willard
Shirley
HNG Oil
3-1-88
LG-5175
303 13
"St."
State
Union
State
TD 2692
DVA 3-13-62
Aminoil
Willow Lake Unit
TD 12853
R.G. Barton, Jr.
12-22-82
Aminoil
8-1-82
Aminoil
S-23-80
State
Purdue Farms (S)
Sorenson
12-12-85
Bekalb
Purdue
5-13-80
M. Bennett
5-13-80
Purdue Farms
21
Aminoil
Aztec, 2%
2-24-80
R.N. Enfield
Amoco 3/4
10-1-75
044 3250
WILLOW LAKE
U.S.
Purdue Farms (S)
Aztec 20360
Aminoil
Willow Lake Unit
Tr 1
Tr 2
Tr 3
Tr 4
Tr 5
Tr 6
Tr 7
Tr 8
Tr 9
Tr 10
Tr 11
Tr 12
Tr 13
Tr 14
Tr 15
Tr 16
Tr 17
Tr 18
Tr 19
Tr 20
Tr

Paid Up Revised 1-68—Texas-New Mexico

OIL, GAS AND MINERAL LEASE

AGREEMENT, Made and entered into the _____ day of _____ 19_____ by and between

_____

_____

whose postoffice address is _____, hereinafter called lessor (whether one or more), and _____, hereinafter called lessee:

WITNESSETH: 1. Lessor, in consideration of _____ Dollars, receipt of which is hereby acknowledged, and of the covenants and agreements of lessee hereinafter contained, does hereby grant, lease and let unto lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to those mentioned), together with the right to make surveys on said land, lay pipelines, establish and utilize facilities for surface or subsurface disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other structures on said land, necessary or useful in lessee's operations in exploring, drilling for, producing, treating, storing and transporting minerals produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land", is located in the County of _____, State of _____, and is described as follows:

EXHIBIT "B" - Attached to and made a part of that certain Operating Agreement dated April 18, 1980, by and between Aminoil USA, Inc., as Operator and Amoco Production Company, et al, as Non-Operators.

and includes, in addition to that above described, all land, if any contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by lessor by limitation, prescription, possession, reversion or unrecorded instrument or (b) as to which lessor has a preference right of acquisition. Lessor agrees to execute any supplemental instrument requested by lessee for a more complete or accurate description of said lands. For the purpose of determining the amount of any bonus, or other payment hereunder, said land shall be deemed to contain _____ acres, whether actually containing more or less, and the above recital of acreage in any tract shall be presumed to be the true acreage thereof. Lessor accepts the bonus as lump sum considerations for this lease and all rights and options hereunder.

2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of five (5) years from the date hereof, hereinafter called "primary term", and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.

3. Whenever used in this lease the word "operations" shall mean operations for and any of the following: drilling, testing, completing, reworking, recompleting, deepening, plugging back or repairing of a well in search for or in an endeavor to obtain production of oil, gas, sulphur or other minerals, excavating a mine, production of oil, gas, sulphur or other mineral, whether or not in paying quantities.

4. As royalty, lessee covenants and agrees: 3/16

(a) To deliver to the credit of lessor, in the pipe line to which lessee may connect its wells, the equal XXXXXth part of all oil produced and saved by lessee from said land, or from time to time, at the option of lessee, to pay lessor the average posted market price of such XXXXXX part of such oil at the wells as of the day it is run to the pipe line or storage tanks, lessor's interest, in either case, to bear XXXXXX of the cost of treating oil to render it marketable pipe line oil. 3/16 3/16 3/16

3/16 (b) To pay lessor on gas and casinghead gas produced from said land (1) when sold by lessee, XXXXXX of the amount realized by lessee, computed at the mouth of the well, or (2) when used by lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of or XXXXXX of such gas and casinghead gas. 3/16

(c) To pay lessor one dollar ($1.00) per long ton (2240 pounds) on all sulphur mined and marketed or utilized by lessee from said land.

(d) To pay lessor on all other minerals mined and marketed or utilized by lessee from said land, one-tenth either in kind or value at the well or mine at lessee's election.

(e) If, at the expiration of the primary term or at any time or times thereafter, there is any well on said land or on lands with which said land or any portion thereof has been pooled, capable of producing oil or gas, and all such wells are shut in, this lease shall, nevertheless, continue in force as though operations were being conducted on said land for so long as said wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from said wells, but in the exercise of such diligence, lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities or flow lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms unacceptable to lessee. If, at any time in this paragraph above specified, all such wells are shut in for a period of ninety consecutive days, and during such time there are no operations on said land, then at or before the expiration of said ninety day period, lessee shall pay or tender, by check or draft of lessee, as royalty, a sum equal to $1.00 for each acre of land then covered hereby. Lessee shall make like payments or tenders at or before the end of each anniversary of the expiration of said ninety day period if upon such anniversary this lease is being continued in force solely by reason of the provisions of this paragraph. Each such payment or tender shall be made to the parties who at the time of payment would be entitled to receive the royalties which would be paid under this lease if the wells were producing. Nothing herein shall impair lessee's right to release as provided in paragraph 10 hereof. In event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

5. Lessee shall have the use, free from royalty, of water, other than from lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove all casing. No well shall be drilled nearer than 50 feet to the house or barn now on said land without the consent of the lessor. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.

6. The rights and estate of any party hereto may be assigned in whole or in part and as to any mineral. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, and successive assigns. No change or division in the ownership of said land, royalties, or other moneys, or any part thereof, howsoever effected, shall increase the obligations or diminish the rights of lessee, including, but not limited to, the location and drilling of wells and the measurement of production. Notwithstanding any other actual or constructive knowledge or notice thereof or to lessee, its successors or assigns, no change or division in the ownership of said land or of the royalties, or other moneys, or the right to receive the same, howsoever effected, shall be binding upon the then record owner of this lease until thirty (30) days after there has been furnished to such record owner at his or its principal place of business by lessor or lessor's heirs, successors, or assigns, notice of such change or division, supported by either originals or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such court records and proceedings, transcripts, or other documents as shall be necessary in the opinion of such record owner to establish the validity of such change or division.

7. If this lease covers a less interest in the oil, gas, sulphur, or other minerals 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), or no interest therein, then the royalties, and other moneys 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. All royalty interest covered by this lease, (whether or not owned by lessor) shall be paid out of the royalty herein provided.

8. If this lease is cancelled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are operations to constitute a drilling or maximum allowable unit under applicable governmental regulations, (but in no event less than forty acres), such acreage to be designated by lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such easements on said lands as are necessary to operations on the acreage so retained.

9. In the event lessor considers that lessee has not complied with all its obligations hereinunder, both express and implied, lessor shall notify lessee in writing, setting out specifically in what respects lessee has breached this contract. Lessee shall then have sixty (60) days after receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by lessor. The service of said notice shall be precedent to the bringing of any action by lessor on said lease for any cause, and no such action shall be brought until the lapse of sixty (60) days after the service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by lessee aimed to meet all or any of the alleged breaches shall be deemed an admission or presumption that lessee has failed to perform all its obligations hereunder.

10. Lessee may at any time and from time to time execute and deliver to lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations as to the released acreage or interest.

11. (a) Lessee is hereby granted the right, at its option, at any time and from time to time, to pool or unitize all or any part of said land and of this lease as to one or more or all horizons thereunder, with other lands, lease or leases, or portion or portions thereof, or mineral or royalty interests, so as to establish units containing not more than 40 surface acres; provided, however, a unit may be established or an existing unit may be enlarged to contain not more than 640 acres plus 10% acreage tolerance, if unitized only as to gas or only as to gas and liquid hydrocarbons (condensate) which are not a liquid in the subsurface reservoir. If larger units are permitted, or if any governmental rule or order for the drilling of a well at a regular location or for obtaining maximum allowable therefrom, any such unit may be established or enlarged, to conform to the size permitted by such governmental order or rule. Lessee shall exercise said option as to each desired unit by executing an instrument identifying such unit and filing it for record in the public office in which this lease is recorded.

(b) Any operations conducted on any part of such unitized land shall be considered, for all purposes, except the payment of royalty, operations conducted under this lease. There shall be allocated to the land covered by this lease, included in any such unit that proportion of the total production of unitized minerals from wells in the unit, after deducting any used in lease or unit operations, which the number of surface acres 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, overriding royalty, and any other payments out of production, to be the entire production of unitized minerals from the portion of said land covered hereby and included in such unit in the same manner as though produced from said land under the terms of this lease. The owner of the reversionary estate of any term royalty or mineral estate agrees that the accrual of royalties pursuant to this paragraph or of shut-in royalties from a well on the unit shall satisfy any limitation of term requiring production of oil or gas.

(c) The formation of such unit shall not have the effect of changing the ownership of any shut-in production royalty which may become payable under this lease. Neither shall it impair the right of lessee to release from this lease all or any portion of said land, except that lessee may not so release as to lands within a unit while there are operations thereon for unitized minerals unless all pooled leases are released as to lands within the unit.

(d) Lessee may dissolve any unit established hereunder by filing for record in the public office where this lease is recorded a declaration to that effect, if at that time no operations are being conducted thereon for unitized minerals. Subject to the provisions of this paragraph 11, a unit once established hereunder shall remain in force so long as any lease subject thereto shall remain in force.

(e) A unit may be so established, modified or dissolved during the life of this lease, but in no event later than twenty (20) years after the date hereof.

12. If at, or after the expiration of the primary term hereof, and while this lease is in force, there is no well on said land, or on lands with which said land or any portion thereof has been unitized, capable of producing oil or gas, and lessee is not conducting operations on said land by reasons of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of lessee, the primary term shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.

13. This lease shall be binding upon each party who executes it without regard to whether it is executed by all those named herein as lessor.

14. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but lessor agrees that lessee shall have the right at any time to pay or reduce same for lessor, either before or after maturity, and be subrogated to the rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to lessor and/or assigns under this lease. Lessee is hereby given the right to acquire for its own benefit, deeds, leases, or assignments covering any interest or claim in said land which lessee or any other party contends is outstanding and not covered hereby and even though such outstanding interest or claim be invalid or adverse to lessor.

IN TESTIMONY WHEREOF, we sign as of the day and year first above written.

_____ _____

_____ _____

_____ _____

SINGLE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ known to me to be the person___ described in and who executed the foregoing instrument, and whose name___ is (are) subscribed thereto, and acknowledged to me that _____ executed the same as _____ free act and deed for the purposes and consideration therein expressed.

Witness my hand and seal of office this _____ day of _____, 19_____.

My Commission Expires

_____

_____

Notary Public in and for _____ County, State of _____

TEXAS WIFE'S SEPARATE ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ wife of _____, known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly executed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

_____

Notary Public in and for _____ County, State of _____

TEXAS JOINT ACKNOWLEDGMENT

THE STATE OF _____

COUNTY OF _____

Before me, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared _____ and _____, husband and wife, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purposes and consideration therein expressed. And the said wife, having been examined by me privily and apart from her husband, and having had said instrument fully explained to her, she, the said wife, acknowledged the same to be her act and deed, and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.

Given under my hand and seal of office this the _____ day of _____, 19_____.

My Commission Expires

_____

_____

Notary Public in and for _____ County, State of _____

_____

When recorded return to _____

This instrument was filed for record on the _____ day of _____, 19_____ at _____ o'clock _____m.,

and duly recorded in Book _____, page _____ of the _____ Records of this office

_____ County Clerk _____ County _____

COPAS — 1974
Recommended by the Council of Petroleum Accountants Societies of North America
COPAS

EXHIBIT "C"

Attached to and made a part of that certain Operating Agreement dated April 18, 1980 by and between Aminoil USA, Inc., as Operator and Amoco Production Company et al, as Non-Operators

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. **Definitions**

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. **Statement and Billings**

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. **Advances and Payments by Non-Operators**

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. **Adjustments**

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. **Audits**

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. **Approval by Non-Operators**

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

2. Labor

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First Level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent (20%), or the percent most recently recommended by the Council of Petroleum Accountant Societies of America.

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.

C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of $200 or less excluding accessorial charges.

6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

7. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B.. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

(X) Fixed Rate Basis, Paragraph 1A, or
( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not (X) be covered by the Overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate $ 3,450.00
Producing Well Rate $ 345.00

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

[1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.

[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days

[3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

[1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

[4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.

[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

_____ Percent (___ %) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

_____ Percent (___ %) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:
For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of $ 25,000.00 :

A. 5 % of total costs if such costs are more than $ 25,000.00 but less than $ 100,000.00 ; plus

B. 3 % of total costs in excess of $ 100,000.00 but less than $1,000,000; plus

C. 2 % of total costs in excess of $1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

3. Amendment of Rates

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

(b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

4. Expense of Conducting Periodic Inventories

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

ADDITIONAL PROVISIONS
EXHIBIT D

INSURANCE PROVISIONS

The Operator shall, at all times while conducting operations for the Joint Account on the Joint Lease, maintain, pay for and charge to the Joint Account, Employer's Liability Insurance and Workers' Compensation Insurance providing statutory benefits in accordance with the state having jurisdiction over each employee of the Operator engaged in operations on the Joint Lease. The Workers' Compensation policy shall have attached the "Voluntary Compensation Endorsement". The limit for Employer's Liability and the limit for Voluntary Compensation shall both be $500,000.00 per occurrence. These policies shall also contain waivers of subrogation in favor of the parties hereto as respects work conducted under this agreement.

The Operator shall also maintain, pay for, and charge to the Joint Account the following insurance, self-insurance, or a combination thereof, for itself and the Non-Operators:

A. Comprehensive General Liability Insurance, endorsed to provide Blanket Contractual Liability coverage, with a combined single limit of $500,000.00 per occurrence for bodily injury and property damage. It is understood that Operator will not provide Pollution Liability for Non-Operators.

B. Comprehensive Automobile Liability Insurance, including non-owned and hired vehicle coverage, with a combined single limit of $500,000.00 per occurrence for bodily injury and property damage.

C. Such other insurance, self-insurance, or combination thereof as deemed necessary and agreed to in writing by the parties to this agreement, to cover the risks inherent to the work being performed by the Operator.

Where insurance coverage is carried by the Operator for the Non-Operators as provided for in Sections A, B, and C above, such insurance policy(ies) shall name the Non-Operators as additional insureds and shall also contain a provision stating that insurance underwriters shall waive all rights of subrogation in favor of the Non-Operators.

The Operator shall, at any time requested, furnish Non-Operator with full information concerning the kind, character and amounts of insurance carried.

The Operator shall promptly notify the Non-Operators of any accident exceeding $25,000.00 involving loss of or damage to property or injuries to or death of persons.

The Operator shall require its contractors and subcontractors conducting operations on the Joint Lease to carry insurance of the types set out above and in amounts deemed adequate by the Operator to cover the risks inherent to the work being contemplated. It is recognized that there are certain contractors and subcontractors whose services are necessary to the operations contemplated under this Agreement, who as a matter of policy refuse contractually to indemnify lease owners or to carry any insurance indemnifying lease owners. As respects such contractors and subcontractors, the Operator may waive any requirement of contractual indemnity or insurance.

INDEMNITY PROVISIONS

The Operator, in said capacity, shall not be liable for loss, damages or destruction to the property of either the Joint Account or any party hereto in connection with operations on the Joint Lease, except those arising out of the willful misconduct or gross negligence of the Operator. When such loss, damage or destruction is not caused by the willful misconduct or gross negligence of the Operator or any Non-Operator(s), all parties to this Agreement shall share in the loss according to their respective Percentage Interests in this Agreement.

With respect to claims, losses and expenses exceeding the amounts collectible under the insurance maintained by the Operator (as set forth in Exhibit _____, Insurance Provisions), on account of personal injury, including death resulting therefrom, to any employee, agent or representative of any party to this Agreement, in connection with operations on the Joint Lease, all parties shall share in the loss to the extent of their respective percentage interests, unless such loss is caused by the willful misconduct or gross negligence of a party(ies) hereto, then such loss shall be borne entirely by that party.

Liability for (1) damages to property of or injury to or death of third persons arising from operations on the Joint Lease ("third persons" as used in this Section does not include the employee, agents or representatives of Operator or any Non-Operator), and (2) fines, penalties, damages or losses arising out of claims either civil or criminal, public or private, relating to actual or alleged pollution of water, air or environment, shall, when not covered by insurance provided in this Agreement, be borne by all parties to this Agreement in proportion to their respective Percentage Interests at the time the first act giving rise to the claim occurred, or in the case of an operation in which fewer than all the parties hereto participate, by the parties participating in such operation in proportion to each party's respective interest in that operation at the time the first act giving rise to the claim occurred. All expenses incurred in defending the claims described above shall be borne in the same manner. When any liability is caused by the gross negligence or willful misconduct of any party to this agreement, either Operator or Non-Operator, that party shall bear all such liability.

EXHIBIT "E"

Attached to and made a part of that certain Operating Agreement dated April 18, 1980 by and between Aminoil USA, Inc., as Operator and Amoco Production Company, et al, as Non-Operators

GAS BALANCING AGREEMENT

The parties to the Operating Agreement to which this agreement is attached own the working interest in the gas rights underlying the Unit Area covered by such agreement in accordance with the percentages of participation as set forth in Exhibit "A" to the Operating Agreement.

In accordance with the terms of the Operating Agreement, each party thereto has the right to take its share of gas produced from the Unit Area and market the same. In the event any of the parties hereto is not at any time taking or marketing its share of gas or has contracted to sell its share of gas produced from the Unit Area to a purchaser which does not at any time while this agreement is in effect take the full share of gas attributable to the interest of such party, the terms of this agreement shall automatically become effective.

During the period or periods when any party hereto has no market for its share of gas produced from any proration unit within the Unit Area, or its purchaser does not take its full share of gas produced from such proration unit, the other parties shall be entitled to produce each month one hundred percent (100%) of the allowable gas production assigned to such proration unit by the State regulatory body having jurisdiction and shall be entitled to take and deliver to its or their purchaser all of such gas production. All parties hereto shall share in and own the liquid hydrocarbons recovered from such gas by lease equipment in accordance with their respective interests and subject to the Operating Agreement to which this agreement is attached, but the party or parties taking such gas shall own all of the gas delivered to its or their purchaser.

On a cumulative basis, each party not taking or marketing its full share of the gas produced shall be credited with underproduction equal to its full share of the gas produced under this agreement, less its share of gas used in lease operations, vented or lost, and less that portion such party took or

delivered to its purchaser. The Operator will maintain a current account of the gas balance between the parties and will furnish all parties hereto monthly statements showing the total quantity of gas produced, the amount used in lease operations, vented or lost, the total quantity of liquid hydrocarbons recovered therefrom, and the monthly and cumulative over and under account of each party.

At all times while gas is produced from the Unit Area, each party hereto will make settlement with the respective royalty owners to whom they are accountable, just as if each party were taking or delivering to a purchaser its share, and its share only, of total gas production exclusive of gas used in lease operations, vented or lost. Each party hereto agrees to hold each other party harmless from any and all claims for royalty payments asserted by royalty owners to whom each party is accountable. Ther term "royalty owner" shall include owners of royalty, overriding royalties, production payments and similar interest.

After notice to the Operator, any party at any time may begin taking or delivering to its purchaser its full share of the gas produced from a proration unit under which it has underproduction less such party's share of gas used in operations, vented or lost. In addition to such share, each party, including the Operator, until it has recovered its underproduction and balanced the gas account as to its interest, shall be entitled to take or deliver to its purchaser a share of gas determined by multiplying fifty percent (50%) of the interest in the current gas production of the party or parties without underproduction by a fraction, the numerator of which is the interest in the proration unit of such party with underproduction and the denominator of which is the total percentage interest in sucn proration unit of all parties with underproduction currently taking or delivering to a purchaser.

Each party producing and taking or delivering gas to its purchaser shall pay any and all production taxes due on such gas.

Nothing herein shall be contrued to deny any party the right, from time to time, to produce and take or deliver to its purchaser its full share of the allowable gas production to meet the deliverability tests required by its purchaser.

Should production of gas from said well be permanently discontinued before the gas account is balanced, settlement will be made between the underproduced and overproduced parties. Each overproduced party shall pay into a common fund for distribution to the underproduced parties a sum of money equal to that which such overproduced party received for the overproduction it experienced less applicable taxes with such computation to be made on a last-in first-out basis so that the overproduced volumes used in the calculation include only those volumes which have occurred after the last time such overproduced parties account was in either an underproduced or a balanced position. Each underproduced party shall receive from the common fund its proportionate share based on its share of underproduction without regard as to when such underproduction occurs. For gas sold which is subject to price regulation under the Natural Gas Policy Act of 1978 or by any authority having jurisdiction, the price basis shall be the rate collected from time to time which is not subject to possible refund, as provided by such authority applicable to the gas sold from said well, plus any additional collected amount which is not ultimately required by said authority to be refunded, such additional collected amount to be accounted for at such time as final determination is made with respect thereto.

Nothing herein shall change or affect each party's obligation to pay its proportionate share of all costs and liabilities incurred, as its share thereof is set forth in the Operating Agreement.

This agreement shall constitute a separate agreement as to each proration unit within the Unit Area and shall become effective in accordance with its terms and shall remain in force and effect as long as the Operating Agreement to which it is attached remains in effect, and shall inure to the benefit of and be binding upon the parties hereto, their successors, legal representatives and assigns.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names.

EXHIBIT "E"

To Operating Agreement dated April 18, 19 80 between
Aminoil USA, Inc., and Amoco Production Company, et al, as Non-Operators

I. EQUAL EMPLOYMENT OPPORTUNITY PROVISION

During the performance of this contract, the Operator agrees as follows:

(1) The Operator will not discriminate against any employee or applicant for employment because of race, color, religion, national origin or sex. The Operator will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, national origin or sex. Such action shall include, but not be limited to the following: Employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Operator agrees to post in conspicuous places, available to employees and applicants for employment notices to be provided for the contracting officer setting forth the provision of this non-discrimination clause.

(2) The Operator will, in all solicitations or advertisements for employees placed by or on behalf of the Operator, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, national origin or sex.

(3) The Operator will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of the Operator's commitments under Section 202 of Executive Order 11246 of September 24, 1965 and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The Operator will comply with all provisions of Executive Order 11246 of September 24, 1965 and of the rules, regulations and relevent orders of the Secretary of Labor.

(5) The Operator will furnish all information and reports required by Executive Order 11246 of September 24, 1965 and by the rules, regulations and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

(6) In the event of the Operator's non-compliance with the non-discrimination clauses of this contract or with any of such rules, regulations or orders, this contract may be cancelled, terminated or suspended in whole or in part and the Operator may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965 and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965 or by rule, regulation or order of the Secretary of Labor, or as otherwise provided by law.

(7) The Operator will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965 so that such provisions will be binding upon each subcontractor or vendor. The Operator will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for non-compliance: Provided, however, that in the event the Operator becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the Operator may request the United States to enter into such litigation to protect the interests of the United States.

Operator acknowledges that it may be required to file Standard Form 100 (EEO-1) promulgated jointly by the Office of Federal Contract Compliance, the Equal Employment Opportunity Commission and Plans for Progress with Joint Reporting Committee, Federal Depot, Jeffersonville, Indiana, within thirty (30) days of the date of contract award if such report has not been filed for the current year and otherwise comply with or file such other compliance reports as may be required under Executive Order 11246, as amended and Rules and Regulations adopted thereunder.

II. AFFIRMATIVE ACTION PROVISIONS

(1) Operator agrees that the provisions of Title 41, Chapter 60, Part 60-250, Code of Federal Regulations, relating to the Affirmative Action Program for Disabled Veterans and Veterans of the Vietnam Era are incorporated herein by specific reference.

(2) Operator agrees that the provisions of Title 41, Chapter 60, Part 60-741, Code of Federal Regulations, relating to the Affirmative Action Program for the Handicapped, are incorporated herein by specific reference.

Operator acknowledges that he may be required to develop a written affirmative action compliance program as required by the Rules and Regulations approved by the Secretary of Labor under authority of Executive Order 11246 and supply Non-Operators with a copy of such program if they so request.

III. CERTIFICATION OF NON-SEGREGATED FACILITIES

(1) Operator assures Non-Operators that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. For this purpose, it is understood that the phrase "segregated facilities" includes facilities which are in fact segregated on a basis of race, color, religion or national origin, because of habit; local custom or otherwise. It is further understood and agreed that maintaining or providing segregated facilities for its employees or permitting its employees to perform their services at any location under its control where segregated facilities are maintained is a violation of the equal opportunity clause required by Executive Order 11246 of September 24, 1965.

(2) Operator further understands and agrees that a breach of the assurance herein contained subjects it to the provisions of the Order at 41 CFR Chapter 60 of the Secretary of Labor dated May 21, 1968, and the provisions of the equal opportunity clause enumerated in contracts between the United States of America and Non-Operators.

(3) Whoever knowingly and willfully makes any false, fictitious or fraudulent representation may be liable to criminal prosecution under 18 U.S.C. § 1001.

IV. OCCUPATIONAL SAFETY AND HEALTH ACT

Operator will observe and comply with all safety and health standards promulgated by the Secretary of Labor under Section 107 of the Contract Work Hours and Standards Act, published in 29 CFR Part 1518 and adopted by the Secretary of Labor as occupational safety and health standards under the Williams-Steiger Occupational Safety and Health Act of 1970. Such safety and health standards shall apply to all subcontractors and their employees as well as to the prime contractor and its employees.

V. VETERAN'S PREFERENCE

Operator agrees to comply with the following insofar as contracts it lets for an amount of $10,000 or more or which will generate 400 or more man-days of employment (each man-day consisting of any day in which an employee performs more than one hour of work) and further agrees to include the following provision in contracts with Contractors and Subcontractors:

"CONTRACTOR AND SUBCONTRACTOR LISTING REQUIREMENT

(1) As provided by 41 CFR 50-250, the contractor agrees that all employment openings of the contractor which exist at the time of the execution of this contract and those which occur during the performance of this contract, including those not generated by the contract and including those occurring at an establishment of the contractor other than the one wherein the contract is being performed but excluding those of independently operated corporate affiliates, shall, to the maximum extent feasible, be offered for listing at an appropriate local office of the State employment service system wherein the opening occurs and to provide such periodic reports to such local office regarding employment openings and hires as may be required: Provided, that this provision shall not apply to openings which the contractor fills from within the contractor's organization or are filled pursuant to a customary and traditional employer-union hiring arrangement and that the listing of employment openings shall involve only the normal obligations which attach to the placing of job orders.

(2) The contractor agrees to place the above provision in any subcontract directly under this contract."

VI. CERTIFICATION OF COMPLIANCE WITH ENVIRONMENTAL LAWS

Operator agrees to comply with the Clean Air Act (42 U.S.C. §§ 1857) and the Federal Water Pollution Act (33 U.S.C. §§ 1251) when conducting operations involving nonexempt contracts. In all nonexempt contracts with subcontractors, Operator shall require:

(1) No facility to be utilized by Subcontractor in the performance of this contract with Operator is listed on the Environmental Protection Agency (EPA) List of Violating Facilities. See Executive Order No. 11738 of September 12, 1973, and 40 CFR § 15.20.

(2) Prompt written notification shall be given by Subcontractor to Operator of any communication indicating that any such facility is under consideration to be included on the EPA List of Violating Facilities.

(3) Subcontractor shall comply with all requirements of Section 114 of the Clean Air Act (42 U.S.C. § 1857) and Section 308 of the Federal Water Pollution Control Act (33 U.S.C. § 1251), relating to inspection, monitoring, entry, reports and information, as well as all other requirements specified in these Sections, and all regulations and guidelines issued thereunder.

(4) The foregoing criteria and requirements shall be included in all of Subcontractor's nonexempt subcontracts, and Subcontractor shall take such action as the Government may direct as a means of enforcing such provisions. Sec. 40 CFR § 15.4 and 5.

(5) Operator agrees to notify non-operators of any violations of the afore provisions.

VII. Operator agrees to comply with Executive Orders 11458 and 11625 regarding Minority Business Enterprises and all orders, rules and regulations issued thereunder or amendments thereto.

VIII. Operator agrees to comply with Rehabilitation Act of 1973 and all orders, rules and regulations issued thereunder and amendments thereto.

Schlumberger

COMPOSITE OF BOREHOLE COMPENSATED SONIC LOG AND COMPENSATED NEUTRON LOG-FORMATION DENSITY LOG.

COMPANY MEWBOURNE ENERGY CORPORATION

WELL MALAGA #1

FIELD WILDCAT

COUNTY EDDY STATE NEW MEXICO

Location: 1980' FNL & 1980' FEL

Sec. 3 Twp. 24-S Rge. 28-E

Other Services: DLL CYBERLOOK ML

Permanent Datum: G.L. Elev. 3016

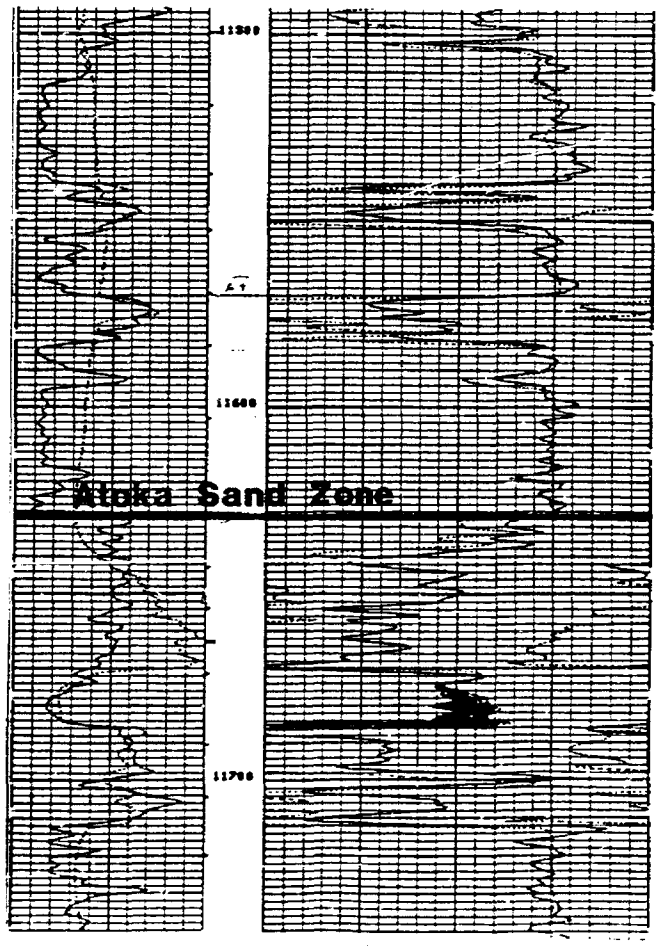
Log Measured From: K.B. 25 Ft. Above Perm. Datum

Drilling Measured From: K.B.

Elev.: K.B. 3041 DF GL 3016

Date	4-1-79	4-21-79	5-19-79	6-3-79
Run No.	1 (BHC)	2 (CNL-FDC)	3 (CNL-FDC)	4 (CNL-FDC)
Depth-Driller	3000	10450	12068	13100
Depth-Logger (Schl.)	2999	10400	12048	13106
Btm. Log Interval	2988	10399	12067	13107
Top Log Interval	SURF	3007	10396	11943
Casing-Driller	20 @ 400	13 3/8 @ 3000	5 1/2 @ 10400	@ 1:07
Casing-Logger	398	3002	10396	12068
Bit Size	17 1/2	12 1/4	8 1/2	6 1/8
Type Fluid in Hole	BRINE/STARCH	BRINE	FRESH	BRINE
Dens. / Visc.	10.5 / 38	9.7 / 28	13.6 / 46	9.7 / 40
pH / Fluid Loss	8.5 / 15 cc	10.5 / cc	10 / 6.5 cc	9.5 / 10 cc
Source of Sample	CIRC	PIT	FLOWLINE	PIT
Rm @ Meas. Temp.	.048 @ 70 °F	.053 @ 78 °F	.43 @ 65 °F	.054 @ 75 °F
Rmf @ Meas. Temp.	.040 @ 70 °F	@ °F	@ °F	@ °F
Rmc @ Meas. Temp.	.027 @ 70 °F	@ °F	.65 @ 65 °F	@ °F
Source: Rmf / Rmc	M / C		C / C	M
Rm @ BHT	.032 @ 91 °F	.03 @ 152 °F	@ °F	.023 @ 188°
Time Circulation Stopped	2200 3-31	0500		0500
Time Logger on Bottom	0500 4-1	1030	0730	1330
Max. Rec. Temp.	91 °F	152 °F	175 °F	188 °F
Equip. / Location	8042 / HOBBS	8042 / HOBBS	8042 / HOBBS	8067 / HOBBS
Recorded By	MCGINLEY	CAMPAIGN	WILSON	WILSON
Witnessed By	BAKER	BAKER	BAKER	BAKER

BEFORE EXAMINER STAMPER
OIL CONSERVATION DIVISION
Amoco
CASE NO. 6886
EXHIBIT NO. 10-1



Schlumberger

COMPUTER PROCESSED LOG

COMPANY Amoco Production Co.

WELL Ben Crow #1

FIELD Malaga (Morrow)

COUNTY Eddy STATE New Mexico

LOCATION 660' FNL 1980' FEL Sec. 1, T-24S, R-28E

ELEVATION KB 3012 DF GL 2988 API NO.

Schlumberger Cyberlook
WELLSITE COMPUTATION
A CSU Service

Date	2-29-80				
Run No.	Two				
Depth-Driller	11810				
Depth-Logger	11810				
Btm. Log Interval	11809				
Top Log Interval	11400				
Casing-Driller	9 5/8 @ 3000		@		@
Casing-Logger	—				
Bit Size	8½				
Type Fluid in Hole	Brine/Gel/Starch				
Dens. / Visc.	10.1 / 37				
pH / Fluid Loss	8.5 / 10 cc		cc		cc
Source of Sample	Flow				
Rm @ Meas. Temp.	.068 @ 80 °F		@ °F	@ °F	@ °F
Rmf @ Meas. Temp.	.054 @ 80 °F		@ °F	@ °F	@ °F
Rmc @ Meas. Temp.	— @ — °F		@ °F	@ °F	@ °F
Source Rmf / Rmc	—				
Rm @ BHT	.021 @ 190 °F		@ °F		@ °F
Time Circ. Stopped	0230	3/1			
Time Logger on Bottom	0530	3/1			
Max. Rec. Temp.	190 °F		°F	°F	°F
Equip. / Location	5064 / Hobbs				
Recorded By	Jones				
Witnessed By	Lynn				

Schlumberger

SIMULTANEOUS COMPENSATED NEUTRON FORMATION DENSITY

COMPANY AMINOIL USA INC

WELL GUITAR #1

FIELD MALAGA

COUNTY EDDY STATE NEW MEXICO

2310' FEL & 660' FNL

Other Services: DLL, BHC, NGT

Permanent Datum: G.L. Elev. 2991

Log Measured From: KDB 20 Ft. Above Perm. Datum

Drilling Measured From: KDB

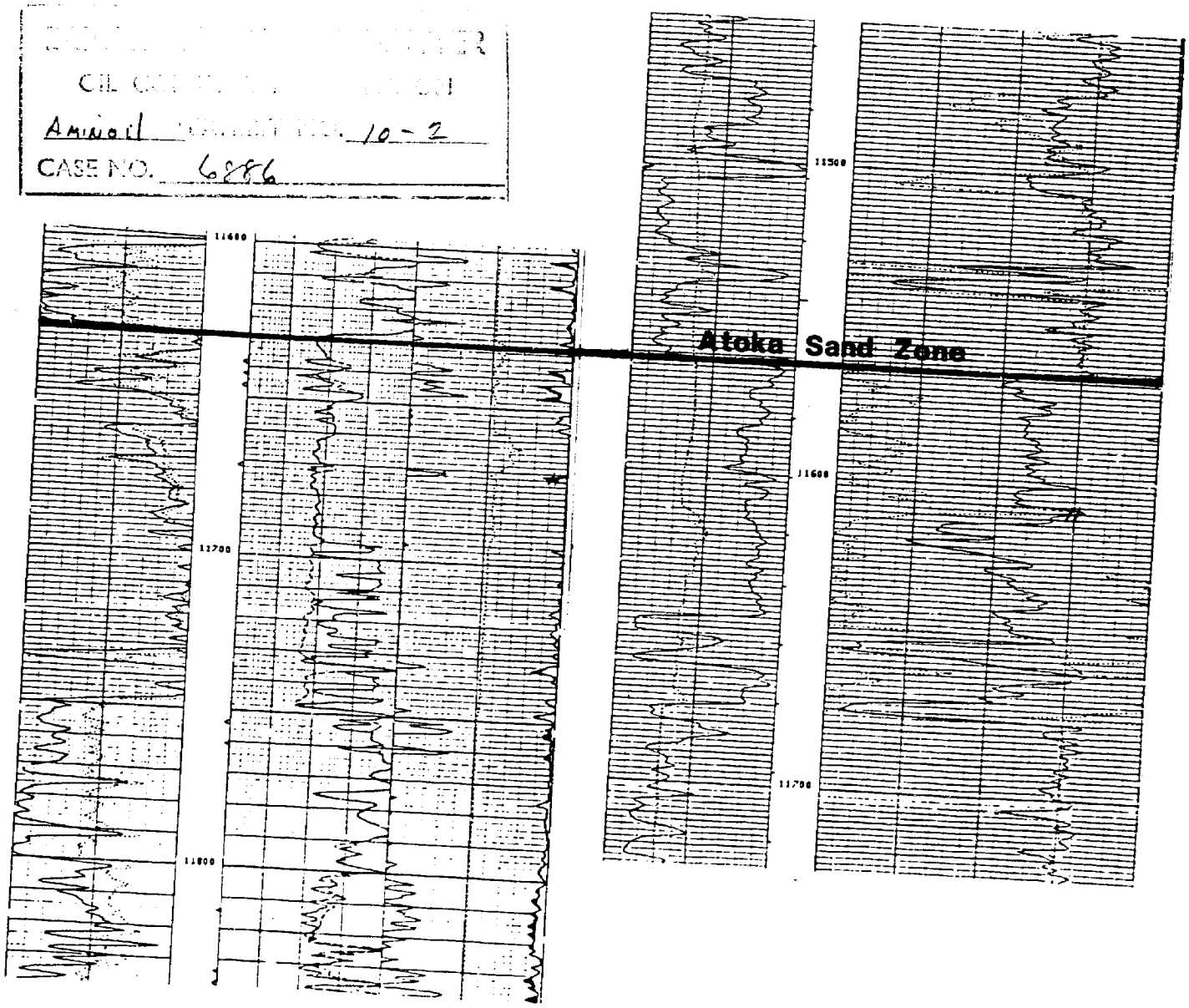
Elev.: KDB 3011, DF, GL 2991

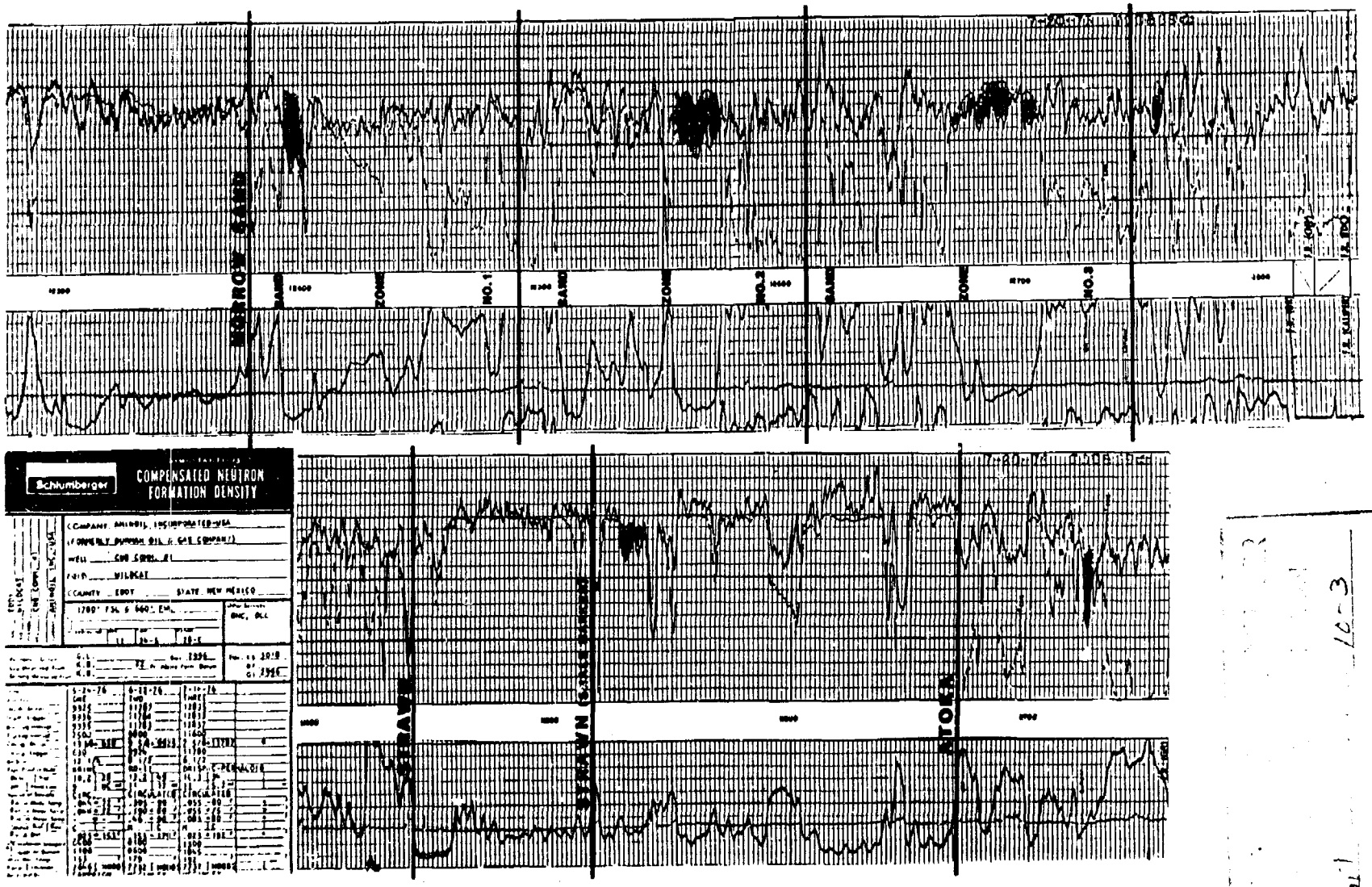
Date	3-6-80	3-31-80		4-15-80	
Run No.	ONE	TWO		THREE	
Depth-Driller	9800	12030		12215	
Depth-Logger	9846	12029		12207	
Btm. Log Interval	9845	12028		12206	
Top Log Interval	SURF	9680		12100	
Casing-Driller	13 3/8@2512	9 5/8 @ 9845		5 5/8 @ 12100	@
Casing-Logger	2511	9863		12090	
Bit Size	12 1/4	8 1/2		6 1/2	
Type Fluid in Hole	BRINE	*		POLY MAGIC	
Dens. / Visc.	9.2 / 31	12.9 / 61		8.9 / 37	
pH / Fluid Loss	10 / 12 cc	9.5 / 12 cc		11 / 8 cc	cc
Source of Sample	PIT	CIRC.		PIT	
Rm @ Meas. Temp.	.09 @ 70 °F	.15 @ 60 °F		.090 @ 75 °F	@ °F
Rmf @ Meas. Temp.	.08 @ 72 °F	.12 @ 60 °F		.074 @ 75 °F	@ °F
Rmc @ Meas. Temp.	@ °F	@ °F		.133 @ 75 °F	@ °F
Rm @ BHT	.021 @ 190 °F	.06 @ 152 °F		.038 @ 186 °F	@ °F
Time Circ. Stopped	1730	0130		0630	
Time Logger on Bottom	1830	0330		1030	
Max. Rec. Temp.	135 °F	152 °F		186 °F	°F
Equip. / Location	8075 / Hobbs	8067 / Hobbs		8042 / Hobbs	
Recorded By	NEUMANN	WILSON		SPRINGER	
Witnessed By	THOMAS	WOODWARD		WOODWARD	

OIL CONSERVATION DIVISION

Amoco Exhibit No. 10-2

CASE NO. 6886




Schlumberger
COMPENSATED NEUTRON
FORMATION DENSITY
WILDCAT
EDDY
NEW MEXICO
MORROW (CLASTIC)
STRAWN (CLASTIC SECTION)
ATOKA

LC-3

Amoco

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION
STATE LAND OFFICE BLDG.
SANTA FE, NEW MEXICO
21 May 1980

EXAMINER HEARING

IN THE MATTER OF:

Application of Aminoil USA, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

CASE 6886

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation Division: Ernest L. Padilla, Esq.
Legal Counsel to the Division
State Land Office Bldg.
Santa Fe, New Mexico 87501

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

MR. STAMETS: Call next Case 6886.

MR. PADILLA: Application of Aminoil USA, Inc., for compulsory pooling and an unorthodox location, Eddy County, New Mexico.

MR. STAMETS: Applicant in this case has requested the case be continued to the June 4th Examiner Hearing, and it so shall be.

(Hearing concluded.)

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

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. 6886, heard by me on 5-21 1980.

Richard L. Stamets, 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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1701 AMERICAN NATIONAL BANK BUILDING
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* LICENSED IN TEXAS ONLY

LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
PAUL J. KELLY, JR.
JAMES H. BOZARTH
DOUGLAS L. LUNSFORD
PAUL M. BOHANNON

ERNEST R. FINNEY, JR.*
J. DOUGLAS FOSTER
R. DOUGLAS PERRIN
C. RAY ALLEN *
JACQUELINE W. ALLEN *
T. CALDER EZZELL, JR.
WILLIAM B. BURFORD *
JOHN S. NELSON
RICHARD E. OLSON
PHILLIP T. BREWER *

May 8, 1980

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
P. O. Box 2088
Santa Fe, New Mexico 87501

Re: Aminoil USA, Inc. Case No. 6886
Application for Compulsory Pooling
and an Unorthodox Location in Eddy
County, New Mexico

Dear Mr. Nutter:

In accordance with Mr. Coffield's letter of April 8, 1980 transmitting the Application in the above cause, we have tabulated on Exhibit "A" hereto the interest owners, together with addresses where available, who have not agreed to participate in the drilling of the proposed Aminoil well or to farmout or otherwise commit their interest to said well. For convenience, I have listed the uncommitted interest owners by type of interest as well as by tract description.

Because of the large number of uncommitted parties, we will be happy to mail the notices ourselves upon receipt of multiple copies of the docket. Each docket sent to an uncommitted owner will be by certified mail, return receipt requested.

Please call me if you have any questions concerning the attached list or our offer to mail the notices on your behalf.

Yours very truly,

HINKLE, COX, EATON, COFFIELD & HENSLEY

Douglas L. Lunsford

Douglas L. Lunsford

DLL/jw
Enclosure

cc: Mr. James Welin
Aminoil USA, Inc.
P. O. Box 10525
Midland, Texas 79701

cc: Conrad E. Coffield

EXHIBIT "A"

Name and Address	Type of Interest	Land Covered
W. W. Bessing and wife Augusta Bessing Fairmont, Oklahoma	U.L.M.I.	Lot 17, Block 1 in the Townsite of Malaga, New Mexico
Myrtle B. O'Brien, for life, remainder in Phyllis Jean Hummel	U.L.M.I.	Lot 18, Block 1 in the Townsite of Malaga, New Mexico
Elzie Swift Ottumwa, Iowa	U.L.M.I.	Lot 21, Block 1 in the Townsite of Malaga, New Mexico.
Jose Zarazua and Bernardo Zarazua	U.L.M.I.	Lots 21 and 22, Block 1 in the Townsite of Malaga, New Mexico
R. O. McGee, D. Black and W. W. Hutto, Trustees of the Malaga Land and Improvement Company Malaga, New Mexico	U.L.M.I.	Lots 3, 5, 10, 13, 16, 22, 26 and 27, Block 1, and Lots 2, 5, 6 and 9, Block 19, in the Townsite of Malaga, New Mexico
C. L. Miller Palco, Kansas	U.L.M.I.	Lot 23, Block 1 in the Townsite of Malaga, New Mexico
E. E. Hartshorn Carlsbad, New Mexico	U.L.M.I.	Lot 24, Block 1 in the Townsite of Malaga, New Mexico
Jesus Garcia Malaga, New Mexico	U.L.M.I.	Lots 23 and 24, Block 1 in the Townsite of Malaga, New Mexico
Emiterio B. Carrasco and wife Jesusita Carrasco	U.L.M.I.	Lots 26 and 27, Block 1 in the Townsite of Malaga, New Mexico.
Isidro Florez	U.L.M.I.	Lots 26 and 27, Block 1 in the Townsite of Malaga, New Mexico.
Epiminio or Epinimio Melendrez and Esucito Melendrez	U.L.M.I.	Lot 27, Block 1 in the Townsite of Malaga, New Mexico.
Jose Escamilla and wife, Francosca Escamilla, if living, if deceased their unknown heirs or devisees	U.L.M.I.	Lot 2, Block 2 in the Townsite of Malaga, New Mexico
Adan Ortis	U.L.M.I.	Lots 12 and 13, Block 2 in the Townsite of Malaga, New Mexico.
Pablo Ramirez and wife, Josefa Ramirez P. O. Box 24 Malaga, New Mexico 88263	U.L.M.I.	Lots 14, 15 and 16, Block 2 in the Townsite of Malaga, New Mexico.
Pete G. Sosa, if living, if deceased, his unknown heirs or devisees	U.L.M.I.	Lots 14, 15 and 16, Block 2 in the Townsite of Malaga, New Mexico.

Name and Address	Type of Interest	Lands Covered
Wm. W. Leach Clifton, Oklahoma	U.L.M.I.	Lot 1, Block 19 in the Townsite of Malaga, New Mexico.
Guy Housouer, if living, if deceased, his unknown heirs or devisees Benjamine, Texas	U.L.M.I.	Lot 8, Block 19 in the Townsite of Malaga, New Mexico
A. J. Longmire, if living, if deceased, his unknown heirs or devisees Brownell, Kansas	U.L.M.I.	Lot 10, Block 19 in the Townsite of Malaga, New Mexico
Unknown Heirs or devisees of Vada Sawyer, Leona Moots, Hazel Irene Luherman, Enos Dewey Sawyer Lyman Sawyer and Elma Louise Sawyer, all deceased	U.L.M.I.	Lot 10, Block 19 in the Townsite of Malaga, New Mexico.
Ronald G. Tefteller 14 Industrial Loop Midland, Texas	U.L.M.I.	Lot 10, Block 19 in the Townsite of Malaga, New Mexico
Angel Hernandez, Jr. Carlsbad, New Mexico	U.L.M.I.	Lots 12 and 13, Block 19 in the Townsite of Malaga, New Mexico.
Roy Darnell Lahoma, Oklahoma	U.L.M.I.	Lot 12, Block 19 in the Townsite of Malaga, New Mexico.
A. R. Bruce Ballard, Washington	U.L.M.I.	Lot 13, Block 19 in the Townsite of Malaga, New Mexico.
August Linck Elmdale, Kansas	U.L.M.I.	Lot 14, Block 19 in the Townsite of Malaga, New Mexico.
Ernest Linck P. O. Box 524 Delta, Colorado 81416	U.L.M.I.	Lot 14, Block 19 in the Townsite of Malaga, New Mexico
Pecos Valley Land Company, formerly Valley Land Company Carlsbad, New Mexico	U.L.M.I.	Lots 5 through 14, inclusive, Block 3 in the Townsite of Malaga, New Mexico.
State of New Mexico Property Tax Division of the Taxation and Revenue Department Bataan Memorial Building Santa Fe, New Mexico 87501	U.L.M.I.	Lots 2, 8, 14 and 20, Block 1 and Lot 11, Block 19 in the Townsite of Malaga, New Mexico.
Frank X. Davis	U.L.M.I.	Lots 2, 8, 14 and 20, Block 1, and Lot 11, Block 19 in the Townsite of Malaga, New Mexico.
Dexter and/or Charlene Hopkins 111 N. Farris Carlsbad, New Mexico	U.L.M.I.	Lot 4, Block 1 in the Townsite of Malaga, New Mexico
Wm. S. Rarick Clifford, Oklahoma	U.L.M.I.	Lot 25, Block 1 in the Townsite of Malaga, New Mexico.

Name and Address	Type of Interest	Lands Covered
H. C. Penikett or Unknown heirs or devisees of Herbert Charles Penikett, deceased and Martha Edna Penikett Howard County, Texas	U.L.M.I.	Lot 25, Block 1 in the Townsite of Malaga, New Mexico.
Norman W. Gerlach and wife, Ethel E. Gerlach Sherwood, Oregon	U.L.M.I.	Lot 25, Block 1 in the Townsite of Malaga, New Mexico.
State of New Mexico Property Tax Division of the Taxation and Revenue Department Bataan Memorial Building Santa Fe, New Mexico 87501	U.L.M.I.	Lot 7, Block 1 in the Townsite of Malaga, New Mexico.
or		
Unknown Heirs or Devisees of Tomas Morales or Dora N. Morales P. O. Box 1116 Carlsbad, New Mexico 88220	U.L.M.I.	Lot 7, Block 1 in the Townsite of Malaga, New Mexico.
Dr. W. R. Threlkeld Pantotoc County, Oklahoma	U.L.M.I.	Lot 7, Block 1 in the Townsite of Malaga, New Mexico
Jas. A. Schiller St. Joseph, Missouri	U.L.M.I.	Lot 1, Block 1 in the Townsite of Malaga, New Mexico.
Frank Jett Enid, Oklahoma	U.L,M.I.	Lot 6, Block 1 of the Townsite of Malaga, New Mexico.
S. G. Sanborn Wichita, Kansas	U.L.M.I.	Lot 9, Block 1 in the Townsite of Malaga, New Mexico.
Mrs. Anne E. Steeg Enid, Oklahoma	U.L.M.I.	Lot 10, Block 1 in the Townsite of Malaga, New Mexico.
R. E. Gidley Jackson County, Missouri	U.L.M.I.	Lot 11, Block 1 in the Townsite of Malaga, New Mexico.
Unknown Heirs or Devisees of Margaret E. McGillivray, deceased and Hugh F. McGillivray Oklahoma County, Oklahoma	U.L.M.I.	Lot 3, Block 19 in the Townsite of Malaga, New Mexico.
A. R. Veraguth St. Joseph, Missouri	U.L.M.I.	Lot 4, Block 19 in the Townsite of Malaga, New Mexico.
A. S. Cumming Bethany, Missouri	U.L.M.I.	Lot 7, Block 19 in the Townsite of Malaga, New Mexico.
Unknown Heirs or Devisees of Bessie F. Gerlach, deceased	U.L.M.I.	Lot 6, Block 2 in the Townsite of Malaga, New Mexico.

Name and Address	Type of Interest	Lands Covered
John W. Miller Star Route, Box 7 Logan, New Mexico 88426	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico
Pauline Dickens 217 Court Street Batesville, Missouri 38606	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New New Mexico.
Daisie Buchwald Route 3, Box 50 Santa Fe, New Mexico 87501	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
Margaret Russell Star Route, Box 10 Logan, New Mexico 88246	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
Ralph B. Miller	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
Harold E. Miller	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
Edith Miller Austin and husband, Audrey Austin	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
Merle Holloway	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
Frank L. Miller Wellington, Kansas	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
Chas. A. Miller Houston, Texas	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
S. W. Miller Wellington, Kansas	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
Arthur H. Miller Route 1 Synder, Oklahoma	U.L.M.I.	Lot 15, Block 1 in the Townsite of Malaga, New Mexico.
Amoco Production Company P. O. Box 3092 Houston, Texas 77001	Leasehold Interest	$E\frac{1}{2}SW\frac{1}{4}SW\frac{1}{4}$, $E\frac{1}{2}NW\frac{1}{4}SW\frac{1}{4}SW\frac{1}{4}$, $W\frac{1}{2}SW\frac{1}{4}SW\frac{1}{4}SW\frac{1}{4}$ Section 10-24S, 28E.
J. G. Duncan, if living, if deceased, his unknown heirs or devisees Carmen, Oklahoma	U.L.M.I.	$E\frac{1}{2}SW\frac{1}{4}SW\frac{1}{4}SW\frac{1}{4}$ Section 10-24S, 28E.
J. G. Duncan and John G. Duncan	U.L.M.I.	$E\frac{1}{2}SW\frac{1}{4}SW\frac{1}{4}SW\frac{1}{4}$ Section 10-24S, 28E.
Roy G. Barton, Jr. and wife, Norma Jean Barton P. O. Box 978 Hobbs, New Mexico 88240	Leasehold Interest	$E\frac{1}{2}SW\frac{1}{4}SW\frac{1}{4}SW\frac{1}{4}$ Section 10-24S, 28E.

Name and Address	Type of Interest	Lands Covered
Atchison, Topeka & Santa Fe Railway Company, successor to Pecos Valley Railway Company 900 Polk Street Amarillo, Texas 79171	U.L.M.I.	That portion of the following described land situated in SE¼ Section 10-24S-28E: Commencing at a point which is 1322½ feet South and 550 feet West of the Southeast corner of said Section 10, thence North 39° West 1878.4 feet, thence South 51°50' West 150 feet, thence South 39° East 1779 feet, thence East 178.8 feet to the place of beginning.
George W. Bush P. O. Box 785 Midland, Texas 79701	Leasehold Interest	Beginning at the Southeast corner of W½SE¼SW¼ Section 10-24S-28E, thence North 210 feet, thence West 210 feet, thence South 210 feet, thence East 210 feet to the point of beginning.
Thelma Walker Malaga, New Mexico	U.L.M.I.	A 209 foot by 209 foot tract in the Soutwest corner of SW¼SE¼SE¼ Section 10-24S-28E.
Michael P. Grace and wife Corinne Grace 13[illegible] South Spalding Dr. Suite 110 Beverly Hills, Calif. 90212	U.L.M.I.	NE¼ Tract 3 in NW¼NW¼SE¼ Section 10-24S-28E (more properly described as All that portion of N½NW¼NW¼SE¼ Section 10-24S-28E, lying West of the A.T.&S.F. Railway Company right-of-way, except the West 240 feet thereof).
Paula B. Lujan	U.L.M.I.	The West 100 feet of the North 108 feet of N½NW¼NW¼SE¼ Section 10-24S-28E.
Nicanor Duarte, if living, if deceased his unknown heirs or devisees	U.L.M.I.	N½S½NW¼SE¼ lying West of the A.T.&S.F. Railroad right-of way (Tract 4), S½S½NW¼SE¼ lying West of the A.T.&S.F. Railroad right-of-way (Tract 5), SW¼SE¼ lying East of the A.T.&S.F. Railroad right-of-way not included in the Townsite of Malaga, New Mexico (Tract 7), W½SE¼SE¼ not included in the Townsite of Malaga, New Mexico (Tract 8), all in Section 10-24S-28E.
Greg L. Day 3906 Anetta or 2300 North A Midland, Texas 79701	Leasehold Interest	N½NE¼SW¼ Section 10-24S-28E lying East of Highway 285.

NOTE: All lots in the Townsite of Malaga, New Mexico lie in SE¼ Section 10-24S-28E.

Docket No. 14-80

Dockets Nos. 16-80 and 17-80 are tentatively set for June 4 and 25, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: COMMISSION HEARING - TUESDAY - MAY 20, 1980

OIL CONSERVATION COMMISSION - 9 A.M. - ROOM 205
STATE LAND OFFICE BUILDING, SANTA FE, NEW MEXICO

CASE 6715: (DE NOVO)

Application of Texaco Inc. for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Loomis Fed. Well No. 1 to be drilled 1600 feet from the North line and 660 feet from the West line of Section 5, Township 21 South, Range 32 East, South Salt Lake-Morrow Gas Pool, the N/2 of said Section 5 to be dedicated to the well.

Upon application of Texaco Inc. and Bass Enterprises Production Company this case will be heard De Novo pursuant to the provisions of Rule 1220.

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Docket No. 15-80

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 21, 1980

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 June, 1980, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for June, 1980, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 6891: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Mid-west Refining Company and all other interested parties to appear and show cause why the State Well No. 1 located in Unit A of Section 16, Township 33 South, Range 14 West, Hidalgo County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 6859: (Continued from April 9, 1980, Examiner Hearing)

Application of R & G Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 1890 feet from the North line and 1830 feet from the East line of Section 28, Township 28 North, Range 11 West, Kutz-Fruitland Pool, the NE/4 of said Section 28 to be dedicated to the well.

CASE 6886: (Continued from May 7, 1980, Examiner Hearing)

Application of Aminoil USA, Inc. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6884: (Continued from May 7, 1980, Examiner Hearing)

Application of Supron Energy Corporation for compulsory pooling and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the N/2 of Section 4, Township 30 North, Range 11 West, to be dedicated to a proposed dual completion 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6892: Application of Merrion & Bayless for compulsory pooling, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the South Blanco-Pictured Cliffs Pool underlying the SW/4 of Section 27, Township 24 North, Range 2 West, 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6878: (Readvertised)

Application of Stevens Oil Company for a non-standard gas proration unit and unorthodox location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard gas proration unit comprising the N/2 SW/4 and S/2 NW/4 of Section 25, Township 8 South, Range 28 East, Twin Lakes-San Andres Associated Pool, to be dedicated to its O'Brien "F" Well No. 4 at an unorthodox location 1650 feet from the South line and 2310 feet from the West line of said Section 25.

CASE 6893: Application of Stevens Oil Company to amend Order No. R-5353, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks a revision of the special rules for the Twin Lakes-San Andres Associated Pool as promulgated by Order No. R-5353 to provide that each well, oil or gas, shall be located no nearer than 330 feet to any quarter-quarter section line, except that any well drilled in a known gas productive area shall be located within 150 feet of the center of the quarter-quarter section.

CASE 6894: Application of Sun Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Jennings-Federal "B" Well No. 1, a Yates test to be drilled 2440 feet from the South line and 2290 feet from the West line of Section 15, Township 19 South, Range 32 East, Lusk Field, the NE/4 SW/4 to be dedicated to the well.

CASE 6895: Application of Sun Gas Company for an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks findings that the drilling of its J. A. Akens Well No. 10 located in Unit N of Section 3, Township 21 South, Range 36 East, was necessary to effectively and efficiently drain that portion of an existing proration unit which could not be drained by the existing well.

CASE 6896: Application of John E. Schalk for a non-standard gas proration unit and an unorthodox gas well location, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 160-acre non-standard Blanco Mesaverde gas proration unit comprising the NE/4 of Section 8, Township 25 North, Range 3 West, to be dedicated to his Gulf Well No. 2 to be drilled at an unorthodox location 1925 feet from the North line and 790 feet from the East line of said Section 8.

CASE 6897: Application of McClellan Oil Corporation for two compulsory poolings, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests from 1200 feet below the surface to the base of the Abo formation underlying the SW/4 and the SE/4 of Section 30, Township 6 South, Range 26 East, each to be dedicated to a proposed gas well to be drilled at a standard location thereon. 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. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 6898: Application of Conoco Inc. for an unorthodox gas well location and simultaneous dedication, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Meyer B-28 Well No. 4 to be drilled 560 feet from the North line and 1980 feet from the West line of Section 28, Township 20 South, Range 37 East, Eumont Gas Pool, to be simultaneously dedicated with its Meyer B-28 Well No. 1 in Unit G to the NE/4 and E/2 NW/4 of said Section 28.

CASE 6899: Application of Yates Petroleum 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 Morrow test well to be drilled 660 feet from the South and East lines of Section 9, Township 17 South, Range 26 East, the E/2 of said Section 9 to be dedicated to the well.

CASE 6900: Application of Yates Petroleum Corporation for a non-standard oil proration unit, unorthodox well location, and downhole commingling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre non-standard oil proration unit comprising the N/2 SE/4 of Section 22, Township 16 South, Range 33 East, Kemnitz Field, to be dedicated to its Sombrero "MS" State Well No. 1 at an unorthodox location 1650 feet from the South and East lines of said Section 22. Applicant also seeks approval for the downhole commingling of Wolfcamp and Cisco production in the wellbore of said well.

CASE 6901: Application of Harvey E. Yates Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp thru Mississippian formations underlying the E/2 of Section 19, Township 14 South, Range 36 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6902: Application of Harvey E. Yates Company for a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the dual completion (conventional) of its Young Deep Unit Well No. 1 located in Unit D of Section 10, Township 18 South, Range 32 East, to produce gas from the Morrow formation and oil from the Bone Springs formation thru parallel strings of tubing.

CASE 6903: Application of Harvey E. Yates Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Pennsylvanian-Mississippian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 33, Township 13 South, Range 36 East, the S/2 of said Section 33 to be dedicated to the well.

CASE 6904: Application of Harvey E. Yates Company for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the McDonald Unit Area, comprising 1,440 acres, more or less, of fee lands in Townships 13 and 14 South, Range 36 East.

CASE 6905: Application of Harvey E. Yates Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Buffalo Lake Unit Area, comprising 2,560 acres, more or less, of Federal, State, and fee lands in Township 15 South, Range 27 East.

LEWIS C. COX, JR.
PAUL W. EATON, JR.
CONRAD E. COFFIELD
HAROLD L. HENSLEY, JR.
STUART D. SHANOR
C. D. MARTIN
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OIL CONSERVATION DIVISION
SANTA FE

April 28, 1980

Mr. Dan Nutter
Chief Engineer
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Re: Aminoil USA, Inc. Case No. 6886
Application for Compulsory
Pooling and an Unorthodox
Location in Eddy County,
New Mexico

Dear Dan:

This will confirm our telephone conversation today wherein I requested a continuance of the above referenced case and that it be continued to the May 21, 1980 docket.

If you have any problems in connection with this request for a continuance, please call.

Thank you.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rh

xc: Mr. Jamie Welin
Aminoil USA, Inc.
600 Western United Life Building
Midland, Texas 79701

CASE 6876: (Continued from April 23, 1980, Examiner Hearing)

Application of Maurice L. Brown Co. for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Vada-Pennsylvanian Pool underlying the SW/4 of Section 5, Township 9 South, Range 34 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6886: Application of Aminoil USA, Inc. for compulsory pooling and an unorthodox location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvarian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10. 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6887: Application of General Crude Processing for an oil treating plant permit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority for the construction and operation of an oil treating plant for the purpose of treating and reclaiming sediment oil at a site in the SE/4 SE/4 of Section 21, Township 30 North, Range 12 West.

CASE 6888: Application of Conoco Inc. for a non-standard gas proration unit and an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard Eumont gas proration unit comprising the S/2 SE/4 and NE/4 SE/4 of Section 12, Township 19 South, Range 36 East, to be dedicated to its State KN-12 Well No. 7 drilled at an unorthodox location 330 feet from the South line and 1650 feet from the East line of said Section 12.

CASE 6889: Application of Belco Petroleum Corporation for directional drilling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill a well, the surface location of which is 1980 feet from the North line and 920 feet from the West line of Section 36, Township 22 South, Range 30 East, in such a manner as to bottom it at an unorthodox location within 100 feet of a point 1320 feet from the North line and 2640 feet from the West line of said Section 36 in the Morrow formation, the N/2 of said Section 36 to be dedicated to the well.

CASE 6861: (Continued from April 23, 1980, Examiner Hearing)

Application of Zia Energy, Inc. for pool creation, special pool rules, and an NGPA determination, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new San Andres oil pool for its State "C" Well No. 1 located in Unit F of Section 17, Township 22 South, Range 37 East, and special rules therefor, including a provision for a limiting gas-oil ratio of 10,000 to 1. Applicant further seeks a new onshore reservoir determination for said State "C" Well No. 1.

CASE 6890: Application of Tenneco Oil Company for a thermal enhanced recovery project, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks authority to initiate a pilot in situ combustion enhanced recovery project in the South Hospah Upper Sand and South Hospah Lower Sand Oil Pools by the completion of an injection/ignition well at a point 1474 feet from the North line and 2725 feet from the East line of Section 12, Township 17 North, Range 9 West, and by the drilling of up to six producing wells, all at unorthodox locations in close proximity to the injection/ignition well, and all located in Units F or G of said Section 12.

Dockets Nos. 14-80 and 15-80 are tentatively set for May 21 and June 4, 1980. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MAY 7, 1980

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 6880: Application of Union Oil Company of California for a unit agreement, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the West Lynch Deep Unit Area, comprising 1,280 acres, more or less, of fee and federal lands in Township 20 South, Range 34 East.

CASE 6857: (Readvertised)

Application of Holly Energy, Inc. for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a Wolfcamp-Pennsylvanian test well to be drilled 660 feet from the South line and 990 feet from the East line of Section 14, Township 18 South, Range 28 East, the E/2 of said Section 14 to be dedicated to the well.

CASE 6881: Application of Yates Petroleum 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 Morrow test well to be drilled 1980 feet from the North line and 660 feet from the East line of Section 30, Township 17 South, Range 26 East, the N/2 of said Section 30 to be dedicated to the well.

CASE 6843: (Continued from April 9, 1980, Examiner Hearing)

Application of Yates Petroleum Corporation for two compulsory poolings, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Yeso formation underlying two 40-acre proration units, the first being the SE/4 SE/4 and the second being the SW/4 SE/4 of Section 6, Township 19 South, Range 25 East, Penasco Draw Field, each unit 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 wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision. Also to be considered will be the designation of applicant as operator of the wells and a charge for risk involved in drilling said wells.

CASE 6882: Application of Amoco Production Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Pennsylvanian formation underlying the W/2 of Section 1, Township 19 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6883: Application of Amoco Production Company for a waterflood project, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a waterflood project in the Indian Draw-Delaware Pool by the injection of water into the Delaware formation through its Old Indian Draw Unit Wells Nos. 4 located in Unit I of Section 18 and 11 located in Unit A of Section 19, both in Township 22 South, Range 28 East.

CASE 6884: Application of Supron Energy Corporation for compulsory pooling and a dual completion, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Dakota formations underlying the N/2 of Section 4, Township 30 North, Range 11 West, to be dedicated to a proposed dual completion 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

CASE 6885: Application of Supron Energy Corporation for compulsory pooling and a dual completion, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde and Pictured Cliffs formations underlying the E/2 of Section 8, Township 25 North, Range 3 West, to be dedicated to a proposed dual completion 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. Also to be considered will be the designation of applicant as operator of the well and a charge for risk involved in drilling said well.

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RECEIVED
APR 10 1980
OIL CONSERVATION DIVISION
SANTA FE

April 8, 1980

Mr. Dan Nutter
Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Case 6986

Re: Aminoil Application for Compulsory Pooling in Eddy County, New Mexico
May 7, 1980 Docket

Dear Dan:

I am transmitting herewith, executed in triplicate, copies of an Application for Aminoil USA, Inc. for compulsory pooling of all interests in S½ Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico.

The list of the various interest owners to be pooled will be furnished as soon as the same is completed.

Please arrange to have this case set on the docket for hearing on May 7, 1980, if that date is available.

I trust that the enclosed copies of the Application and a list of owners to be pooled are all that is needed in order for this to be set for hearing. However, if anything in addition is needed, please let me know.

Very truly yours,

HINKLE, COX, EATON,
COFFIELD & HENSLEY

Conrad E. Coffield

CEC:rh
Enclosures
xc: Mr. Jamie Welin
Aminoil USA, Inc.
600 Western United Life Bldg.
Midland, Texas 79701

RECEIVED
MAR 10 1980
OIL CONSERVATION DIVISION
SANTA FE

BEFORE THE OIL CONSERVATION DIVISION OF

THE DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

APPLICATION OF AMINOIL USA, INC.)
FOR COMPULSORY POOLING, EDDY)
COUNTY, NEW MEXICO)

Case 6986

APPLICATION

Aminoil USA, Inc., by its undersigned attorneys, hereby makes application for an Order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying S½ Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is entitled to proceed with the drilling of a well located on S½ Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, under the authority of Applicant's ownership of oil and gas leasehold interests therein.

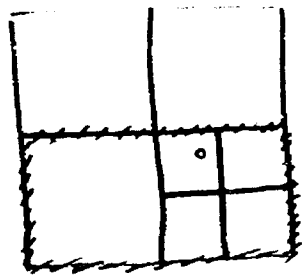
2. Applicant proposes to drill its Kirkes No. 1 Well 2,080 feet from the South line and 1,773 feet from the East line of said Section 10, to a depth sufficient to test the Wolfcamp and Pennsylvanian formations and seeks to dedicate the S½ of Section 10 to the well. Applicant has requested the owners of the remaining working interest in S½ Section 10 and royalty, overriding royalty and unleased mineral interest owners in S½ Section 10 to agree to participate in the drilling of said well or to farmout or otherwise commit their interest to said well, but certain owners so far have refused to do so.

3. The pooling of all interests in the Wolfcamp and Pennsylvanian formations in S½ Section 10 will avoid the drilling of unnecessary wells, prevent waste and protect correlative rights.

4. Applicant respectfully requests the setting of this matter for a hearing on May 7, 1980.

1773
1320
453

2640
2080
560



DATED this 8th day of April, 1980.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By: _____

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Aminoil USA, Inc.

RECEIVED
APR 10 1980
OIL CONSERVATION DIVISION
SANTA FE

BEFORE THE OIL CONSERVATION DIVISION OF

THE DEPARTMENT OF ENERGY AND MINERALS

STATE OF NEW MEXICO

APPLICATION OF AMINOIL USA, INC.)
FOR COMPULSORY POOLING, EDDY)
COUNTY, NEW MEXICO)

Case 6886

APPLICATION

Aminoil USA, Inc., by its undersigned attorneys, hereby makes application for an Order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying S½ Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is entitled to proceed with the drilling of a well located on S½ Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, under the authority of Applicant's ownership of oil and gas leasehold interests therein.

2. Applicant proposes to drill its Kirkes No. 1 Well 2,080 feet from the South line and 1,773 feet from the East line of said Section 10, to a depth sufficient to test the Wolfcamp and Pennsylvanian formations and seeks to dedicate the S½ of Section 10 to the well. Applicant has requested the owners of the remaining working interest in S½ Section 10 and royalty, overriding royalty and unleased mineral interest owners in S½ Section 10 to agree to participate in the drilling of said well or to farmout or otherwise commit their interest to said well, but certain owners so far have refused to do so.

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DATED this 8th day of April, 1980.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By: _____

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Aminoil USA, Inc.

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OIL CONSERVATION DIVISION
SANTA FE

BEFORE THE OIL CONSERVATION DIVISION OF
THE DEPARTMENT OF ENERGY AND MINERALS
STATE OF NEW MEXICO

APPLICATION OF AMINOIL USA, INC.)
FOR COMPULSORY POOLING, EDDY)
COUNTY, NEW MEXICO)

Case 6886

APPLICATION

Aminoil USA, Inc., by its undersigned attorneys, hereby makes application for an Order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying S½ Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, and in support thereof would show:

1. Applicant is entitled to proceed with the drilling of a well located on S½ Section 10, Township 24 South, Range 28 East, N.M.P.M., Eddy County, New Mexico, under the authority of Applicant's ownership of oil and gas leasehold interests therein.

2. Applicant proposes to drill its Kirkes No. 1 Well 2,080 feet from the South line and 1,773 feet from the East line of said Section 10, to a depth sufficient to test the Wolfcamp and Pennsylvanian formations and seeks to dedicate the S½ of Section 10 to the well. Applicant has requested the owners of the remaining working interest in S½ Section 10 and royalty, overriding royalty and unleased mineral interest owners in S½ Section 10 to agree to participate in the drilling of said well or to farmout or otherwise commit their interest to said well, but certain owners so far have refused to do so.

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4. Applicant respectfully requests the setting of this matter for a hearing on May 7, 1980.

DATED this 8th day of April, 1980.

HINKLE, COX, EATON, COFFIELD & HENSLEY

By: _____

Conrad E. Coffield
Post Office Box 3580
Midland, Texas 79702
Attorneys for Aminoil USA, Inc.

DRAFT

dr/

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. 6886

Order No. R- 6371

APPLICATION OF AMINOIL USA, INC. FOR COMPULSORY POOLING AND AN UNORTHODOX LOCATION, EDDY COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on June 4, 1980, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this _____ day of June, 1980, the Division Director, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Aminoil USA, Inc., seeks an order pooling all mineral interests in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East NMPM, Malaga area, Eddy County, New Mexico.

(3) That the applicant has the right to drill and proposes to drill a well / at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10.

(4) That there are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(6) That the applicant should be designated the operator of the subject well and unit.

(7) That any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(8) That any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of the reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(9) That any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but that actual well costs should be adopted as the reasonable well costs in the absence of such objection.

(10) That following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(11) That $ 3450.00 per month while drilling and $ 345.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); that the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributab to each non-consenting working interest.

(12) That all proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(13) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before September 1, 1980, the order pooling said unit should become null and void and of no effect whatsoever.

(14) That the applicant has already requested approval for the unorthodox location for the subject well. If this case is approved, the location should be dismissed.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Wolfcamp and Pennsylvanian formations underlying the S/2 of Section 10, Township 24 South, Range 28 East, NMPM, Malaga area, Eddy County, New Mexico, are hereby pooled to form a standard 320- acre gas spacing and proration unit to be dedicated to a well to be drilled at an unorthodox location 2080 feet from the South line and 1773 feet from the East line of said Section 10.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the first day of September, 1980, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Morrow formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the first day of September, 1980, Order (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER, that should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director a show cause why Order (1) of this order should not be rescinded.

(2) That Aminoil USA, Inc. is hereby designated the operator of the subject well and unit.

(3) That after the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) That the operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; that if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, that if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

(7) That the operator is hereby authorized to withhold the following costs and charges from production:

(A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) That the operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) That $3450.00 per month while drilling and $ 345.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); that the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) That any unsevered mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) That any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) That all proceeds from production from the subject well which are not disbursed for any reason shall immediately be placed in escrow in Eddy County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; that the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(14) That jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year herein-above designated.

(13) That that portion of this case relating to an unorthodox location for the subject well should be dismissed.