CASE NO.

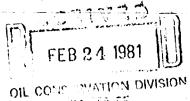
7144

APPlication,
Transcripts,
Small Exhibits,

ETC.

Mornis: W. Audweil

OIL OPERATOR P. O. Box 2010 HOBBS, NEW MEXICO 88240



SALTATE

February 20, 1981

File Case 7144 Nutton

Mr. L. F. Brown
Route 2 - Box 384
Lubbock, Texas 79415

Re-Entry No. 1 Townsend Section 10-T13S-R38E Lea County, New Mexico

Dear Mr. Brown:

Enclosed is a copy of New Mexico Oil Conservation Division Order No. R-6593 which pools the mineral interests in the S/2 of Section 10-Tl3S-R38E, Lea County, New Mexico, for our re-entry of the No. 1 Townsend well. Also enclosed, as required by Provision (3) of said Order, is a copy of our AFE Gost Estimate for the proposed to entry.

We again request that you consider leasing your interest on the terms presented to you by Don Blackmar.

Yours Very Truly,

MORRIS R. ANTWEIL

Cmwille.

R, M. Williams

pb

Enclosures

√ cc: NM Oil Conservation Division

**			
ITEM	TANGIBLE	INTANGIBLE	TOTAL
Re-entry to Base of 9 5/8" Casing			
Roads, Location, and Damages	\$	\$ 5,000	\$ 5,000
Well Service Unit - / Days	1	16,800	16,800
Reverse Units & Tools		25,000	25,000
Mud & Water	00 700	5,000	5,000 23,700
9 5/8" Casing-1580' @ \$15.00/ft.	23,700	3,600	23,700 3,600
9 5/8" Casing Bowl Wellhead & Connections	2,000	3,000	2,000
Supervision & Expenses	2,000	1,000	1,000
Transportation & Misc. Labor		2.000	2,000
Contingencies		10,900	10,900
COST TO BASE 9 5/8" CASING	\$25,700	\$ 69,300	\$95,000
Re-entry Below 9 5/8" Casing			
· · · · · · · · · · · · · · · · · · ·	٥	\$ 5,000	\$ 5,000
Location	\$	45,000	45,000
Move-in, Rig-up Rig Daywork-Drill-out - 4 days	* .	45,000	,
@ \$7,000/day Daywork-Operations - 3 days		28,000	28,000
@ \$7,000/day		21,000	21,000
Bits		2,000	2,000
Mud & Water	ī.v	30,000 26,900	30,000 26,900
Logging Service DST Service - 2 DST's		5,000	5,000
Rental Tools & Equipment		3,000	3,000
Supervision & Expenses		2,000	2,000
Transportation & Misc. Labor		4,000	4,000
Contingencies		13,100	13,100
COST FROM 9 5/8" CASING TO 12,000	0' -	\$185,000	\$185,000
Completion Costs			
5½" Casing - 12,000 @ \$8.80/ft.	\$105,600	\$	\$105,600
Cement & Service - 5½" Casing		9,000	9,000
Daywork - 1 day @ \$7,000/day		7,000	7,000 10,000
Well Service Unit		10,000 6,000	6,000
Perforating Service Tubing - 2 3/8" - 11,500' @		0,000	.,
\$4.30/ft.	49,500		49,500
Rental Tools & Equipment		4,000	4,000
Acid Treatment	5,000	8,000	8,000 5,000
Wellhead & Connections Battery Facilities	30,000		30,000
Supervision & Expenses	20,000	3,000	3,000
Transportation & Misc. Labor		5,000	5,000
Contingencies	<u> </u>	7,900	7,900 \$250,000
COMPLETION COSTS	\$190,100	\$ 59,900	γ ΖJU,000
TOTAL AFE COST	\$215,800	\$314,200	\$530,000
APPROVAL:			

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date _____

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Page		

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

EXAMINER HEARING

IN THE MATTER OF:

Application of Morris R. Antweil for) compulsory pooling, Lea County, New) Mexico.

7144

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

APPEARANCES

For the Oil Conservation Division:

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

For the Applicant:

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

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1 MR. NUTTER: We'll call next Case Number 2 7144. 3 MR. PADILLA: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico. 5 MR. CARR: May it please the Examiner, I'm William F. Carr with the law firm Campbell, Byrd, and 7 Black of Santa Fe, New Mexico, appearing on behalf of the 8 Applicant. 9 I have one witness, Mr. Bob Williams, 10 and we request that the record reflect that he is under oath, 11 MR. NUTTER: Mr. Williams is still under 12 13 oath. 14 R. M. WILLIAMS 15 being called as a witners and being duly sworn upon his oath, 16 testified as follows, to-wit: 17 18 DIRECT EXAMINATION 19 BY MR. CARR: 20 Mr. Williams, are you familiar with the 21 application of Morris R. Antweil in Case 7144? 22 Yes, I am. 23 And are you familiar with the subject 24

25

acreage?

tailing our efforts to obtain a lease from Mr. Brown. Don E. Blackmar was our landman, our agent in this effort, and he has detailed his efforts in securing this lease. He has pointed out here there are 24 owners in the east half of Section 10. 23 of those have been leased and these include people of good oil and gas knowledge, such as Clarence Hinkle and George Hunker, Bill Ross, and -- but we have been unable for some reason to obtain a lease from Mr. L. F. Brown.

Attached to the memorandum is our correspondence with Mr. Brown, copies of the leases that have been offered to Mr. Brown, copies of the drafts that have been sent to Mr. Brown for a lease.

A. Yes, we have.

Q Will you please refer to what has been marked Exhibit Number Three and explain this to the Examiner?

A. Exhibit Three is a letter that I sent

to Mr. Brown enclosing a copy of the docket of this hearing and calling his attention to the forced pooling consideration that's -- hearing is under consideration.

Q. Will you now refer to Antweil Exhibit

Number Four?

A. Exhibit Four is our AFE cost estimate for the re-entry of this well. The itemized estimated costs have been broken down in three groups, the re-entry to the base of the 9-5/8ths, which we would do with a reverse circulating unit and a well service unit, to see if this -- the 9-5/8ths can be successfully repaired and entered before a rig is moved to the location.

Then the re-entry below the 9-5/8ths casing, cleaning the hole out to 12,000 feet, and then the completion costs if the logging and drill stem testing indicates a completion attempt is feasible.

The total cost of a successful re-entry is estimated at \$530,000.

Mr. Williams, in your opinion are these costs in line with what other operators in the area would charge for similar work?

A Yes, they are.

Q In your opinion is the re-entry of this well a high risk venture?

The re-entry, we feel, carries substantial mechanical risk. 9-5/8ths casing was cut off and pulled in the red bed interval, which is a difficult re-entry, and the re-entry may be aborted at that point if the successful re-entry to the 9-5/8ths cannot be made.

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Also, it is a wellbore that was evaluated when the well was drilled by Midwest and considered at that point to be not to justify running casing. We feel the economics have changed some and we're willing to take an attempt at re-entering and completing this wellbore.

I might point out that -- that the one interest that we seek to pool here, compulsory, Mr. Brown, he, if a portion of his interest is pooled for this re-entry, he will have, still have unleased minerals in the northeast quarter of Section 10 that, if we're successful in this attempt, he will have an increased value then of those unleased minerals.

So we would ask for a risk factor of 200 percent penalty to compensate us for assuming the risk on his 18/320 acre interest.

Q. Mr. Williams, have you made an estimate of the overhead and administrative costs for drilling and producing the well?

A. Yes. Currently the overhead rates that we're charging on operating agreements and the ones that we are agreeing to on operating agreements of - of other parties, would place a well of this category in the range of \$200 - \$2500 overhead during drilling and \$250 during production.

That's per month rates.

1		,
2	Q.	And these costs are in line with what
3	other operators in	the area are charging?
4	A.	Yes. We've executed operating agreements
5	for other parties w	ith rates in this range or higher.
6		MR. NUTTER: What was your monthly cost
7	while drilling?	
â	and the second s	\$2500 drilling and
9		MR. NUTTER: I got the other.
10	A.	\$250 producing.
11	Q	And you recommend that these figures be
12	incorporated into a	ny order which results from this hearing?
13	A.	Yes, that's what we would request.
14	Q.	Does Morris R. Antweil request to be
15	designated as opera	tor or this well?
16	Α.	Yes, we do.
17	Q.	In your opinion will granting this appli-
18	cation be in the in	terest of conservation, the prevention of
19	waste, and the prot	ection of correlative rights?
20	A.	Yes.
21	Q.	Were Exhibits One through Four prepared
22	by you or under you	r direction and supervision?
23	Α.	Yes, they were.
24		MR. CARR: At this time, Mr. Examiner,
25	we would offer into	evidence Applicant's Exhibits One through

2 Four. 3 MR. NUTTER: Applicant's Exhibits One through Four will be admitted in evidence. MR. CARR: I have nothing further on direct. CROSS EXAMINATION BY MR. NUTTER: 10 Mr. Williams, you said that Mr. Brown 11 owned 18 acres in undivided interest in the south half or the 12 east half? 13 In the east half. 14 Okay, so --15 We would only be pooling actually 9 of 16 his acres if we got the south half pooled for a gas well, or 17 we'd only be pooling 2-1/4 acres if we ended up with a 40-18 acre unit. 19 All right, so -- so his percent of the 20 total unit here for the south half wouldn't be 5-1/2 percent. 21 It would be about 2-3/4 percent. <u>22</u> It would be 9 acres on the 320, yes, 23 sir. 24 Now the application also mentioned that 25

you had not obtained an agreement from Helen Tantalo.

CERTIFICATE

I, SALLY W. BOYD, C.S.R., DO HEREPY 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.

do hereby certify that the foregoing is d complete reach of the proceedings in Examiner Oll Conservation Division

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	OF NEW MEXICO
	MINERALS DEPARTMENT SERVATION DIVISION
	AND OFFICE BLDG. FE, NEW MEXICO
28 3	January 1981
EXAM	MINER HEARING
IN THE MATTER OF:)
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	ris R. Antweil for) , Lea County, New) CASE
Mexico.) 7144
	na dan dan dan dan jun jun ian dan dan jun dan dan dan dan dan dan dan dan -
BEFORE: Daniel S. Nutter	
TRANSCRI	IPT OF HEARING
APPE	ARANCES
For the Oil Conservation Division:	Ernest L. Padilla, Esq.
DIVISION:	Legal Counsel to the Division State Land Office Bldg.
	Santa Fe, New Mexico 87501
	• • • • • • • • • • • • • • • • • • •
For the Applicant:	William F. Carr, Esq.
	CAMPBELL, BYRD, & BLACK P. A.
A.	Jefferson Place Santa Fe, New Mexico 87501

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4	R. M. WILLIAMS	-
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1		11
2	В.	That lease has subsequently been obtained
3	Q.	Okay, so she is out of this pooling ac
4	tion	
5	A	Yes, sir.
6	Q.	and Brown is the only outstanding
7	interest, then.	
8	A.	The only unleased interest.
9	s - 1 (Ω	Okay.
10		MR. NUTTER: Are there any further ques-
11	tions of Mr. Willia	ms? He may be excused.
12		Do you have anything further, Mr. Carr?
13	entropy of the second of the s	MR. CARR: Nothing further, Mr. Nutter.
14		MR. NUTTER: Does anyone have anything
15	they wish to offer	in Case Number 7144?
16		We'll take the case under advisement.
17	e e e	
18		(Hearing concluded.)
19		(incarring concruded.)
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21		en e
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CERTIFICATE

I, SALLY-W. BOYD, C.SIR., DO HERERY 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.

> do hereby certify that the foregoing is a comple e the Examine heard by me on Examiner Oil Conservation Division

SALLY W. BGYD, C.S. Rt. 1 Box 193-B

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STATE OF NEW MEXICO



ENERGY AND MINERALS DEPARTMENT

OIL CONSERVATION DIVISION

BRUCE KING 20YERNOR LARRY KEHOE SECRETARY

February 13, 1981

POST OFFICE BOX 2088 STATE LAND OFFICE BUILDING SANTA FE, NEW MEXICO 87501

Re: CASE NO. 7144
William F. Carr ORDER NO. R-6593
Campbell and Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Morris R. Antweil

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

JDR/fd

Director

Copy of order also sent to:

Hobbs OCD X
Artesia OCD X
Aztec OCD

Pours very truly,

JOE D. RAMEY

Other

today i di tikki biya ya kalin kikin a sa

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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. 7144 Order No. R-6593

APPLICATION OF MORRIS R. ANTWEIL FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 9 a.m. on January 28, 1981, at Santa Fe, New Mexico, before Examinar Daniel S. Nutter.

NOW, on this 12th day of February, 1981, 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, Morris R. Antweil, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SE/4 of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, and in the Wolfcamp through Mississippian formations underlying the S/2 of said Section 10.
- (3) That the applicant proposes to dedicate said lands to an old well previously drilled and plugged in the NW/4 SE/4 of said Section 10 which the applicant proposes to re-enter and test in the San Andres and/or Wolfcamp through Mississippian formations.
- (4) That there are interest owners in each of the aforesaid proposed proration units 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

-2-Case No. 7144 Order No. R-6593

interest in said units the opportunity to receive and the wintout unnacessary expense his just and fair share of the hydrocarbone underlying said lands, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units.

- (6) That the applicant should be designated the operator of the subject well and units.
- (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 blue an additional 200 percent thereof as a reasonable charge for the risk involved in the re-entry and recompletion 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 \$2500.00 per month while workover operations are being carried out and \$250.00 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

Case No. 7144 Order No. R-6593

in emarow to be paid to the true owner thereof upon demand-andbroof of ownership.

(13) That upon the failure of the operator of said pooled units to commence re-entry operations on the subject well to which said units are dedicated on or before April 1, 1981, the order pooling said units should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, are hereby pooled in the San Andres formation underlying the NW/4 SE/4 of Section 10, Township 13 South, Range 38 East, NMPM, Lea County, New Mexico, to form a standard 40-acro oil proration unit and in the Wolfcamp through Mississippian formations underlying the S/2 of said Section 10 to form a standard 320-acre loss spacing and provation unit to be dedicated to a well previously drilled and abandoned in the NW/4 SE/4 of said Section 10, which the applicant proposes to re-enter.

PROVIDED HOWEVER, that the operator of said units shall commence re-entry operations on said well on or before the first day of April, 1981, and shall thereafter continue such operations on said well with due diligence to a depth sufficient to test the San Andres and/or Wolfcamp through Mississippian formations.

PROVIDED FURTHER, that in the event said operator does not commence re-entry operations on said well on or before the first day of April, 1981, 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 workover operations not be carried out to completion, or abandonment, of said well 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 Morris R. Antweil is hereby designated the operator of the subject well and units.
- (3) That after the effective date of this order and within 90 days prior to commencing workover operations on said well, the operator shall furnish the Division and each known working interest owner in the subject units an itemized schedule of estimated well costs.

-4-Case No. 7144 Order No. R-6593

- (4) That within 30 days from the date the schedule of satimated 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 setual 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 maid 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 satimated well costs exceed reasonable well costs.
- (7) That the operator is hereby authorized to withhold the following costs and charges from production:
 - (A) The prograta 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 re-entry and recompletion of the well, 200 percent of the pro rate 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.

Case No. 7144 Order No. R-6593

- (8) That the operator shall distribute said costs and pharges withheld from production to the parties who advanced he well contr.
- (9) That \$2500.00 per month while re-entry and workover pperations are being carried out and \$250.00 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 nonconsenting 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 discursed for any reason shall immediately be placed in escrow in Lea 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 jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

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

> STATE OF NEW MEXICO DIL CONSERVATION DIVISION

JOE D. RAMEY

Director

SEAL fd/

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Proposed Pooled Unit
BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION App. EXHIBIT NO

BRONCO AREA Land Plat

Eddy County, New Mexico

Scale 1"=2000'

- 1. The primary area of interest centered on Section 10, T-13-S, R-38-E, N.M.P.M., Lea County, New Mexico. The mineral estate of this land is divided among 39 individual owners: 24 owners in the E/2 of the section and 15 owners in the W/2 of the section. Numerous of these owners are people having a good knowledge of the oil and gas industry, such as Clarence E. Hinkle and George H. Hunker, Jr. (both highly qualified oil and gas attorneys), School of Law of the University of New Mexico, New Mexico Military Institute, the Trust Department of The First National Bank of Roswell as Trustee of the J. Hiram Dow Trust, H. Dillard Schenck (an owner of many mineral interests in West Texas and Southeastern New Mexico), W. G. Ross (an oil operator in Midland, Texas), Helen Shelton Tantalo of Midland, Texas, represented by her attorney Mr. Boyd Laughlin in Midland, et al. Leases were obtained from all interest owners (excepting L. F. Brown, a/k/a Forrest Brown, of Lubbock, Texas) using the most commonly used lease form No. 342 (Printed by Hall-Poorbaugh Press) for New Mexico lands. This same form was submitted to Mr. Brown.
- 2. In securing our leases, a bonus of \$50 per acre was paid for either a three, four or five year lease, a 3/16 royalty, and the customary \$1 per acre rental, which was prepaid at the time of settlement is securing a paid-up lease.
- 3. Considerable difficulty was had in locating Mr. Brown, whose interest consists or an 18/320 undivided in the E/2 of Section 10, being the tract where two deep dry holes (see Exhibit "A") have previously been drilled. Mr. Brown was first contacted on August 31, 1980, at which time during a 26 minute telephone conversation it was explained that we were leasing the said Section 10, that we had leases in hand from approximately 95% of the owners, what we were paying, and he was offered the same terms for a 3-year lease. He indicated his willingness to join the other owners, so a lease and appropriate draft were mailed to him on September 5, 1980 (see Exhibit "B").
- 4. No response was received from Mr. Brown by September 24, 1980, so he was called on that day and talked to for 8 minutes, urging him to execute and hand the lease to his bank for collection. He explained he was having considerable eye trouble, having to see doctors, etc., but still indicated he would go along with the others and get his lease to us.
- 5. Called Mr. Brown again on October 12, 1980, talked to him for 16 minutes, answered several questions he asked, and he again stated he would be getting his lease to us soon.

BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION
APP EXHIBIT NO. 2
CASE NO. 7144
SINCE THE PROPERTY OF THE PROP

- 6. Nothing further was heard from him. On a trip to Lubbock on October 13th, an effort was made to see him personally, but calls to his home were without success in reaching him.
- 7. Still no response from Mr. Brown by October 27th. Another effort was made to call him when the writer was in Lubbock on that date, but his telephone didn't answer. So on November 3, 1980, a letter was written to him (see Exhibit "C"), enclosing copies of executed leases from W. G. Ross, H. Dillard Schenck and C. E. Alexander, showing that the same lease form as submitted to him had been readily acceptable to these men (all keenly knowledgable as to lease forms), since he appeared to be objecting to the terms and provisions of the lease form upon the advice of his attorney.
- 8. With there being no further response from Mr. Brown, Mr. Fred J. Schlicher and the writer drove to Lubbock on December 10, 1980, found Mr. Brown home and visited with him personally to answer any questions he might have concerning the terms of the lease and to try to get him to cooperate in granting us the lease sent the first time. At this time he expressed that he had difficulty reading the small print of the lease and objected to there being no continuous development clause and that he didn't like the idea of having his acreage maybe pooled with other lands, etc.. We promised to see if we might find another lease form that might be more acceptable to him and that we would be back in touch with him.
- 9. Accordingly, a revised lease was drafted that contained a continuous development provision (see Exhibit "D"), which we had photographed or blown-up 60% in size to assist his ability to read, and again asked him to either accept the concession to a continuous development program or to join in drilling on his land by participation, etc.. Even the letter to him was all typed in capital letters to help him with his reading problem.
- 10. Nothing further was heard from him, so on January 4, 1981, he was again called. He said he had been away during the Holidays in Arizona, etc., so I told him I would like to meet with him the next day in a final effort to trade with him. Accordingly, a meeting was had with him the next day about noon, he and the writer had lunch together, and he afterwards explained that because of some legal matter, the nature of which he would not disclose to me, his lawyer would not let him sign any legal instruments. Without being clear about the matter, he said it had to do with the interest belonging to his oldest daughter, etc.. On this occasion he was advised that unless he could resolve his problem shortly we had no choice but to force pool his interest, since we had a right becoming available very soon. At this time he said he was completely agreeable to granting a lease on the terms offered him, but because of his lawyer's advise he could do nothing "now".

- 11. On January 16, 1981, Mr. R. M. Williams of Antweil Oil Co. wrote Mr. Brown of the pending hearing to be held January 28, 1981, in Santa Fe, N. M. before the New Mexico Oil Conservation Commission to compulsory pool his interest in the proposed well in the SE/4 of Section 10-13S-38E, NMPM, New Mexico (see Exhibit "E").
- 12. In a final effort, the writer wrote Mr. Brown advising that the offer still stood for his granting a lease on the same terms acceptable to the many other interest owners and that his interest would not be forced pooled if he could and would grant us his lease on or before January 26, 1981 (see Exhibit "F").

Donald E. Blackmar

Dated this 26th day of January, 1981, in Roswell, New Mexico.

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P. O. BOX 608
ROSWELL, NEW MEXICO 8820:
September 5, 1980

COPY

TELEPHONE 505 622 6903

Mr. L. F. Brown Route 2, Box 384 763-99:6

Lubbock, Texas 79415

RE: Your 18/320 or a 18-acre interest in the E/2 of Section 10, T-13-S, R-38-E, N.M.P.M., Lea County, N. M.

Dear Mr. Brown:

for your execution, attached to which is a draft in the amount of \$936.00, which is a settlement on the basis of \$50 per acre bonus, plus a prepayment of the customary \$1 per acre rental in buying the two year paid-up lease.

At your earliest convenience, will you please follow these instructions in the handling of this business:

- Before a Notary Public, you will please sign the lease, signing as your name(s) is/are spelled at the red checkmark, after which the Notary will complete the acknowledgment at the top of the backside of the lease.
- Endorse the draft just as you would any check you wished to cash or deposit.
- 3. Last, hand the now executed lease and endorsed draft to the Collection Department of your bank, asking them to please forward the entire item for collection.
- 4. The copy of the lease is for your records.

Thank you very much for joining the other mineral owners in granting your lease to us, and we sincerely hope we may be successful in bringing your property into production for you.

Sincerely yours,

DEB:ms

Donald E. Blackmar

Enclosures - 3

1/20/10- Family south see frankle, son in get Like in soon, elle 14/180 - Early would set line in mic carry work.

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		OIL &	SAS LEASE	**************************************
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herein called lessor (whether one	or morel and DONAL	DE. BLAC	KMAR, P. O.	Box 608, Roswell, N.M. , lesse:
1. Lessor, in consideration of of the agreements of the lessee I drilling, and operating for and i	I TEN AND OTHER DO erein contained, hereby perioducing oil and gas, in	DLLARS in hand programs, leases and le jecting gas, waters,	iid, receipt of which is to exclusively unto les other fluids, and air	s here acknowledged, and of the royalties herein provided and see for the purpose of investigating, explosing, prospecting, into subsurface atrata, laying pipe lines, storing oil, building re of, treat, process, store and transport said minerala, the
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2. Subject to the other prov	isions herein contained, this produced from said la-	his lease shall rema nd or land with wh	in in force for a term ich said land is pooled	of three rears from this date scalled "primary term"), and
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				•
as to both parties, unless on or shall cover the privilege of defer annually, the commencement of	before one (1) year from ring commencement of su aid operations may be for	this date lessee shi ich operations for a orther deferred for	ill pay or tender to the period of twelve (12) successive periods of t	te lessor a rental of \$\frac{320.00}{\text{which}} which months. In like manner and upon like payments or tenders, twelve (12) months each during the primary term. Payment
or tender may be made to the les	sor or to the credit of the	lessoz in the	Lubbock list	ional Bank (Acct.#) Bank
or for any reason shall fall or rinstrument making provision for of rental may be made by check date. Any timely payment or televable or in part as to parties, a proper payment had been made; certified mail from lessor tweethe 5. Lessee is hereby granted with any other land, lease, lease ration unit fixed by law or by ta tolerance of 10%. Lessee shall time and either before or after poses, except the payment of rocovered by this lease included in or unit operations, which the nu unit. The production so allocated from the portion of said land to	riuse to accept rental, its another acceptable methor draft of lessee, mailed ader of rental or shut-in mounts, or depositories is provided, however, lessee r with such instruments the right and power, from, mineral estates or parthe New Mexico Oil Conse if file written unit design the completion of wells. Tally, as operations conduany such unit that portion when the considered acres in shall be considered for a worsed hereby and included	see shall not be held of of payment or to or delivered to sail rowalty which is no hall nevertheless to shall correct such as are necessary to me time to time, to not time to time, to not the privation Commission ations in the count Drilling operations acted upon or producted upon or producted upon covered by purposes, including in said unit in the	of in default until that inder, and any deposite I bank or lessor, or a sufficient to prevent error within thirty tenable lessee to make ocol or combine this lessor to make or by other lawful and y in which the premise on or production from the lard cuction from the lard cutton of pooled niner the payment or detire the payment or detire same number as the same number as the	which bank, or any successor thereof, shall or bank) shall fail, liquidate, or be succeeded by another bank, ray (30) days after lessor shall deliver to lessee a recordable ory charge is a liability of the lessor. The payment or tender my lessor if more than one, on or before the rental paying ttempt to make proper payment, but which is erroneous in termination of this lease in the same manner as though a 301 days after lessee has received written notice thereof by proper payment. Lease, the land covered by it or any part or horizon thereof s. Units pooled hereunder shall not exceed the standard prothority for the pool or area in which said land is situated, pluses are located and such units may be designated from time to nony part of eny such unit shall be considered for all purdescribed in this lease. There shall be allocated to the land rals from wells in the unit, after deducting any used in lease in the unit bears to the total number of surface acres in the very of royalty, to be the entire production of puoled minerals suppropriate instrument in the County where the land is sit-suppropriate instrument in the County where the land is sit-

Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production thereof should cease for any cause, this lesse shall not terminate if lessee commences reworking or additional drilling operations within 60 days thereafter and diligently prosecutes the same, or (if it be within the primary term) commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the custation of production. If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted with no cessation of more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or junks the hole or well and after diligent efforts in good with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, cas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty

thereafter as oil or gas is produced hereunder.

7. Letsee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove oil property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, uncreasors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee; and no such change or division shall be binding upon lessee for any purpose thereof constituting the chain of title from the original lessor. If any such change in contexhip occurs through the death of the owner, lessee has been furnished with evidence antisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lesse as to as segregated portion of said land, the rental payment by one shall not affect the rights of other lessehold owners hereunder. An assignment of this lesse, in whole or in part, shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment lessee in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shot-in repailty.

passe in au far as it covers a part of soid lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations herewider, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations on or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, supplying in this lesse to the centrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land, and agrees that lessee, at its option, may discharge any tax, mortgage, or other item upon said land, and in the event lessee dies so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lesse covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rental, and other payments, if any, accruing from any part as to which this lesse covers less than such full interest, shall be paid only in the proportion which the reterest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as cased in the reduced by this lease, bea

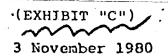
12. Notwithstanding any of the foregoing provisions herein contained to the ontrary, and particularly Paragraph 4 relating to the payment of annual rentls, it is specifically understood and agreed that all rentals due hereunder ave been paid to the lessor at the date of execution and delivery of this ease, and that this lease shall continue in full force and effect for its enire term as stated in Paragraph 2 hereof without the payment of any such ental. The statements in Paragraph 4 relating to the annual rental and desistory bank are inserted herein solely for the payment of royalty under

Executed the day and year first above written.

COLLECTION DRAFT
Courtesy Of
The First National Eank of Roswell
Roswell, P. M.

No	Roswell, New Mexico	<u> </u>	August 31	<u>19₹</u> 80
FIFTEEN (15)	DAYS AFTER SIGHT A	ND SUBJECT T	O APPROVAL OF	TITLE.
Pay to the order of	L. F. BROWN			
			\$ 936.00	
			Without Exch	ange
For OEGL - E/2 Se	ction 10-135-38E, NMP	Lea Coun	ty. N. M.	
Bonus: \$900.0	0; prepayment of renta	els: \$1 x 1	8 ac. x 2 yrs	-\$36
	Bank of Roswell			
ToP O Box 1977, R Notify: Donald	oswell N.M.88201	FOR CO	LLECTION ONLY	
POR	or 608 - City }			
Phono				

COPY



Mr. L. F. Brown Route 2, Box 384 Lubbock, Texas 79415

Dear Forrest:

I had to run back over to Lubbock last Monday (27th) afternoon so that Nell, my wife, could see the eye doctor again the next morning -- they had made a bust in filling the lens prescription, etc..

Anyway, I trice calling you several times while there in town on Tuesday, just taking a chance I might reach you, and hoping I might arrange to meet you with your attorney to discuss any questions you might have regarding the lease form used in preparing the lease submitted to you.

Since I didn't get the opportunity to see you, I am taking the liberty of enclosing copies of three leases secured from other mineral owners in the same land where your mineral interest is, which I hope will give you assurance of the equitableness of the lease form presented to you. This form is the most commonly used form today on New Mexico lands. It is the I have had examined by lawyers of mineral common from whom I have leased for the past fifteen years, and I have never had any one of them knowledgable in oil and gas matters turn it down. It is strictly limited to oil and gas alone, leaving others minerals untouched. The three leases are from nemowning sizable spreads on minerals in New Mexico as well as West Texas. W. G. (Bill) Ross is an independent oil operator with substantial holdings who lives in Midland. H. Dillard (Dick) Schenck has hundreds of mineral interests in Lea County alone, has been in the business since 1930, so certainly knows what he is signing. And C. E. Alexander is quite a wealthy landowner in Lea County and the form has always been acceptable to him.

But I will be glad to have your attorney look it over and then give me a call to discuss any of its terms and provisions he might have hesitancy about.

We are trying to wind this lessing up, want to order an abtract of title examination as soon as your lease is in, so your attention and courtesy in helping us will be appreciated.

Sincerely,

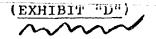
DEB:ms

Donald E. Blackmar

Kirby D. Schenck

hereof.

Executed and day and year first above written.
H. Dillard Schenck, Individually



19 DECEMBER 1980

MR. L. F. BROWN ROUTE 2, BOX 384 LUBBOCK, TEXAS 79415

RY: YOUR 18/320 OR A 18-ACRE INTEREST IN THE E/2 OF SECTION 10-135-38E, N.M.P.M., LEA COUNTY, NEW MEXICO

DEAR FORREST:

PURSUANT TO OUR VARIOUS VISITS, ENCLOSED IS A NEWLY PREPARED OIL AND GAS LEASE FOR YOUR EXECUTION. ATT CHED TO WHICH IS A DRAFT IN THE AMOUNT OF \$936.00, WHICH IS A SETTLEMENT ON THE BASIS OF \$50 PER ACRE BONUS, PLUS A PREPAYMENT OF THE CUSTOMARY \$1 PER ACRE RENTAL IN BUYING THE THREE YEAR PAID-UP LEASE.

AFTER LAST VISITING WITH YOU AND CHECKING THE VARIOUS LEASES FORMS, THIS PARTICULAR FORM IS THE BEST AVAILABLE FROM THE STANDPOINT OF BEING FAIR TO THE MINERAL OWNER AND THE OPERATOR. AS MENTIONED, IT WAS PREPARED BY LEGAL REPRESENTATIVES FROM MAJOR COMPANIES, INDEPENDENT OPERATORS, LEASE BROKERS, AND MINERAL OWNERS THAT WAS HELD BACK IN 1965. IT IS THE MOST COMMONLY USED LEASE FORM TODAY. THE SAME IDENTICAL FORM WAS USED IN SECURING LEASES COVERING SECTION 10 THAT INVOLVED ALMOST 50 MINERAL OWNERS, INCLUDING CLARENCE E. HINKLE AND GEO.

M. HUNKER, JR. (BOTH OUTSTANDING ATTORNEYS KNOWING THEIR OIL AND GAS LAW). THE FIRST NATIONAL BANK OF ROSWELL. ACTING AS TRUSTEE. BOARD OF REGENTS OF THE UNIVERSITY OF NEW MEXICO, NEW MEXICO MILITARY INSTITUTE, W. G. ROSS (OIL OPERATOR IN MIDLAND, TX), H. D. SCHENCK (A LARGE MINERAL OWNER IN TEXAS, OKLAHOMA AND NEW MEXICO), AND MANY OTHERS WITH PLENTY OF SAVVY IN THE INDUSTRY, SO YOU ARE NOT BEING ASKED TO SIGN ANY LEASE FORM NOT ACCEPTABLE TO PEOPLE WHO KNOW THE INS AND OUTS OF THE BUSINESS.

THE LEASE PREPARED FOR YOU CONTAINS THE CONTINUOUS DEVELOPMENT PROVISION (PARAGRAPH 12), WHICH WE DID NOT EXTEND TO ANY OF THE OTHERS. IN KNOWING HOW RADICAL THE AREA HAS BEHAVED IN THE PAST, WE HAVE TO HAVE ENOUGH TIME OF PRODUCTION HISTORY TO EVALUATE THE DRILLING OF THE NEXT WELL. BUT YOU CAN BE SURE THAT IF THE PRODUCTION IS COMMERCIAL, WE MAKE IT A PRACTICE OF DRILLING UP ACREAGE THAT HAS THE PROMISE OF BEING PRODUCTIVE RATHER THAN SPENDING HARD DOLLARS JUST DRILLING WILD-CATS, BECAUSE YOU KNOW THE PERCENTAGE OF WINS DOING THAT!

SINCE WE HAVE ALL THE OTHER INTERESTS LEASED, IT IS NECESSARY THAT WE HAVE YOUR LEASE TO GIVE US THE FULL LEASEHOLD INTEREST. WITHOUT IT, OF COURSE, YOU HAVE THE OPTION TO PARTICIPATE BY PAYING YOUR SHARE OF THE COST AS TO YOUR INTEREST; OTHERWISE, OUR ONLY RECOURSE IS TO FORCE POOL YOUR INTEREST. THIS IS SOMETHING WE DO NOT LIKE TO DO BECAUSE OF

THE HEAVY PENALTY IT PUTS ON THE MINERAL OWNER. FOR QUITE SOME TIME NOW THE NEW MEXICO OIL CONSERVATION COMMISSION'S FORCED POOLING DECISIONS HAVE IMPOSED A PENALTY THAT ALLOWS THE OPERATOR TO RECOVER 300% OF ALL DRILLING AND COMPLETION COSTS, PLUS ALL OPERATION EXPENSES UNTIL PAYOUT TIME, AS APPLIED AGAINST ANY UNLEASED INTEREST. NEEDLESS TO SAY, THIS POINT IN TIME OFTEN IS NOT REACHED BEFORE THE WELL QUITS PRODUCING OR ELSE THERE IS JUST A SHORT LIFE REMAINING IN THE WELL. THE WELL COST IN THIS VENTURE IS ESTIMATED AT \$640,000 TO CASING POINT, PLUS AN ADDITIONAL \$340,000 TO COMPLETE THE WELL IF CASING IS RUN, ETC.. SUCH A COST APPLIED AGAINST YOUR INTEREST (A 5.625%) WOULD BE A BASE PRICE OF \$36,000 TO CASING POINT, PLUS \$19,125 TO COMPLETE.

WE ASK YOUR COURTESY OF COOPERATION BY GRANTING YOUR LEASE TO US WITH-IN THE NEXT SEVEN DAYS, OTHERWISE, WE WILL HAVE TO BEGIN THE FORCED-PCOLING PROCEEDINGS, BECAUSE WE EXPECT TO HAVE A RIG AVAILABLE IN THE NEXT FEW WEEKS.

THANK YOU, AND I WISH YOU AND MRS. BROWN A MERRY CHRISTMAS.

SINCERELY YOURS,

DEB:MS

DONALD E. BLACKMAR

P. S. I HOPE TYPING THIS LETTER IN THE LARGER TYPE WILL HELP YOU, AND YOU WILL FIND THE LARGEST BLOK-UP COPY OF THE LEASE THAT WE COULD HAVE NADE HERE IN ROSWELL, AS PROMISED TO YOU.

--- D = R = R.

r's Eb (Freducer's Revised	1965 They Me	torm 342	Printed one	6 sale by Hall-Poor	bough Press, Roswell, N. M.
		OIL & GA	S LEASE		
an den trumbung and	18	December		11.80 Lets	A PVD
L. F. BROWN,	a/k/a For	rest Brown, d	lealing in hi	s separate	property,
Route 2,	Box 384		•	. Lubbock	Texas 79415
		•			lice Address)
herein called lessor (whether one or	more) and DON	ALD E. BLACKMA	AR, P. O. Box	608, Roswe	11 N. M. Jesses:
1. Lessor, in consideration of of the agreements of the lessee he drilling, and operating for and pr tanks, readways, telephone lines, a	TEN AND OTHER rein contained, herel pouring oil and gas	DOLLARS in hand paid, r by grants, leases and lets ex injecting gas, waters, othe	eccipt of which is here act clusively unto lessee for to r fluids, and air into subs	knowledged, and of the the purpose of investiga urface strata, laying pi	royalties herein provided and sting, exploring, prospecting, pe lines, storing oil, building
following described land in	Lea	County, N	rw Mexico, to-wit:		-
	Township	13 South - Ra	ange 38 East,	N.M.P.M.	e de la companya de
en e		Section 10): E/2		

For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprise 320 comprises more or less.

comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of TIPE 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.

3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well.

3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of leasor in the pipe line to which the wells may be connected; (b) on gas, including casinghead gas and all gaseous substances, produced from said land and sold or used off the premises or in the menufacture of gasoline or other product therefrom, the market value at the mouth of 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; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after and well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royalty equal to the amount of delay rentals provided for in this lease for the acreage then held under this lease by the party myking such payment or tender, and so long as said shut-in royalty is paid or tendered this. Lease shall not terminate and it will be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities.

4. If operations for drilling are not commenced on said land or land modeled december of the december of drilling are not commenced on said land or land modeled to recedit of bank and in the manner hereins for drilling are not commenced on said land or land modeled to recedit of bank and in the manner hereins for drilling a

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$\frac{320.00}{20.00}\$ which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

or tender may be made to the lessor or to the credit of the lessor in the Lubbock National Bank (Acct.No.

Litbbock Texas.

continue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept renual, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another acceptable method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, or or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide alternpt to make proper payment, but which is erroneous in proper payment as to parties, amounts, or depositories shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as an encessary to enable lessee to make proper payment.

B. Lessee is hereby granted the right and power, from time to time, to pool or combine this lesse. the land covered by it or any past or harder.

proper payment had been made; provided, however, lessee thall correct such error within thirty [30] days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lesse, the land covered by it or any part or horison thereof with any other land, lessee, lesses, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a telerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time and either before or after the completion of wells. Drilling operations on or production from the payment of any such unit that portion of the Drilling operations on one producted in any such unit that portion of the land described in this lesse. There shall be allocated to the land covered by this lease included in any such unit that portion of peoled minerals from wells in the unit, after deducting any used in lesse 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 seres in the land covered by this lease included in the unit bears to the total number of surface seres in the production of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If prior to the discovery of oil or gas hereunder, les

with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this leave to remove all property and fixtures placed by lessee on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated and be drilled within two hundred feet 1200 ftl.) of any residence or barn now on taid land without in too's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for atores and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigna; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified constituting the chain of title from the original lessor. If any such change in ownership occurs through the binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified constituting the chain of title from the original lessor. If any such change in ownership

lease in so far as it covers a part of said lands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall be 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 hereunder; and the time while lessee is no prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land, and agrees that lessee, at its option, may discharge any tax, mortgage, or other lien upon said land, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accruing her under toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shul-in royalty, rental, and other payments, if any, accruing from any part as to which this lesse covers less than such full interest, shall be paid only in the proportion which the interest therein. If any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties marned allows as lessors fall to execute this lease, here to the w

12. Dispite anything herein contained to the contrary, it is agreed that this lease calls for the commencement of drilling operations of the first well within one year from the date hereof, and thereafter shall drill the same with due diligence to completion of same either as a producer of oil or gas or abandonment as a dry hole. If such a well is not so commenced and arilled, this lease shall forthwith terminate and Lessee shall thereupon release all interest in this lease. If the first well is timely commenced and drilled, Lessee shall not later than one year following the completion of the first well, commence continuous developments operations upon the leased premises and shall prosecute such operations with no more than one year elapsing between the completion of a given well and the commencement

"8. The rights of either party hereunder may introduced in whole or in part and the provisions here accessors and assigns, but no themse of division in ownership of or in the ownership of or interest principal place of business with a provision and assigns, but no themse or division in ownership of the land or in the ownership of or interest to enlarge the ublications or diminish the rights of leaver, and no such change or division in ownership of or interest principal place of business with acceptable instruments or certified topies thereof correction which are assisted to the decease of the provision of a situation of the leaver of the provision of a situation of the leaver of the provision of a situation of the leaver of the provision of a situation of the leaver of the provision of a situation of the leaver of the provision of a situation of the leaver of the provision of a situation of the leaver of the provision of a situation of the leaver of the provision of the leaver of the proportion of the leaver of the provision of the leaver of the proportion of the leaver of the provision of the leaver of the proportion of the leaver of the provision of the leaver of the proportion of the leaver of the proportion of the leaver of the proportion of the leaver and distinct of the proportion of the leaver of the proportion of the leaver, such default in rental paragraph shall also include shuttin royalty.

9. Should leave be prevented from complying with any express or implied covenant of this leave, or from conducting off or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majories of the label or the provision of proventing off or gas hereunder of the provision of preventing the provision of preventing the provision of the leaver and the provision of the provision of the provision of the provision 12. Dispite anything herein contained to the contrary, it is agreed that this lease calls for the commencement of drilling operations of the first well within one year from the date hereof, and thereafter shall drill the same with duc diligence to completion of same either as a producer of oil or gas or abandonment as a dry hole. If such a well is not so commenced and drilled, this lease shall forthwith terminate and Lessee shall thereupon release all interest in this lease. If the first well is timely commenced and drilled, Lessee shall not later than one year following the completion of the first well, commence continuous developments operations upon the leased premises and shall prosecute such operations with no more than one year elapsing between the completion of a given well and the commencement of the next succeeding well, with the understanding that at such time as such operations are no longer prosecuted, this lease shall terminate as to all of the land above described except that acreage included in each New Mexico Oil Conservation Commission proration unit upon which Lessee shall have drilled and completed a well productive of oil and/or gas.

Mexico Oil Conservation Commission proration unit upon which Lessee shall have drilled and completed a well productive of oil and/or gas. Time permitted between wells which is not used shall be cumulative, and any unused time between wells may be used thereafter by Lessee to extend any period between given wells thereafter drilled. Unused time shall be calculated on the basis of official reports filed with the New Mexico Oil Conservation Commission reflecting the commencement and completion date of each well.

13. Notwithstanding any of the foregoing provisions herein contained to the contrary, and particularly Paragraph 4 relating to the payment of annual rentals, it is specifically understood and agreed that all rentals due hereunder have been paid to the lessor at the date of execution and delivery of this lease, and that this lease shall continue in full force and effect for its entire term as stated in Paragraph 2 hereof without the payment of any

such rental. The statements in Paragraph 4 relating to the annual rental

and depository bank are inserted herein solely for the payment of royalty under Paragraph 3 hereof.

Executed the day and year first above written.

Morris M. Antweil

(EXHIBIT "E")

OIL OPERATOR
P. O. Box 2010
Hobbs, New Mexico 66240

DEB

January 16, 1981

Mr. L. F. Brown Route 2 - Box 384 Lubbock, Texas 79415

RE: E/2 Section 10-T13S-R38E Lea County, New Mexico

Dear Mr. Brown:

Don Blackmar has been in contact with you regarding an oil and gas lease on your interest under the captioned lands. All the other interests have now been leased, and we are prepared to re-enter the existing well in the SE/4 of Section 10 to test the San Andres, Wolfcamp, Atoka, Morrow and Mississippian.

Enclosed is a copy of our Application to the New Mexico Oil Conservation Division for a hearing to compulsory pool your interest for our proposed well. The Application was filled with the Division on 6 January 1981 and the hearing will be set for 28 January 1981. The Helen Tantalo interest has now been leased and will be dropped from the hearing.

We request that you reconsider leasing this interest at this time.

Sincerely,

MORRIS R. ANTWEIL

R. M. Williams

Ch William

рa

Enclosure

bcc: LDM Associates

Roswell

DONALD E. BLACKMAR P. O. BOX 608 ROSWELL, NEW MEXICO 88201

JANUARY 20, 1981

TELEPHONE 505 622 6903

(EXHIBIT "F")

MR. L. F. BROWN ROUTE 2, BOX 384 LUBBOCK, TEXAS 79415

RE: YOUR 18/320 ON A 18-ACRE INTEREST IN THE E/2 OF SECTION 10-135-38E, N.M.P.M., LEA COUNTY, NEW MEXICO

DEAR FORREST:

FOLLOWING OUR LAST VISIT TOGETHER IN LUBBOCK, WE WERE UNABLE TO COME UP WITH ANY VALID SOLUTION TO HANDLE THE LEGAL DELAY YOU INDICATED YOU WERE HAVING TO CONTEND WITH RELATIVE TO EXECUTING AN OIL AND GAS LEASE ON YOUR ABOVE DESCRIBED INTEREST. THAT BEING THE CASE AND YOU HAVE SO BEEN ADVISED BY THE OFFICE OF MORRIS R. ANTWEIL OUR ONLY RECOURSE WAS TO PROCEED WITH THE FORCED POOLING PROCEDURE.

THE HEARING AS YOU KNOW IS SCHEDULED FOR JANUARY 28 in SANTA FE, BUT IF YOUR LEGAL SITUATION CHANGES ON OR BEFORE JANUARY 26 SC THAT YOU CAN EXECUTE A VALID LEASE TO US WITH THE APPROVAL OF YOUR ATTORNEY, THE PROCEEDINGS CAN BE DISPENSED WITH. IN TAKING A LEASE FROM YOU DURING THIS INTERIM THE TERMS OF THE LEASE WOULD BE IDENTICAL TO THOSE THAT HAVE BEEN ACCEPTABLE TO THE OTHER INTEREST OWNERS IN THE SAME LAND, AND SUCH A LEASE IS ENCLOSED HEREWITH, ALONG WITH A DRAFT IN CETTLEMENT. PLEASE BE SUPE TO NOTIFY US THAT YOU HAVE BEEN ABLE TO EXECUTE THIS NEW LEASE AND THAT IT IS FORTHCOMING IN SUFFICIENT TIME FOR US TO WITHDRAW THE FORCED POOLING PROCEEDINGS NOW SCHEDULED.

SINCERELY YOURS.

DONALD E. BLACKMAR

DEB/rs Encl.

part of said land than the entire and undivided fee simple estate (whether lessor's interest is overein specified or note then our conscious, and appears of said land than the entire and undivided fee simple estate therein, if any, accounted by this lease, bears to which this lesse covers less than such full interest, shall be paid only in the propinciest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties become fall to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lower, its/his aurecolors, heir, and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or sors, and assigns by delivering or mailing a release thereof to the lessor, or by pheing a release thereof of record in the county in which said thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to access so surrendered, and thereafter shul-in royally payable hereunder shall be reduced in the proportion that the accesse covered hereby is reduced by said release or releases.

^{12.} Notwithstanding any of the foregoing provisions herein contained to the contrary, and particularly Paragraph 4 relating to the payment of annual rentals, it is specifically ynderstood and agreed that all rentals due hereunder have been paid to the lessor at the date of execution and delivery of this lease, and that this lease shall continue in full force and effect for its entire term as stated in Paragraph 2 hereof without the payment of any such tental. The statements in Paragraph 4 relating to the annual rental and depository bank are inserted herein solely for the payment of royalty under Paragraph 3 hereof. Executed the day and year first above written.

OIL & GAS LEASE

	20th day of January	1981 , between	
L. F. BROWN, a/k	'a Forrest Brown, dealing	in his separate property,	
	te 2, Box 384	(Post Office Address)	
1. Lessor, in consideration of Ti the agreements of the lessee heres lilling, and operating for and produ	EN AND OTHER DOLLARS in hand pald, receipt of n contained, hereby grants, leases and lets exclusively seing oil and gas, injecting gas, waters, other fluids	P. O. Box 608 Roswell, N. M. 88201 of which is here acknowledged, and of the royalties herein property unto lessee for the purpose of investigating, explosing, property, and air into subsurface strata, laying pipe lines, storing oil, e, take care of, treat, process, store and transport said min	vided and ospecting, , building
llowing described land in	Lea County, New Mex	ico, to wit:	
	Township 13 South - Rand	ge 38 East. N.M.P.M.	•
	Section 10:	E/2	
	e rental payments hereinafter provided for, said lan	d is estimated to comprise 320 acres, whether f	t actualis
, then there we nit or gas, is p	reduced from said land or land with which said lan		
ous substances, produced from and it is mouth of the well of 3/16 of such aske; (c) and at any time when erewith, but gas and/or condensate ter suid well is shut in, and theres covided for in this lease for the arrivided this lease shall not terminate ach such payment shall be paid or taid under this lease if the well were reinafter provided for the payment of the	and and sold or used off the premises or in the mail if the sas so sold or used, provided that on sas sold this lease is not validated by other provisions bereof is not being so sold or used and such well is shut in fter at annual intervals, lessee may pay or tender a rape then held under this lease by the party making rand it will be considered under all clauses hereof it endered to the party or parties who at the time of e in fact producing, or be paid or tendered to the sold rentals.	ells may be connected; (b) on pas, including casinghead gas an nufacture of pasoline or other product therefrom, the market at the wells the royalty shall be 3/10 of the amount real and there is a gas and/or condensate well on said land, or la, either before or after production therefrom, then on or before in advance annual shut in royalty equal to the amount of dels such payment or tender, and so long as said shut in royalty it that gas is being produced from the leased premises in paying a such payment would be entitled to receive the royalties which tredit of such party or parties in the depository bank and in the with on or before one (1) year from this date, this lease shall	value at itsed from not peopled e 90 days as rentals is paid or paid or paid or paid be manner
	e one (1) year from this date lesser shall pay or to commencement of such operations for a period of to operations may be further deferred for successive p	ender to the lessor a rental of \$ 320.00 welve (12) months. In like manner and upon like payments of rivelve (12) months each during the primary term.	which tenders, Payment
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for any reason shall fail or refuse strument making provision; for ano rental may be made by check or de ite. Any timely payment or tender hole or in part as to parties, amou- oper payment had been made; pro- riffied mail from lessor together wi	to accept rental, lessee shall not be held in default her acceptable method of payment or tender, and a raft of lessee, mailed or delivered to raid bank or he of rental or shut-in royalty which is mode in a la- nts, or depositories shall nevertheless be sufficient to ided, however, lessee shall correct such error with th such instruments as are necessary to enable lesse	, which bank, or any successor their successor hanks shall fail, liquidate, or be succeeded by anot until thirty (30) days after lessor shall deliver to lessee a my dejocitory charge is a liability of the lessor. The payment wast, or any lessor if more than one, on or before the rent wast, or any lessor if more than one, on or before the rent wast fide attempt to make proper payment, but which is error prevent termination of this lesse in the same manner as a thirty (30) days after lessee has received written notice to to make proper payment. bine this lesse, the land covered by it or any part or horizon.	her bank, recordable or tender al paying on-ous in though a hereof by
ith any other land, lease, leases, not tolerance of 10%. Lessee shall file me and either before or after the sees, except the payment of royalty worked by this lease included in any unit operations, which the number of the production so allocated shall om the portion of said land covered py peofed unit designated by lessee.	neral estates or parts thereof for the production of the Mexico Oil Conservation Commission or by other written unit designations in the county in which completion of wells. Drilling operations on or production from such unit that portion of the total production of production that portion of the total production of production of production of the surface acres in the land covered by this lease the considered for all purposes, including the payman bereby and included in said unit is the same name.	oil or gas. Units peoled hereunder shall not exceed the stan lawful authority for the pool or area in which said land is situ the premises are located and such units may be designated from action from any part of any such unit shall be considered for the land described in this leate. There shall be allocated to oled minerals from wells in the unit, after deducting any used included in the unit burst to the total number of surface are ent or delivery of royalty, to be the entire production of pooled ner as though produced from said land under the terms of teoring an appropriate instrument in the County where the la	dard pro- sted, plus n time to all pur- the land d in lease ses in the minerals his lease.
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all be computed after deducting any dures placed by lessive on said land ads below ordinary plow depth, and	is n used. Lassee shall have the right at any time including the right to draw and remove all easing, no well shall be drilled within two hundred feet 12 at his risk and expense, of using gas from any say	om lessor's wells and turks, for all operations hereunder, and the during or after the expiration of this lease to remove all pro- When required by lessor, leasee will bury all pipe lines on 00 ft.) of any residence or barn now on said land without less well on said land for stoves and inside lights in the principal	perty and cultivated sor's con-
5. The rights of either party her corresors and assigns; but no change complished shall operate to enlarge se until 30 days after lessee has lereof constituting the chain of titl nder any rentals, royalties or paymidence satisfactory to lessee as to nals payable herounder shall be a yment by one shall not affect the signment, relieve and discharge less the proportionate part of the rental	cunder may be extigned in whole or in part and the or division in the ownership of the land, or in the the obligations or diminish the rights of lessue; an ear furnished by certified mail at lessee's principle of from the original lessor. If any such change in onts to the credit of the deceased or his estate in the persons entitled to such sums. In the event of pipertioned as between the several lessehold owners rights of other lessehold owners hereunder. An assive of any obligations hereunder, and, if lessee or assignee or fail to complexifi lends upon which lessee or assignee or fail to complexifi lends upon which lessee or assignee as fail to complexifi lends upon which lessee or assignee as the complexifications of the part of the complexifications of the part	the provisions hereof shall extend to the heirs, executors, admir connership of or right to receive rentals, royalties or payments, of no such change or division shall be binding upon lessee for all place of husiness with acceptable instruments or certific ownership occurs through the drath of the owner, lessee may be deprecitory bank until such time as lessee has been furnis an assignment of this lease as to a segregated portion of said ratably according to the surface area of each, and default ignment of this lease, in whole or in part, shall, to the extensignee of part or parts hereof shall fail or make default in the y with any other provision of the lesse, such default shall not a shall so comply or make such payments. Rentals as used	, however any pured copies or that or with land, the in rental t of such to rayment offect this
9. Should leave be prevented frider, or from preducing oil or say any Federal or state law or any of all not be limite for failure to comp	um complying with any express or implied coverant hereunder by reason of scarcity or inability to obta- rder, rule or regulation of povernmental authority, to by therewith, and this lesse shall be extended while r from producing oil or gas hereunder; and the life	of this lease, or from conducting drilling or reworking operation or use equipment or material, or by operation of force minden while an prevented, lessee's duty shall be suspended, a and so lung as lessee is prevented by any such cause from one while lessee is so prevented shall not be counted again	siture, or nd lessee onducting
10. Lessor hereby warrants and n upon raid land, and in the event reunder toward satisfying same. Wet of said land than the entire and dother yaymonts, if any, secruing terest therein, if any, covered by t	agrees to defend the title to said land, and agrees theore does so, it shall be subrogated to such lien ithout impairment of lease's rights under the warra b undivided fee simple estate (whether leasor's inter from any part as to which this lease covers less the	that lister, at its option, may discharge any tax, mortgage, with the right to enforce same and apply rentals and royalties nly, if this lesse covers a less interest in the oil or gas in a est is herein specified or not! then the royalties, shutch royal an auch full interest, shall be paid only in the proportion ople estate therein. Should any one or more of the parties named est executing the same.	scorning ill or eng by, rental, which the
11. Lösee, its/hir surrestors, he and assigns by delivering or ne recupon lessee shall be relieved frout-in royalty payable hereunder shi	in and assigns, shall have the right at any time to the lessor, or by photing a mall obligations, expressed or implied, of this agri all be reduced in the proportion that the acreage co	sourcender this leese, in whole or in part, to lessor or his held release thereof of record in the county in which said land is sement as to acreage so surrendered, and thereafter the respect to the release or releases.	situsted; ntals and
ect for its entire t tal. The statements erted herein solely	any of the foregoing provisi 4 relating to the payment of 11 rentals due hereunder have of this lease, and that this erm as stated in Paragraph 2 in Paragraph 4 relating to t for the payment of royalty un ar first above written.	ons herein contained to the contrar annual rentals, it is specifically been paid to the lessor at the day lease shall continue in full force hereof without the payment of any he annual rental and depository bar der Paragraph 3 hereof.	ry, an ymder te of and such nk are
	,	;	

The forego	ong instrument was acknowledged before me this L. F. BROWN, a/k/a Forrest E	INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form) dry of Brown, dealing in his own property.
STATE OF NE	**************************************	Notary Public INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Form)
9 by _		Notes Public
STATE OF NE County of The forego	W MEXICO,	INDIVIDUAL ACKNOWLEDGMENT (New Mexico Short Forday of
My Commissio	n expires	
19 by _	**	
My Commissio	n expires, 19	Notary Public
County Clerk. By	Term	OIL AND GAS LEASE NEW MEXICO FROM L. F. Brown TO Donald E. Blackmar Donald E. Blackmar No. of Acres No. of Acres
COLLECTION DRAFT Courtesy Of The First Notional Bank of Roswell Roswell, N. M.	Pay to the order of L. F. For O&GL - E/2 Section 10-135	\$ 936.00 Without Exchange S-38E, N.M.P.M., Lea County, N. M. of rentals: \$1 x 18 ac. x 2 yrs. = \$36

OIL OPERATOR P. O. BOX 2010 HOBBS, NEW MEXICO 88240

January 20, 1981

Mr. L. F. Brown Route 2, Box 384 Lubbock, Texas 79415

RE: E/2 Section 10-T13S-R38E Lea County, New Mexico

Dear Mr. Brown:

Enclosed is a copy of New Mexico Oil Conservation Division Docket No. 4-81 of the hearings set for 28 January 1981 in Santa Fe, New Mexico. Your attention is directed to Case No. 7144 which will effect your unleased minerals.

If the compulsory pooling is granted by the Oil Conservation Division, you will have the opportunity to join in the well as a working interest owner and pay your share of the costs or permit your interest to be compulsory pooled and receive a 1/8 royalty interest until we recover our costs plus the risk penalty set by the Division.

We again request that you consider leasing this interest on the terms presented to you by Don Blackmar.

Yours Very Truly,

MORRIS R. ANTWEIL

R, M. Williams

RMW:pa

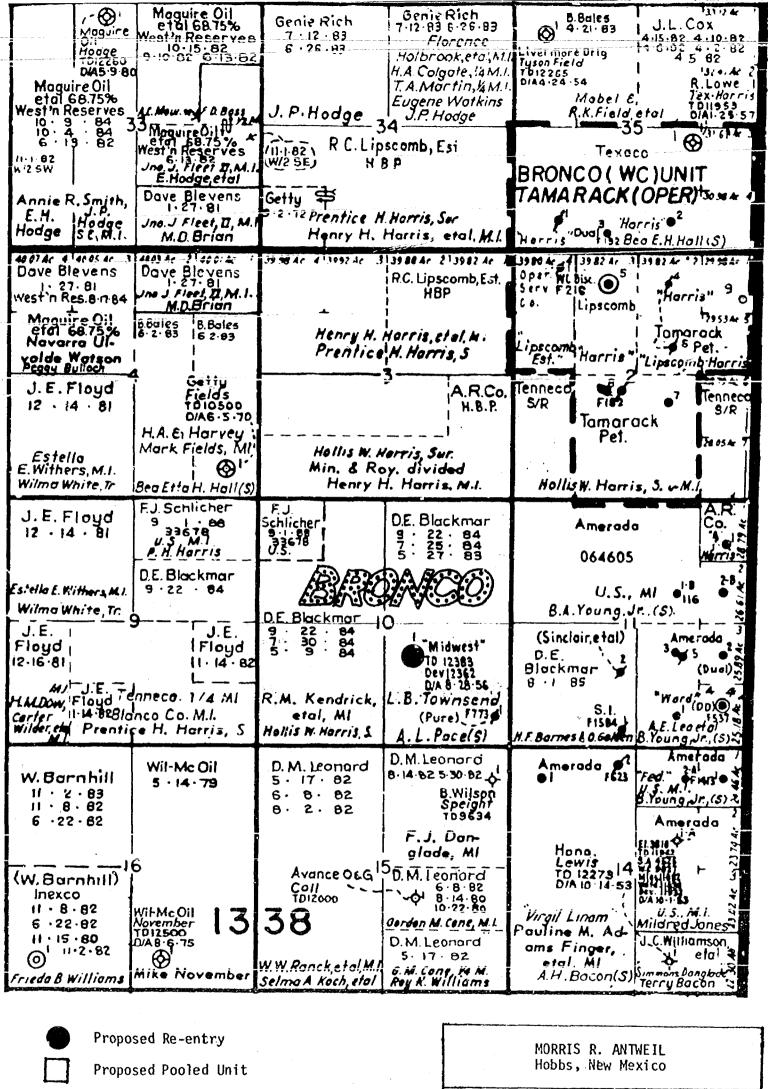
Enclosure

BFFORE EXAMINER NUTTER
OIL CONSERVATION DIVISION

ARE EXHIBIT NO. 3

CASE NO. 7/44

ITEM	TANGIBLE	INTANGIBLE	TOTAL
Re-entry to Base of 9 5/8" Casing			
Roads, Location, and Damages Well Service Unit - 7 Days Reverse Units & Tools Mud & Water 9 5/8" Casing-1580' @ \$15.00/ft. 9 5/8" Casing Bowl Wellhead & Connections Supervision & Expenses	\$ 23,700 2,000	\$ 5,000 16,800 25,000 5,000 3,600	\$ 5,000 16,800 25,000 5,000 23,700 3,600 2,000
Transportation & Misc. Labor Contingencies	·	2,000 10.900	2,000 10.900
COST TO BASE 9 5/8" CASING	\$25,700	\$ 69,300	\$95,000
Re-entry Below 9 5/8" Casing	#		
Location Move-in, Rig-up Rig Daywork-Drill-out - 4 days	\$	\$ 5,000 45,000	\$ 5,000 45,000
@ \$7,000/day Daywork-Operations - 3 days		28.000	28.000
@ \$7,000/day Bits Mud & Water Logging Service DST Service - 2 DST's Rental Tools & Equipment Supervision & Expenses Transportation & Misc. Labor Contingencies		21,000 2,000 30,000 26,900 5,000 3,000 2,000 4,000 13,100	21,000 2,000 30,000 26,900 5,000 3,000 2,000 4,000 13,100
COST FROM 9 5/8" CASING TO 12,000	1	\$185,000	\$185,000
Completion Costs			
5½" Casing - 12,000' @ \$8.80/ft. Cement & Service - 5½" Casing Daywork - 1 day @ \$7,000/day Well Service Unit Perforating Service Tubing - 2 3/8" - 11,500' @	\$105,600	\$ 9,000 7,000 10,000 6,000	\$105,600 9,000 7,000 10,000 6,000
\$4.30/ft. Rental Tools & Equipment	49,500	4,000	49,500 4,000
Acid Treatment Wellhead & Connections Battery Facilities Supervision & Expenses Transportation & Misc. Labor Contingencies	5,000 30,000	3,000 5,000 7,900	8,000 5,000 30,000 3,000 5,000 7,900 \$250,000
COMPLETION COSTS	\$190,100	\$ 59,900	\$250,000
TOTAL AFE COST	\$215,800	\$314,200	\$530,000
APPROVAL: bydate		EFORE EXAMINATION OF THE PROPERTY OF THE PROPE	ER MUTTER ON DIVICION NO. 4
	E CAS	E NO	44



	Proposed Re-entry	MORRIS R. ANTWEIL	
Proposed Pooled Unit		Hobbs, New Mexico	
	ുള്ളയാന് തുടന്നും വരുന്നും വരുന്നു. വരുന്നും വര	BRONCO AREA	
i	BEFORE EXAMINER NUTTER OIL CONSERVATION DIVISION	Land Plat	
	AND EXHIBIT NO.	Eddy County, New Mexico	
	CASE NO. 7/44	Scale 1"=2000'	

MEMORANDUM

- 1. The primary area of interest centered on Section 10, T-13-S, R-38-E, N.M.P.M., Lea County, New Mexico. The mineral estate of this land is divided among 39 individual owners: 24 owners in the E/2 of the section and 15 owners in the W/2 of the section. Numerous of these owners are people having a good knowledge of the oil and gas industry, such as Clarence E. Hinkle and George H. Hunker, Jr. (both highly qualified oil and gas attorneys), School of Law of the University of New Mexico, New Mexico Military Institute, the Trust Department of The First National Bank of Roswell as Trustee of the J. Hiram Dow Trust, H. Dillard Schenck (an owner of many mineral interests in West Texas and Southeastern New Mexico), W. G. Ross (an oil operator in Midland, Texas), Helen Shelton Tantalo of Midland, Texas, represented by her attorney Mr. Boyd Laughlin in Midland, et al. Leases were obtained from all interest owners (excepting L. F. Brown, a/k/a Forrest Brown, of Lubbock, Texas) using the most commonly used lease form No. 342 (Printed by Hall-Poorbaugh Press) for New Mexico lands. This same form was submitted to Mr. Brown.
- 2. In securing our leases, a bonus of \$50 per acre was paid for either a three, four or five year lease, a 3/16 royalty, and the customary \$1 per acre rental, which was prepaid at the time of settlement is securing a paid-up lease.
- 3. Considerable difficulty was had in locating Mr. Brown, whose interest consists of an 18/320 undivided in the E/2 of Section 10, being the tract where two deep dry holes (see Exhibit "A") have previously been drilled. Mr. Brown was first contacted on August 31, 1980, at which time during a 26 minute telephone conversation it was explained that we were leasing the said Section 10, that we had leases in hand from approximately 95% of the owners, what we were paying, and he was offered the same terms for a 3-year lease. He indicated his willingness to join the other owners, so a lease and appropriate draft were mailed to him on September 5, 1980 (see Exhibit "B").
- 4. No response was received from Mr. Brown by September 24, 1980, so he was called on that day and talked to for 8 minutes, urging him to execute and hand the lease to his bank for collection. He explained he was having considerable eye trouble, having to see doctors, etc., but still indicated he would go along with the others and get his lease to us.
- 5. Called Mr. Brown again on October 12, 1980, talked to him for 16 minutes, answered several questions he asked, and he again stated he would be getting his lease to us soon.

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OIL CON	SERVATION D	IVISION
APP	EXHIBIT NO.	Z.
CASE NO	7/44	
	PERCENT NEW TOTAL	and the second section of the second

- 6. Nothing further was heard from him. On a trir to Lubbock on October 13th, an effort was made to see him personally, but calls to his home were without success in reaching him.
- 7. Still no response from Mr. Brown by October 27th. Another effort was made to call him when the writer was in Lubbock on that date, but his telephone didn't answer. So on November 3, 1980, a letter was written to him (see Exhibit "C"), enclosing copies of executed leases from W. G. Ross, H. Dillard Schenck and C. E. Alexander, showing that the same lease form as submitted to him had been readily acceptable to these men (all keenly knowledgable as to lease forms), since he appeared to be objecting to the terms and provisions of the lease form upon the advice of his attorney.
- 8. With there being no further response from Mr. Brown, Mr. Fred J. Schlicher and the writer drove to Lubbock on December 10, 1980, found Mr. Brown home and visited with him personally to answer any questions he might have concerning the terms of the lease and to try to get him to cooperate in granting us the lease sent the first time. At this time he expressed that he had difficulty reading the small print of the lease and objected to there being no continuous development clause and that he didn't like the idea of having his acreage maybe pooled with other lands, etc.. We promised to see if we might find another lease form that might be more acceptable to him and that we would be back in touch with him.
- 9. Accordingly, a revised lease was drafted that contained a continuous development provision (see Exhibit "D"), which we had photographed or blown-up 60% in size to assist his ability to read, and again asked him to either accept the concession to a continuous development program or to join in drilling on his land by participation, etc.. Even the letter to him was all typed in capital letters to help him with his reading problem.
- 10. Nothing further was heard from him, so on January 4, 1981, he was again called. He said he had been away during the Holidays in Arizona, etc., so I told him I would like to meet with him the next day in a final effort to trade with him. Accordingly, a meeting was had with him the next day about noon, he and the writer had lunch together, and he afterwards explained that because of some legal matter, the nature of which he would not disclose to me, his lawyer would not let him sign any legal instruments. Without being clear about the matter, he said it had to do with the interest belonging to his oldest daughter, etc.. On this occasion he was advised that unless he could resolve his problem shortly we had no choice but to force pool his interest, since we had a right becoming available very soon. At this time he said he was completely agreeable to granting a lease on the terms offered him, but because of his lawyer's advise he could do nothing "now".

- 11. On January 16, 1981, Mr. R. M. Williams of Antweil Oil Co. wrote Mr. Brown of the pending hearing to be held January 28, 1981, in Santa Fe, N. M. before the New Mexico Oil Conservation Commission to compulsory pool his interest in the proposed well in the SE/4 of Section 10-13S-38E, NMPM, New Mexico (see Exhibit "E").
- 12. In a final effort, the writer wrote Mr. Brown advising that the offer still stood for his granting a lease on the same terms acceptable to the many other interest owners and that his interest would not be forced pooled if he could and would grant us his lease on or before January 26, 1981 (see Exhibit "F").

Donald E. Blackmar

Dated this 26th day of January, 1981, in Roswell, New Mexico.

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DONALD E. BLACKMAR

P. O. BOX GOR ...

ROSWELL, NEW MEXICO 88201

September 5, 1980

COPY

TELEPHONE 505 622 6903

Mr. L. F. Brown Route 2, Box 384 763-9966

Lubbock, Texas 79415

18/320 or a 18-acre interest in the E/2 of Section 10, T-13 S, R-38-E, N.M.P.M., Lea County, N. M.

Dear Mr. Brown:

Pursuant to our discussion, enclosed is an Oil and Gas Lease for your execution, attached to which is a draft in the amount of \$936.00, which is a settlement on the basis of \$50 per acre bonus, plus a prepayment of the customary \$1 per acre rental in buying the two year paid-up lease.

At your earliest convenience, will you please follow these instructions in the handling of this business:

- Before a Notary Public, you will please sign the lease, signing as your name(s) is/are spelled at the red checkmark, after which the Notary will complete the acknowledgment at the top of the backside of the lease.
- Endorse the draft just as you would any check you wished to cash or deposit.
- Last, hand the now executed lease and endorsed draft to the Collection Department of your bank, asking them to please forward the entire item for collection.
- The copy of the lease is for your records.

Thank you very much for joining the other mineral owners in granting your lease to us, and we sincerely hope we may be successful in bringing your property into production for you.

Sincerely yours,

DEB:ms

Donald E. Blackmar

Enclosures - 3

1/20/10- Family en frankle, some jelle under soon, some soon, apriles - said walk och lene in Mil ennenny week.

OIL & GAS LEASE	inted and for sale by Hall-Procibough Press, Raswell, N. M.
THIS AGREEMENT made this _31st and of August	17 80, between
Route_2,_Box_384	
herein called lessor (whether one or more) and 1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto less drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take ca	there acknowledged, and of the royalties herein provided and see for the purpose of investigating, exploring, prospecting, into subsurface attacts, laying pipe lines, storing oil. Building
following discribed land in Lea County, New Mexico, to-wit	
Township 13 South - Range 38 Ea	st, N.M.P.M.
Section 10: E/2	
To the jurpose of calculating the rental payments hereinafter provided for, said land is estima comprises more or less. 2. Subject to the other provisions herein contained, this lease shall remain in force for a term as long thereafter as oil or gas, is produced from said land or land with which said land is pooled. 3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at same to be delivered at the wells or to the credit of lessor in the pipe line to which the wells may be soon substances, produced from said land and sold or used off the premises or in the manufacture of the most's of the well of 3/16 of the gas so sold or used, provided that on gas sold at the well such sale; (c) and at any time when this lease is not validated by other provisions hereof and there therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either be after asid well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance provided for in this lease for the acreage then held under this lease by the party making such payr tendered this lease shall not terminate and it will be considered under all clauses hereof that gas is Each such payment shall be paid or tendered to the party or parties who at the time of such payment during this lease if the well were in fact producing, or be paid or tendered to the credit of subscriptions for the payment of sentals.	of three years from this date (called "primary term"), and the well, 3/16 of that produced and saved from said land, e connected; (b) on ras, including casinghead ras and all rasof rasoline or other product, therefrom, the market value at a the royalty shall be 3/16 of the amount realized from its a ras and/or condensate well on said land, or land pooled fore or after production therefrom, then on or before 90 days annual shut-in royalty equal to the amount of delay rentals nent or tender, and so long as said shut-in royalty is paid or being produced from the leased premises in paying quantities, ent would be entitled to receive the royalties which would be che party or parties in the depository bank and in the manner
4. If operations for drilling are not commenced on said land or on land pooled therewith on or as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the shall cover the privilege of deferring commencement of such operations for a period of twelve (12) annually, the commencement of said operations may be further deferred for successive periods of t	e lessor a rental of \$ 320.00 which months. In like manner and upon like payments or tenders,
or tender may be made to the lessor or to the credit of the lessor in the	and the second of the second o
at	which bank, or any successor thereof, shall r bank; shall fail, liquidate, or be succeeded by another bank, ty (30) days after lessor shall deliver to lessee a recordable by charge is a liability of the lessor. The payment or tender my lessor if more than one, on or before the rental paying tempt to make proper payment, but which is erroneous in termination of this lease in the same manner as though a 30) days after lessee has received written notice thereof by proper payment.
with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas ration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful aut a tolerance of 10%. Leasee shall file written unit designations in the county in which the premise time and either before or after the completion of wells. Drilling operations on or production from poses, except the payment of royalty, as operations conducted upon or production from the land of covered by this lease included in any such unit that portion of the total production of pooled miner or unit operations, which the number of surface acres in the land covered by this lease included in unit. The production so allocated shall be considered for all purposes, including the payment or delift from the portion of said land covered hereby and included in said unit in the same manner as the Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an unted at any time after the completion of a dry hole or the cessation of production on said unit.	. Units pooled hereunder shall not exceed the standard pro- hority for the pool or area in which said land is situated, plus is are located and such units may be designated from time to any part of any such unit shall be considered for all pur- lescribed in this lease. There shall be allocated to the land als from wells in the unit, after deducting any used in lease in the unit bears to the total number of surface acres in the very of royalty, to be the entire production of pooled minerals such produced from said land under the terms of this lease.
6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole production thereof should cease for any cause, this lease. Thall not terminate if lessee commences thereafter and diligently provocutes the same, or (if it be within the primary term) commences or operations for drilling or reworking on or before the rental paying date next ensuing after the externology of the creation of production. If at the expiration of the primary term oil or gas for drilling or reworking of any well, this lease shall remain in force so long as such operations a consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses faith is unable to complete said operations then within 30 days after the abandonment of said operations with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in the reafter as oil or gas is produced hereunder.	reworking or additional drilling operations within 60 days resumes the payment or tender of rentals or commences piration of three months from date of abandonment of said is not being produced but lessee is then engaged in operations re diligently prosecuted with no restation of more than 60 or junks the hole or well and after diligent efforts in good ations lessee may commence another well and drill the same production, then this lesse shall remain in full force so long
7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's shall be computed after deducting any so used. Lessee shall have the right at any time during or a fixtures placed by lessee on said land, including the right to draw and remove all casing. When rel lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of a land, the said have the privilege, at his risk and expense, of using gas from any cas well on said thereon, out of any surplus gas not maded for operations hereunder.	after the expiration of this lease to remove all property and quired by lessor, lessoe will oury all pipe lines on cultivated any residence or barn now on said land without lessor's con-
8. The rights of either party hereunder may be assigned in whole or in part and the provision successors and assigns; but no change or division in the ownership of the land, or in the ownership accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such pose until 30 days after lessee has been furnished by certified mail at lessee's principal place of thereof constituting the chain of title from the original lessor. If any such change in ownership tender any rentals, pysities or payments to the credit of the deceased or his estate in the densities evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignmentals payable hereunder shall be apportioned as between the several leasehold owners ratably a payment by one shall not affect the rights of other leasehold owners hereunder. An assignment of assignment, relieve and discherge lessee of any obligations hereunder, and, if lessee or assignee of the of the proportionate part of the rentals due from such lessee or assignee or fail to comply with any lease in an far as it covers a part of sold lands upon which lessee or any assignee thereof shall so	of or right to receive rentale, royalties or payments, however change or division shall be binding upon lessee for any purforments or certified copies occurs through the death of the owner, lessee may pay or rry bank until south time as lessee has been furnished with ment of this lesse as to a segregated portion of said land, the ecording to the surface area of each, and default in rental this lesse, in whole or in part, shall, to the extent of such part or parts hereof shall fail or make default in the payment other provision of the lease, such default shall not affect this
paragraph shall also include shut-in royalty. 9. Should lessee be prevented from complying with any express or implied covenant of this less under, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use by any Federal or state law or any order, rule or regulation of governmental suthority, then while shall not be liable for failure to comply therewith; and this lease shall be extended while and so lon drilling or reworking operations on or from preducing oil or gas hereunder; and the time while I anything in this lease to the centrary notwithstanding.	equipment or material, or by operation of force majeure, or so prevented, lessee's duty shall be suspended, and lessee g as lessee is prevented by any such cause from conducting essee is so prevented shall not be counted against lessee.
10. Lessor hereby warrants and agrees to defend the title to said land, and agrees that lesses lien upon said land, and in the event lesses does so, it shall be subrogated to such lien with the ri-hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this part of said land than the entire and undivided fee simple estate (whether lessor's interest is here and other payments, if any, accruing from any part as to which this lease covers less than such fuinterest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate thesors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing	ght to enforce same and apply rentals and royalties accruing lease covers a less interest in the oil or gas in all or any n specified or not) then the royalties, shut-in royalty, rental, ill interest, shall be paid only in the proportion which the herein. Should any one or more of the parties named above as
11. Lessee, its/his successors, heirs and assigns, shall have the right at any time to surrender ors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release th thereoyon lessee shall be relieved from all obligations, expressed or implied, of this agreement as shut-in royalty payable hercunder shall be reduced in the proportion that the acreage covered hereb	this lease, in whole or in part, to lessor or his heirs, succes- preof of record in the county in which said land is situated; to access so surrendered, and thereafter the rentals, and

12. Notwithstanding any of the foregoing provisions herein contained to the contrary, and particularly Paragraph 4 relating to the payment of annual rentals, it is specifically understood and agreed that all rentals due hereunder lave been paid to the lessor at the date of execution and delivery of this lease, and that this lease shall continue in full force and effect for its entre term as stated in Paragraph 2 hereof without the payment of any such lental. The statements in Paragraph 4 relating to the annual rental and desortery bank are inserted herein solely for the payment of royalty under largraph 3 hereof.

Executed the day and year first above written.

COLLECTION DRAFT

Courtesy Of
The First National Bank of Roswell
Roswell, N. M.

No	Roswell, New Mexico	0	August 31	197 80
C	Place			
FIFTEEN (15)	DAYS AFTER SIGHT A	ND SUBJECT TO	APPROVAL OF	TITLE.
Pay to the order of	L. F. BROWN			
			\$ 936,00	
			Without Excl	nange
For O&GL - E/2 Se	ction 10-13S-38E, IMP	Lea County	V N M	<
Bonus: \$900.0	0; prepayment of renta	als: \$1 × 18	ac. x 2 ýr	s. =\$36
First National	Bank of Roswell			
ToP O Box 1977, Re Notify: Donale	oswell N.M.88201 d E. Blackmar ox 608 - City	FOR COLL	ECTION ONLY	
Phone	: 622-6903			

DONALD E. BLACKMATI

No. 502 503

POSWELL, NEW MERICG BBT:

(EXHIBIT "C")

3 November 1980

Ver to Lubbock last Monday (27th) after

Mr. L. F. Brown Route 2, Box 384 Lubbock, Texas 79415

Dear Forrest:

I had to run back over to Lubbock last Monday (27th) afternoon so that Nell, my wife, could see the eye doctor again the next morning -- they had made a bust in filling the lens prescription, etc..

Anyway, I tried calling you several times while there in town on Thedday, just taking a chance I might reach you, and hoping I might arrange to meet you with your attorney to discuss any questions you might have regarding the lease form used in preparing the lease submitted to you.

Since I didn't get the opportunity to see you, I am taking the liberty of enclosing copies of three leases secured from other mineral owners in the same land where your mineral interest is, which I hope will give you assurance of the equitableness of the lease form presented to you. This form is the most commonly used form today on New Mexico lands. It is one I have had examined by lawyers of mineral owners from whom I have leased for the past fifteen years, and I have never had any one of them knowledgable in oil and gas matters turn it down. It is strictly limited to oil and gas alone, leaving others minerals untouched. The three leases are from newhowning sizable spreads on minerals in New Mexico as well as West Texas. W. G. (Bill) Ross is an independent oil operator with substantial holdings who lives in Midland. H. Dillard (Dick) Schenck has hundreds of mineral interests in Lea County alone, has been in the business since 1930, so certainly knows what he is signing. And C. E. Alexander is quite a wealthy landowner in Lea County and the form has always been acceptable to him.

But I will be glad to have your attorney look it over and then give me a call to discuss any of its terms and provisions he might have hesitancy about.

We are trying to wind this leasing up, want to order an abtract of title examination as soon as your lease is in, so your attention and courtesy in helping us will be appreciated.

Sincerely,

DEB:ms

Donald E. Blackmar

Andrew 11- Treopter - Kinte 1909 Three Meth. John 342 20020 Tribles one it is of opportunity sugar the first sugar tribles one it.
ANY : U. 327 II. 314 OIL & GAS LEASE
THIS AGENT MARKET made the day of the find
H. Dillard Schenck, Individually and as personal representative of the Estate of
L. Kirby Schenck, Deceased; and Kirby D. Schenck, dealing in his sole and separate
property, P. O. Box 1225 or Lovington, N. M. 88260
herein called lessor (whether one or more) and DONALD F. BLACKMAR, P.O. Box 608, ROSWELL, N. M. 88201, lessee: 1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, lesses and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other atructures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the
following discribed land in County, New Mexico, to wit:
lownship 13 South - Range 38 East, N. M. P. M.
Section 10: E½
ander de la companya de la companya La companya de la co
For the purpose of calculating the rental payments hereinafter provided for, said land is estimated to comprises 2. Subject to the other provisions herein contained, this lease shall remain in force for a term of x x x x x x x x x x x x x x x x x x
as to both parties, unless on or before one (1) year from this date lesser shall pay or tender to the lessor a rental of 320.00 which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, and the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment
or tender may be made to the lessor or to the credit of the lessor in the Liberty Hational Bank
at OVINGTON, New Mexico 88260 continue to be the event for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept tental, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recurdable instrument making provision for another acceptable method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroreour in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made; provided, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment. 5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, lessee, in ineral estates or parts thereof for the production of oil or gas. Units peoled hereunder shall not exceed the standard pro-
ration unit fixed by law or by the New Mexico Qil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be solicated to the land covered by this lease included in any such unit that portion of the total production for pooled 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, to be the entire production of production of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cerestion of production on said unit. 6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the
production thereof should crase for any cause, this lease shall not terminate if lessee commences reworking or additional drilling operations within 60 days thereafter and diligently prosecutes the xame, or (if it be within the primary term) commences or resumes the payment or tender of rentals or commences operations for drilling or reworking on or before the rental paying date next ensuing after the expiration of there months from date of abandonment of said dry hole or holes or the consistion of production. If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations for drilling or reworking of any well, this lease shall remain in force so long as such operations are diligently prosecuted with no existion of more than 60 consecutive days. If during the drilling or reworking of any well under this paragraph, lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder. These shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the revalty
shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by lessee on said land, including the right of draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands tellow ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on taid land without lessor's consent. Lessor shall have the privitege, at his risk and earlinest, of using gar from any ses well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.
8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified expise thereof constituting the chain of title from the or linal lessor. If any such change in ownership occurs through the death of the owner, lessee may pay or rentals, royalties or payments to the cr. of the decreased or his estate in the depository bank until such time as lessee has been furnished with evidence statisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lease as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several lessehold owners retailly according to the surface area of each, and default in rental payment, prices and dividinge lessee of any obligations hereunder. An assignment of this lesse, in whole or in part, shall, to the extent of such assignment, relieve and dividinge lessee of any obligations hereunder, and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lessee or assignee of fail to comply with any other provision of the lease, such default shall not affect this paragraph shall also include shut-in royalty. Payments of the rentals due from such lessee or assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royalty.
9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from preducing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of furce majeure, or by any Federal or state law or any order, rule or repulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lease shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or re-working exercitions on or from producing oil or gas hereunder; and the time while lessee is no prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding. 10. Lessor hereby warrants and agrees to defend the title to said land/and agrees that lessee, at its uption, may discharge any tax, mortgage, or other lieu upon said land, and in the event lesser, due so, it shall be subrogated to such lien with the right to enforce same and apply rentals and revalties accruing
hereunder toward satisfying same. Without impairment of Losse's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of asid land than the entire and undivided fee simple estate twhether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rental, and other payments. If any, accounted 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 thus lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this hase, it shall nevertheless be binding upon the party or parties executing the same. 11. Lossee, its/his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all oblications, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.
12. Notwithstanding any of the foregoing provisions herein contained to the contrary and particularly Paragraph 4 relating to the payment of annual rentals, it is specifically understood and agreed that all rentals due hereunder have been paid to the Lessor at the date of execution and delivery of this lease, and that this lease shall continue in full force and effect for its entire term as stated in Paragraph 2 hereof without the payment of any such rental. The statements in Paragraph 4 relating to the annual rental and de-

pository bank are inserted herein solely for the payment of royalty under Paragraph 3 hereof.

Executed and day and year first above written.

Kirby D. Schenck

OIL & GAS LEASE WW BOUK 331 1ACE 147
THIS AGREEMENT made this 26th day of August 1980 . Letwish
C. E. ALEXANDER, dealing in his own and separate property,
Route 1, Box 40 or Lovington, N. M. 88260
herein called lessor (whether one or more) and DONALD E. BLACKMAR, P. O. BOX 608, ROSWell, N.M., lessee: 1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, lesses and less exclusively unto lessee for the purpose of investigating, esploring, prospecting, drilling, and or crating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface atracts, laying pipe lines, storing oil, building innia, rundways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the
tollowing described land in Lea County, New Mexico, whit:
Township 13 South - Range 38 East, N.M.P.M.
. Section 10: E/2
For the puriouse of calculating the rental payments hereinafter provided for, said land is estimated to comprise 320 acres, whether it actually comprises more or less. 2. Subject to the other provisions herein contained, this lesse shall remain in force for a term of 3 years from this date (called "primary term"), and
as lung thereafter as oil or pas, is produced from said land or land with which said land is pooled. 3. The royalties to be paid by lessee are: (a) on oil, and on other liquid hydrocarbons saved at the well. 3/16 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipe line to which the wells may be connected: (b) on pas, including casinghead gas and all passious substances, preduced from said land and sold or used off the premises or in the manufacture of pasoline or other product therefrom, the market value at the mouth of the well of 3/16 of the gas as sold or used off the premises or in the manufacture of pasoline or other product therefrom, the market value at the mouth of the well of 3/16 of the gas as sold or used, provided that on gas sold at the wells the royally shall be 3/16 of the amount realized from such sale; (c) and at any time when this lesse is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas and/or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 30 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance annual shut-in royally equal to the amount of delay rentals provided for in this lesse for the acreage then held under this lesse by the party making such payment or tender, and so long as said shut-in royally is paid or lendered this lesse shall not terminate and it will be considered under all clauses hereof that gas is being produced from the lessed premises in paying quantities. Each such payment would be entitled to receive the royalties which would be paid under this lesse. If the "ell were in fact producine, or be paid or tendered to the credit of such payment would be entitled to receive the royalties which would be paid under this lesses if the "ell were in fact producine, or be paid or tendered to the credit of such
as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$ 320.00 which
shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment
Lovington, New Mexico 88260
eontinue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or he succeeded by another bank, or for any reason shall fail or refuse to accept tental, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another acceptable method of payment or tender, and any depositiony charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royally which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment, but which is considered, however, lessee shall correct such error within thirty (30) days after lessee has received written notice thereof by restricted mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.
8. Lexive is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, leases, mineral estates or parts thereof for the production of oil or gas. Units peoled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolurance of 10%. Lessee shall file written unit designation in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit after deducting any used in lease are 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 land. The production of sold land covered by this lease included in the unit bears to the total 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 of sold land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease.
Any packed unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cussation of production on said unit. 6. If prior to the discovery of oil or gas hereunder, lessee should drill and abandon a dry hole or holes hereunder, or if after discovery of oil or gas the production thereof should cease for any cause, this lesse shall not terminate if lessee commences reworking or additional drilling operations within 60 days therefore and diligently protected to tender of rentals or commences of resumes the payment or tender of rentals or commences of calling or reworking on or before the rental paying date next ensuing after the expiration of three months from date of abandonment of said dry hole or holes or the constitution of production. If at the expiration of the primary term oil or gas is not being produced but lessee is then engaged in operations are diligently provecuted with no cessation of more than 60 for drilling or reworking of any well, this lesse shall remain in force so long as such operations are diligently provecuted with no cessation of more than 60.
consecutive days. If during the drilling or neworking of any well under this paragraph, lessee loses or junks the hole or well and after diligent efforts in good faith is unable to complete said operations then within 30 days after the abandonment of said operations lessee may commence another well and drill the same with due diligence. If any drilling, additional drilling, or reworking operations bescunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder. 7. Lauree shall have free use of oil, gas and water from said land, except water from lossor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any 30 used. Lassee 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 taid land, including the right to draw and remove all casing. When required by lessee will have all pipe lines on cultivated lands telow ordinary plow depth, and no well shall be drilled within two hundred feet 1200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his rish and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereonder. 8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs executors administrators.
successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, royalties or payments, however accomplished shall operate to enlarge the obligations or dininish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may pay or tender any rentals, royalties or payments to the credit of the deceased or his estate in the describer bank until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. In the event of an assignment of this lesse as to a segregated portion of said land, the rentals payable hereunder shall be apportioned as between the several leavehold owners ratably according to the surface area of each, and default in rental
payment by one shall not allect the rights of other leasehold owners hereunder. An assignment of this lease, in whole or in part, shall, to the extent of auch assignment, relieve and discharge lease of any obligations neuroned, and, if leasee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of the rentals due from such lossee or assignee or fail to comply with a voy other provision of the lease, such default shall not affect this lease in so far as it covers a part of said lands upon which leasee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royally. Should leave he presented from complaint with any express or implied covenant of this lease or from conduction deithing as a security is an expression.
by Any Federal or state law orrany order, rule or regulation of spacety or inability in obtain or use equipment or material, or by operation of force majeure, or by Any Federal or state law orrany order, rule or regulation of governmental authority, then while so prevented, lessees duty shall be supended, and lessee shall not be liable for failure to comply therewith; and this lesse shall be extended while and so long as lessee is prevented by any such cause from conducting drilling or reworking operations on or from preducing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lessee to the contrary notwithstanding. An Amount hereby warrants and accress to defend the title to said land and accounted the contrary of the contrary notwithstanding.
here upon said than the extensive without impairment of lesser's rights under the warrant, if this lesse covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fer simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rontal, and other payments, if any, accounting from any part as to which this lesse covers less than such full interest, shall be paid only in the granuttion which the interest threin, if any, covered by this lesse, hears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lesses fail to execute this lesse, it shall nevertheless be binding upon the party or parties executing the same. 11. Lesses, stylis surcessors, heirs and arigins, shall have the right at any time to execute this lesse.
sors, and savigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof or record in the county in which said land is situated; thereupon is were shall be relieved from all obligations, expressed or implied, of this agreement as to accesse so autrendered, and thereafter the rentals and shut-in guyaftr asyable hereunder shall be reduced in the proportion that the accesse covered hereby is reduced by said release or releases.
12. Notwithstanding any of the foregoing provisions herein contained to the contrary, and particularly Paragraph 4 relating to the payment of annual rentals, it is specifically understood and agreed that all rentals due hereunder have been paid to the lessor at the date of execution and delivery of this lease, and that this lease shall continue in full force and effect for its entire term as stated in Paragraph 2 hereof without the payment of any such

rental. The statements in Paragraph 1 relating to the annual rental and depository bank are inserted herein solely for the payment of royalty under Paragraph 3 hereof.

Executed the day and year first above written.

(C. E. Mexander

19 DECEMBER 1980

MR. L. F. BROWN ROUTE 2, BOX 384 LUBBOCK, TEXAS 79415

RE: YOUR 18/320 OR A 18-ACRE INTEREST IN THE E/2 OF SECTION 10-135-38E, N.M.P.M., LEA COUNTY, NEW MEXICO

DEAR FORREST:

PURSUANT TO OUR VARIOUS VISITS, ENCLOSED IS A NEWLY PREPARED OIL AND GAS LEASE FOR YOUR EXECUTION, ATTACHED TO WHICH IS A DRAFT IN THE AMOUNT OF \$936.00, WHICH IS A SETTLEMENT ON THE BASIS OF \$50 PER ACRE BONUS, PLUS A PREPAYMENT OF THE CUSTOMARY \$1 PER ACRE RENTAL IN BUYING THE THREE YEAR PAID-UP LEASE.

AFTER LAST VISITING WITH YOU AND CHECKING THE VARIOUS LEASES FORMS, THIS PARTICULAR FORM IS THE BEST AVAILABLE PROM THE STANDPOINT OF BEING FAIR TO THE MINERAL OWNER AND THE OPERATOR. AS MENTIONED, IT WAS PREPARED BY LEGAL REPRESENTATIVES FROM MAJOR COMPANIES, INDEPENDENT OPERATORS, LEASE BROKERS, AND MINERAL OWNERS THAT WAS HELD BACK IN 1965. IT IS THE MOST COMMONLY USED LEASE FORM TODAY. THE SAME IDENTICAL FORM WAS USED IN SECURING LEASES COVERING SECTION 10 THAT INVOLVED ALMOST 50 MINERAL OWNERS, INCLUDING CLARENCE E. HINKLE AND GEO. M. HUNKER, JR. (BOTH OUTSTANDING ATTORNEYS KNOWING THEIR CIL AND GAS LAW), THE FIRST NATIONAL BANK OF ROSWELL, ACTING AS TRUSTEE, BOARD OF REGENTS OF THE UNIVERSITY OF NEW MEXICO, NEW MEXICO MILITARY INSTITUTE, W. G. KOSS (OIL OPERATOR IN MIDLAND, TX), H. D. SCHENCK (A LARGE MINERAL OWNER IN TEXAS, OKLAHOMA AND NEW MEXICO), AND MANY OTHERS WITH PLENTY OF SAVVY IN THE INDUSTRY, SO YOU ARE NOT BEING ASKED TO SIGN ANY LEASE FORM NOT ACCEPTABLE TO PEOPLE WHO KNOW THE INS AND OUTS OF THE BUSINESS.

THE LEASE PREPARED FOR YOU CONTAINS THE CONTINUOUS DEVELOPMENT PROVISION (PARAGRAPH 12), WHICH WE DID NOT EXTEND TO ANY OF THE OTHERS. IN KNOWING HOW RADICAL THE AREA HAS BEHAVED IN THE PAST, WE HAVE TO HAVE ENOUGH TIME OF PRODUCTION HISTORY TO EVALUATE THE DRILLING OF THE NEXT WELL. BUT YOU CAN BE SURE THAT IF THE PRODUCTION IS COMMERCIAL, WE MAKE IT A PRACTICE OF DRILLING UP ACREAGE THAT HAS THE PROMISE OF BEING PRODUCTIVE RATHER THAN SPENDING HARD DOLLARS JUST DRILLING WILD-CATS, BECAUSE YOU KNOW THE PERCENTAGE OF WINS DOING THAT!

SINCE WE HAVE ALL THE OTHER INTERESTS LEASED, IT IS NECESSARY THAT WE HAVE YOUR LEASE TO GIVE US THE FULL LEASEHOLD INTEREST. WITHOUT IT, OF COURSE, YOU HAVE THE OPTION TO PARTICIPATE BY PAYING YOUR SHARE OF THE COST AS TO YOUR INTEREST; OTHERWISE, OUR ONLY RECOURSE IS TO FORCE POOL YOUR INTEREST. THIS IS SOMETHING WE DO NOT LIKE TO DO BECAUSE OF

THE HEAVY PENALTY IT PUTS ON THE MINERAL OWNER. FOR QUITE SOME TIME NOW THE NEW MEXICO OIL CONSERVATION COMMISSION'S FORCED POOLING DECISIONS HAVE IMPOSED A PENALTY THAT ALLOWS THE OPERATOR TO RECOVER 300% OF ALL DRILLING AND COMPLETION COSTS, PLUS ALL OPERATION EXPENSES UNTIL PAYOUT TIME, AS APPLIED AGAINST ANY UNLEASED INTEREST. NEEDLESS TO SAY, THIS POINT IN TIME OFTEN IS NOT REACHED BEFORE THE WELL QUITS PRODUCING OR ELSE THERE IS JUST A SHORT LIFE REMAINING IN THE WELL. THE WELL COST IN THIS VENTURE IS ESTIMATED AT \$640,000 TO CASING POINT, PLUS AN ADDITIONAL \$340,000 TO COMPLETE THE WELL IF CASING IS RUN, ETC.. SUCH A COST APPLIED AGAINST YOUR INTEREST (A 5.625%) WOULD BE A BASE PRICE OF \$36,000 TO CASING POINT, PLUS \$19,125 TO COMPLETE.

WE ASK YOUR COURTESY OF COOPERATION BY GRANTING YOUR LEASE TO US WITH-IN THE NEXT SEVEN DAYS, OTHERWISE, WE WILL HAVE TO BEGIN THE FORCED-POOLING PROCEEDINGS, BECAUSE WE EXPECT TO HAVE A RIG AVAILABLE IN THE NEXT FEW WEEKS.

THANK YOU. AND I WISH YOU AND MRS. BROWN A MERRY CHRISTMAS.

SINCERELY YOURS,

DEB: MS

DONALD E. BLACKMAR

P. S. I HOPE TYPING THIS LETTER IN THE LARGER TYPE WILL HELP YOU, AND YOU WILL FIND THE LARGEST BLOK-UP COPY OF THE LEASE THAT WE COULD HAVE MADE HERE IN ROSWELL, AS PROMISED TO YOU.

D. E. B.

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	1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -	OIL & GAS I	.EASE		
THIS AGREEMENT made thi	18 day of	December		19 BU , between	
				separate property,	
Route 2,	Box 384			, Lubbock, Texas 79415	
				(Post Office Address)	
1. Lessor, in consideration of of the agreements of the lessee he drilling, and operating for and p tanks, roadways, telephone lines.	TEN AND OTHER Derein contained, here's roducing oil and gas, and other structures of	OLLARS in hand paid, receip grants, leases and lets exclusi niection cas, waters, other flu	t of which is here ackn vely unto Jesse for th ids, and air into sulwu ave, take care of, trea	608, Roswell, N. M	d and cling, ildine
ollowing dweribed land in					
	Township 1	3 South - Rang	e 38 East,	N.M.P.M.	
•		Section 10:	E/2		
			• • • • • • • • • • • • • • • • • •	prise 320 scres, whether it ac	.tallm
ne lang theresties as all as cas.	is produced from said li	and or land with which said i	ano is pooled.	years from this date (called "primary term"	
	or to the credit of lesso:	r in the pipe line to which the logifoths promises or in the n	wells may be connected	3/16 of that produced and saved from said (b) on gas, including casinghead gas and a or other product therefrom, the market va	2.80

as to both parties, unless on or before one (1) year from this date lessee shall pay or tender to the lessor a rental of \$\frac{320.00}{200.000}\$ which shall cover the privilege of deferring commencement of such operations for a period of twelve (12) months. In like manner and upon like payments or tenders, annually, the commencement of said operations may be further deferred for successive periods of twelve (12) months each during the primary term. Payment

tender may be made to the lesser or to the credit of the lesser in the Lubbock National Bank (Acct. No.

Libbook Texas

which bank, or any successor thereof, shall continue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or any successor bank) shall fail, liquidate, or be succeeded by another bank, or for any reason shall fail or refuse to accept rental, lessee shall not be held in default until thirty (30) days after lessor shall deliver to lessee a recordable instrument making provision for another acceptable method of payment or tender, and any depository charge is a liability of the lessor. The payment or tender of rental may be made by check or draft of lessee, mailed or delivered to said bank or lessor, or any lessor if more than one, on or before the rental paying date. Any timely payment or tender of rental or shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties, amounts, or depositories shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessor together with such instruments as are necessary to enable lessee to make proper payment.

**Lesson lesson together with such instruments as are necessary to enable lessee to make proper payment.

proper payment had been made; provided, however, lesaee shall correct such error within thirty (30) days after lessee has received written notice thereof by certified mail from lessur together with such instruments as are necessary to enable lessee to make proper payment.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, lease, lesses, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the New Mexico Oil Conservation Commission or by other lawful authority for the pool or area in which said land is situated, plus a tolerance of 10%. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to a time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered from time to covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lesse 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 land covered by this lease included in the unit bears to the total 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 land covered by this lease included in the unit bears to the total 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 land covered by this lease to the total number of surface acres in the land covered hereby and included in said unit in the same manner as though production so allocated the land in the production so allocated shall be considered for all purposes, including the paymen

with due diligence. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures piaced by lesser on said land, including the right to draw and remove all casing. When required by lessor, lessee will bury all pipe lines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet 1200 ft.) of any retridence or harm now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal distribution, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to the heirs, executors, administrators, successors and assigns; but no change or division in the ownership of the land, or in the ownership of or right to receive rentals, togalties or payments, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be hinding upon lessee thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may pen or tender any rentals, royalties or payments to the credit of the deceased or his estate in the depository bank until such time as lessee has been furnished with evidence satisfactory to lessee as to th

lease in so lar as it covers a part of said iands upon which lessee or any assignee thereof shall so comply or make such payments. Rentals as used in this paragraph shall also include shut-in royally.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majoure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable for failure to comply therewith; and this lesse 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 hereunder; and the time while lessee is so prevented thall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. Lessor hereby warrants and agrees to defend the title to said land, and agrees that lessee, at its option, may discharge any tax, mortgage, or other lien upon said land, and in the event lessee does so, it shall be subrogated to such lien with the right to enforce same and apply rentals and royalties accrubing hereunder toward ratisfying name. Without impairment of lessee's rights under the warranty, if this lesse covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, rental, and other payments, if any, accruing from any part as to which his lease covers less than such full interest, shall be paid only in the proportion which the interest therein. If any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, here

12. Dispite anything herein contained to the contrary, it is agreed that this lease calls for the commencement of drilling operations of the first well within one year from the date hereof, and thereafter shall drill the same with due diligence to completion of same either as a producer of oil or gas or abandonment as a dry hole. If such a well is not so commenced and drilled, this lease shall forthwith terminate and Lessee shall thereupon release all interest in this lease. If the first well is timely commenced and drilled, Lessee shall not later than one year following the completion of the first well, commence continuous developments operations upon the leased premises and shall prosecute such operations with no more than one year elapsing between the completion of a given well and the commencement

**S. The rights of citeth party breamber may signed in whole or in part and the provisions here the rights of incomplying the party because of many signed in whole or in part and the provisions here the rights of incomplying of or it to retere the rights of incomplying of the land, or in the ownership of or it to retere the rights of incomplying with any express or implied coverant of this lease, or from conducting drilling or reworking operations have been received and rights and rights of rights and rights of rights and rights of rights and rights of rig

this lease calls for the commencement of drilling operations of the first well within one year from the date hereof, and thereafter shall drill the same with due diligence to completion of same either as a producer of oil or gas or abandonment as a dry hole. If such a well is not so commenced and drilled, this lease shall forthwith terminate and Lessee shall thereupon release all interest in this lease. If the first well is timely commenced and drilled, Lessee shall not later than one year following the completion of the first well, commence continuous developments operations upon the leased premises and shall prosecute such operations with no more than one year elapsing between the completion of a given well and the commencement of the next succeeding well, with the understanding that at such time as such operations are no longer prosecuted, this lease shall terminate as to all of the land above described except that acreage included in each New Mexico Oil Conservation Commission proration unit upon which Lessee shall have drilled and completed a well productive of oil and/or gas. Time permitted between wells may be used thereafter by Lessee to extend any period between given wells may be used thereafter by Lessee to extend any period between given wells thereafter drilled. Unused time shall be calculated on the basis of official reports filed with the New Mexico Oil Conservation Commission reflecting the commencement and completion date of each well.

13. Notwithstanding any of the foregoing provisions herein contained to the contrary, and particularly Paragraph 4 relating to the payment of annual rentals, it is specifically understood and agreed that all rentals due hereunder have been paid to the lessor at the date of execution and delivery of this lease, and that this lease shall continue in full force and effect for its entire term as stated in Paragraph 2 hereof without the payment of any such rental. The statements in Paragraph 4 relating to the annual rental and depository bank are inserted herein solely for the payment of royalty under Paragraph 3 hereof.

Executed the day and year first above written.

(EXHIBIT "E")

OIL OPERATOR
P. O. BOX 2010
HODBS, NEW MEXICO 86240

COPY De 6

January 16, 1981

Mr. L. F. Brown
Route 2 - Box 384
Lubbock, Texas 79415

RE: E/2 Section 10-T13S-R38E Lea County, New Mexico

Dear Mr. Brown:

Don Blackmar has been in contact with you regarding an oil and gas lease on your interest under the captioned lands. All the other interests have now been leased, and we are prepared to re-enter the existing well in the SE/4 of Section 10 to test the San Andres, Wolfcamp, Atoka, Morrow and Mississippian.

Enclosed is a copy of our Application to the New Mexico Oil Conservation Division for a hearing to compulsory pool your interest for our proposed well. The Application was filed with the Division on 6 January 1981 and the hearing will be set for 28 January 1981. The Helen Tantalo interest has now been leased and will be dropped from the hearing.

We request that you reconsider leasing this interest at this time.

Sincerely,

MORRIS R. ANTWEIL

Ch Williams

R. M. Williams

рa

Enclosure.

bcc: LDM Associates
Roswell

DONALD E. BLACKMAR

P. O. BOX 608

ROSWELL, NEW MEXICO 88201

JANUARY 20, 1981

TELEPHONE 505 622 6903

(EXHIBIT "F")

MR. L. F. BROWN
ROUTE 2, BOX 384
LUBBOCK, TEXAS 79415

RE: YOUR 18/320 ON A 18-ACRE INTEREST IN THE E/2 OF SECTION 10-135-38E, N.M.P.M., LEA COUNTY, NEW MEXICO

DEAR FORREST:

FOLLOWING OUR LAST VISIT TOGETHER IN LUBBOCK, WE WERE UNABLE TO COME UP WITH ANY VALID SOLUTION TO HANDLE THE LEGAL DELAY YOU INDICATED YOU WERE HAVING TO CONTEND WITH RELATIVE TO EXECUTING AN OIL AND GAS LEASE ON YOUR ABOVE DESCRIBED INTEREST. THAT BEING THE CASE AND YOU HAVE SO BEEN ADVISED BY THE OFFICE OF MORRIS R. ANTWELL OUR ONLY RECOURSE WAS TO PROCEED WITH THE FORCEP POOLING PROCEDURE.

THE HEARING AS YOU KNOW IS SCHEDULED FOR JANUARY 28 in SANTA FE, BUT IF YOUR LEGAL SITUATION CHANGES ON OR BEFORE JANUARY 26 SO THAT YOU CAN EXECUTE A VALID LEASE TO US WITH THE APPROVAL OF YOUR ATTORNEY, THE PROCEEDINGS CAN BE DISPENSED WITH. IN TAKING A LEASE FROM YOU DURING THIS INTERIM THE TERMS OF THE LEASE WOULD BE IDENTICAL TO THOSE THAT HAVE BEEN ACCEPTABLE TO THE OTHER INTEREST OWNERS IN THE SAME LAND, AND SUCH A LEASE IS ENCLOSED HEREWITH, ALONG WITH A DRAFT IN SETTLEMENT. PLEASE BE SURE TO NOTIFY US THAT YOU HAVE BEEN ABLE TO EXECUTE THIS NEW LEASE AND THAT IT IS FORTHCOMING IN SUFFICIENT TIME FOR US TO WITHDRAW THE FORCED POOLING PROCEEDINGS NOW SCHEDULED.

SINCERELY YOURS.

DONALD E. BLACKMAR

DEB/rs Encl.

part of said land than the entire and undivided fee simple estate (whether lessor's interest is never aperine or not; then the ropation, accordingly and other payments, if any, accordingly from any part as to which this lesse covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fall to execute this hase, it shall nevertheless be binding upon the party or parties executing the same.

L. F. Brown

interest therein, if any, covered by this hears to the whole and undivided fer simple estate therein. Should any one or more of the parties named above as because fall to execute this hears, it shall nevertheless be binding upon the party or parties executing the same.

11. Loose, its/his successors, heir, and assigns, shall have the right at any time to surrender this lease, in whole or in part, to bestor or his heirs, successors, and assigns by delivering or mailing a release thereof to the being, or py placing a release thereof of record in the county in which said land is situated: thereupon home shall be relieved from all obligations, expressed or implied, of this agreement as to accesse so surrendered, and thereafter the rentals and shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

^{12.} Notwithstanding any of the foregoing provisions herein contained to the contrary, and articularly Paragraph 4 relating to the payment of annual rentals, it is specifically ynder-tood and agreed that all rentals due hereunder have been paid to the lessor at the date of xecution and delivery of this least, and that this lease shall continue in full force and iffect for its entire term as stated in Paragraph 2 hereof without the payment of any such ental. The statements in Paragraph 4 relating to the annual rental and depository bank are inserted herein solely for the payment of royalty under Paragraph 3 hereof.

Executed the day and year first above written.

OIL & GAS	
TWIN AGHLLMENT med this 20th day of January	161 letween
L. r. BROWN, a/k/a Forrest Brown, dealing	
Will Brown Strain Strai	The second secon
Pouto 2 Roy 204	Tubbook Moves 70416
	of Lubbock, Texas 79415 (Post Office Address)
herein ralled lessor (whether one or more) and DONALD E. BLACKMAR,	P.O.Box 608, Roswell, N.M. 88201
1. Leasor, in consideration of TEN AND OTHER BOLLARS in hand paid, receif the agreement of the leave herein contained, hereby grants, leaves and lets earlies drilling, and operating for and producing oil and gas, injecting gas, waters, other fl	pt of which is here acknowledged, and of the royalties herein provided and ively unto lessee for the purpose of investigating, exploring, prospecting,
tanks, readways, telephone lines, and other structures and things thereon to produce,	save, take care of, treat, process, store and transport said minerals, the
following described land inLeaCounty, New 1	Mexico, to-wit:
Township 13 South - Ra	inge 38 East, N.M.P.M.
	n /2
Section 10	: E/2
For the purpose of calculating the rental payments hereinafter provided for, said comprises more or less.	
2. Subject to the other provisions herein contained, this lease shall remain in for as long thereafter as oil or gas, is produced from said land or land with which said	land is pooled.
3. The revalties to be paid by lessee are: (a) on oil, and on other liquid hydrocar same to be delivered at the wells or to the credit of lesser in the pine-line to which the costs substances, produced from said land, and hold or used off the premises or in the lesses and analysis.	bons saved at the well, 3/10 of that produced and saved from said land, e wells may be connected; (b) on pas, including easinghead pas and all pasmanufacture of pasoline or other product therefrom the market value as
cous substances, produced from said land and sold or used off the premises or in the the mouth of the well of 1/10 of the ras so sold or used, provided that on ras so such sale; (c) and at any time when this lease is not validated by other provisions her therewith, but gas and/or condensate is not being so sold or used and such well is shu	old at the wells the royalty shall be $3/16$ of the amount realized from eof and there is a gas und/or condensate well on said land, or land pooled in the people or after production therefore then on or before 90 days
after said well is shut in, and thereafter at annual intervals, lessee may pay or tende provided for in this lease for the acrease then held under this lease by the party mak tendered this lease shall not terminate and it will be considered under all clauses here	er an advance annual shut-in royalty equal to the amount of delay rentals
Each such payment shall be paid or tendered to the party or parties who at the time paid under this lease if the well were in fact producing, or be paid or tendered to the content of the paid or tendered to the party or parties who at the time	of such payment would be entitled to receive the royalties which would be
hereinafter provided for the payment of rentals. 4. If operations for drilling are not commenced on said land or on land puoled the	erewith on or before one (1) year from this date, this lease shall terminate
as to both parties, unless on or before one (3) year from this date lessee shall pay of shall cover the privilege of deferring commencement of such operations for a period of	r tender to the lessor a rental of \$ 320.00 which
annually, the commencement of said operations may be further deferred for successive	periods of twelve (121 months each during the primary term. Payment
or tender may be made to the lesser or to the credit of the lessor in the Lubbock	National Bank Purk
at Lubbock. Texas continue to be the agent for the lessor and lessor's heirs and assigns. If such bank (or	any successor bank) shall fail liquidate or be successor thereof, shall
or for any reason shall fail or refuse to accept rental, lessee shall not be held in defi- instrument making provision for another acceptable method of payment or tender, and of rental may be made by check or draft of lessee, mailed or delivered to raid bank o	d any denository charge is a liability of the lessor. The nayment or tender
date. Any timely payment or tender of sental or shut-in royalty which is made in a whole or in part as to parties, amounts, or depositories shall nevertheless be sufficient	bona fide attempt to make proper payment, but which is erroneous in It to provent termination of this lease in the same manner as though a
proper payment had been made; provided, however, lessee shall correct such erest we certified mail from lessor together with such instruments as are necessary to enable lessee is hereby granted the right and power, from time to time, to pool or commendations of the commendation of the	essec to make proper payment, combine this lease, the land covered by it or any part or horizon thereof
with any other land, base, leases, mineral estates or ments thereof for the production ration unit fixed by law or by the New Mexico Off-Conservation Commission or by of a tolerance of 10%. Leasee shall file written unit derignations in the county in which	of oil or gas. Units proled hereunder shall not exceed the standard pro- her lawful authority for the pool or area in which said land is situated, plus
time and either before or after the completion of wells. Drilling operations on or process, except the payment of royalty, as operations conducted upon or production from	reduction from any part of any such unit shall be considered for all pur- om the land described in this lease. There shall be allocated to the land
covered by this loave included in any such unit that portion of the total production of or unit operations, which the number of surface acres in the land covered by this le- unit. The production so allocated shall be considered for all purposes, including the pa-	ase included in the unit bears to the total number of surface acres in the yment or delivery of royalty, to be the entire production of pooled minerals
from the portion of said land covered hereby and included in said unit in the same in Any peoled unit designated by lessee, as provided herein, may be dissolved by lessee by unted at any time after the completion of a dry hole or the cessation of production of	recording an appropriate instrument in the County where the land is sit-
6. If prior to the discovery of oil or has hereunder, lessee should drill and alundourtion thereof should cease for any cause, this icesee shall not terminate if losses thereafter and diligently prosecutes the same, or (if it be within the primary term)	e commences reworking or additional drilling operations within 60 days
operations for drilling or reworking on or before the rental paying date next ensuing dry hole or holes or the essation of production. If at the expiration of the primary te	after the expiration of three months from date of abandonment of said rm oil or gas is not being produced but lessee is then engaged in operations
for drilling or reworking of any well, this base shall remain in force so long an such convertive days. If during the drilling or reworking of any well under this paragraph faith is unable to complete said operations then within 30 days after the abandonment	h, lassee loses or junks the hole or well and after diligent efforts in good of said operations lessee may commence another well and drill the same
with due diligence. If any drilling, additional drilling, or reworking operations hereur thereafter as oil or can is produced becounder. 7. Leries shall have free use of oil, and water from said land, except water	
shall be computed after diducting any so used. Lessee shall have the right at any tin fixtures placed by lessee on said land, including the right to draw and remove all earls lands below ordinary plow depth, and no well shall be drilled within two hundred feet	ne during or after the expiration of this lease to remove all property and ng. When required by hazor, haree will bury all pipe lines on cultivated
sent. Lexion shall have the privilege, at his risk and expense, of using gas from any a thereon, out of any surplus gas not needed for operations hereunder.	eas well on said land for atoves and inside lights in the principal dwelling
6. The rights of vither party herounder may be assigned in whole or in part and successors and assigns; but no change or division in the ownership of the land, or in the accomplished shall operate to enlarge the obligations or diminish the rights of lessee;	he ownership of or right to receive rentals, royalties or payments, however
puse until 30 days after lessee has been furnished by certified mail at lessee's print thereof constituting the chain of title from the uriginal lesser. If any such change tender any rentals, royalties or payments to the credit of the deceased or his estate is	ripal place of husinose with acceptable instruments or certified copies in ownership occurs through the death of the owner, Image may pay or
evidence satisfactory to lessee as in the persons entitled to such sums, in the event rentals payable hereunder shall be apportioned as between the several lessehold own	of an assignment of this lease as to a segregated portion of said land, the less rambly according to the surface area of each, and default in rental
payment by one shall not affect the rights of other leasehold owners hereunder. An assignment, relieve and discharge losses of any obligations hereunder, and, if Irasee of the proportionate part of the rentals due from such lessee or assignee or fall to co-	r assignce of part or parts hereof shall fail or make default in the payment mply with any other provision of the lease, such default shall not affect this
lease in so far as it covers a part of said lands upon which lesses or any assignce their paragraph shall also include shut-in royalty. 9. Should lesses be presented from complying with any express or implied coven	
under, or from producing oil or pas beseunder by reason of scoreity or inability to c by any Federal or state law or any order, rule or acculation of povernmental authority	obtain or use equipment or material, or by operation of force majeure, or then, while so prevented, lessee's duty shall be suspended, and lessee
shall not be liable for failure to comply thouseith; and this beese shall be extended wh drilling or reworking operations on or from producing oil or gas hereunder; and the anything in this lease to the contrary notwithstanding.	time while lessee is no prevented thall not be counted against lessee.
10. Losor hereby warrants and agrees to defend the title to said land, and agree then upon said land, and in the event losee dies so, it shall be subrogated to such liberander toward satisfying same. Without impairment of losse's rights under the va	en with the right to enforce some and apply rentals and royalties according
part of said land than the entire and undivided fee simple estate (whether lessor's ir and other payments, if any, account from any part as to which this lesse covers less	nerest is herein specified or not) then the royalties, shut-in royalty, rental, 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 the sports fail to execute this lease, it shall nevertheless be binding upon the party or pour larger its his averagents, being and assigns, shall have the right at any time	arties executing the same. to surrender this lease, in whole or in part, to lessor or his heirs, succes-
sora, and assigns by delivering or mailing a release thereof to the lessor, or by placing thereupon lesser shall be relieved from all obligations, expressed or implied of this a fruit in soyalty payable hereunder shall be reduced in the proportion that the acceage	g a release thereof of record in the county in which said land is situated; greement as to acreage so surrendered, and thereafter the rentals and
12 Notwithstanding any of the foresains provi	rions bargin contained to the contravu
rticularly Paragraph 4 relating to the payment o ood and agreed that all rentals due hereunder has ecution and delivery of this lease, and that this fect for its entire term as stated in Paragraph intal. The statements in Paragraph 4 relating to serted herein solely for the payment of royalty	f annual rentals, it is specifically ynder-
ecution and delivery of this lease, and that this fect for its entire term as stated in Paragraph	2 hereof without the nament of any such
ntal. The statements in Paragraph 4 relating to	the annual rental and depository bank are
ecuted the day and year first above written.	and the graph of hereot.
Social Security Number	L. F. Brown
programming and antiques and the set of the programming and the second set of the programming and the second secon	Fig. (States) supposed with the contract of th

The foregoin			day of ealing in his own prope	rty.
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Geunty Clerk. By Deputy.	I hereby certify that this irstrument was filed for record on theday ofo'clockm., and A. D., 19, ato'clockm., and was duly recorded in Bookat Page	Section	EROMN L. E. Brown TO Donald E. Blackmar	OIL AND GAS LEASE
=	No	Place		20th 1978]
of Roswell			T AND SUBJECT TO APPROVAL	OF TITLE.
₹ ξ ξ	Pay to the order of	D. I. DAUMN	\$ 936.	00
Courtesy Firs: National Bc Roswell, N.	For O&GL - E/2 Sec	ction_10-13S-38E. N		Exchange
First Noti	Bonus: \$900.00;		als: \$1 x 18 ac. x 2 yr	

nay

Morris R. Antweil

OIL OPERATOR
P. O. Box 2010
Hobbs, New Mexico 68240

January 20, 1981

Mr. L. F. Brown Route 2, Box 384 Lubbock, Texas 79415

RE: E/2 Section 10-T13S-R38E Lea County, New Mexico

Dear Mr. Brown:

Enclosed is a copy of New Mexico Oil Conservation Division Docket No. 4-81 of the hearings set for 28 January 1981 in Santa Fe, New Mexico. Your attention is directed to Case No. 7144 which will effect your unleased minerals.

If the compulsory pooling is granted by the Oil Conservation Division, you will have the opportunity to join in the well as a working interest owner and pay your share of the costs or permit your interest to be compulsory pooled and receive a 1/8 royalty interest until we recover our costs plus the risk penalty set by the Division.

We again request that you consider leasing this interest on the terms presented to you by Don Blackmar.

> Yours Very Truly, MORRIS R. ANTWEIL

R. M. Williams

RMW:pa

Enclosure

S ALUETTI I		
BEFORE	EXAMINER	NUTTER
OIL CON	ISERVATION I	DIVISION
App	EXHIBIT NO.	3
CASE NO	7144	
	-	

ITEM	TANGIBLE	INTANGIBLE	TOTAL
Re-entry to Base of 9 5/8" Casing			
Roads, Location, and Damages Well Service Unit - 7 Days Reverse Units & Tools Mud & Water 9 5/8" Casing-1580' @ \$15.00/ft. 9 5/8" Casing Bowl Wellhead & Connections Supervision & Expenses Transportation & Misc. Labor Contingencies	\$ 23,700 2,000	\$ 5,000 16,800 25,000 5,000 3,600 1,000 2,000 10,900	\$ 5,000 16,800 25,000 5,000 23,700 3,600 2,000 1,000 2,000
COST TO BASE 9 5/8" CASING	\$25,700	\$ 69,300	\$95,000
Re-entry Below 9 5/8" Casing			
Location Move-in, Rig-up Rig Daywork-Drill-out - 4 days	\$	\$ 5,000 45,000	\$ 5,000 45,000
@ \$7,000/day Daywork-Operations - 3 days		28,000	28,000
@ \$7,000/day Bits Mud & Water Logging Service DST Service - 2 DST's Rental Tools & Equipment Supervision & Expenses Transportation & Misc. Labor Contingencies		21,000 2,000 30,000 26,900 5,000 3,000 2,000 4,000 13,100	21,000 2,000 30,000 26,900 5,000 3,000 2,000 4,000 13,100
			
COST FROM 9 5/8" CASING TO 12,000	٠ _	\$185,000	\$185,000
COST FROM 9 5/8" CASING TO 12,000	•	\$185,000	\$185,000
Completion Costs 5½" Casing - 12,000' @ \$8.80/ft. Cement & Service - 5½" Casing Daywork - 1 day @ \$7,000/day Well Service Unit Perforating Service Tubing - 2 3/8" - 11,500' @ \$4.30/ft. Rental Tools & Equipment Acid Treatment Wellhead & Connections Battery Facilities Supervision & Expenses Transportation & Misc. Labor Contingencies COMPLETION COSTS		\$ 9,000 7,000 10,000 6,000 4,000 8,000 3,000 5,000 7,900 \$ 59,900	\$185,000 \$105,600 9,000 7,000 10,000 6,000 49,500 4,000 8,000 5,000 30,000 30,000 5,000 7,900 \$250,000
Completion Costs 5½" Casing - 12,000' @ \$8.80/ft. Cement & Service - 5½" Casing Daywork - 1 day @ \$7,000/day Well Service Unit Perforating Service Tubing - 2 3/8" - 11,500' @ \$4.30/ft. Rental Tools & Equipment Acid Treatment Wellhead & Connections Battery Facilities Supervision & Expenses Transportation & Misc. Labor Contingencies	\$105,600 49,500 5,000 30,000	\$ 9,000 7,000 10,000 6,000 4,000 8,000 3,000 5,000 7,900	\$105,600 9,000 7,000 10,000 6,000 49,500 4,000 8,000 5,000 30,000 3,000 5,000 7,900 \$250,000
Completion Costs 5½" Casing - 12,000' @ \$8.80/ft. Cement & Service - 5½" Casing Daywork - 1 day @ \$7,000/day Well Service Unit Perforating Service Tubing - 2 3/8" - 11,500' @ \$4.30/ft. Rental Tools & Equipment Acid Treatment Wellhead & Connections Battery Facilities Supervision & Expenses Transportation & Misc. Labor Contingencies COMPLETION COSTS	\$105,600 49,500 5,000 30,000 \$190,100	\$ 9,000 7,000 10,000 6,000 4,000 8,000 3,000 5,000 7,900 \$ 59,900	\$105,600 9,000 7,000 10,000 6,000 49,500 4,000 8,000 5,000 30,000 3,000 5,000 7,900 \$250,000
Completion Costs 5½" Casing - 12,000' @ \$8.80/ft. Cement & Service - 5½" Casing Daywork - 1 day @ \$7,000/day Well Service Unit Perforating Service Tubing - 2 3/8" - 11,500' @ \$4.30/ft. Rental Tools & Equipment Acid Treatment Wellhead & Connections Battery Facilities Supervision & Expenses Transportation & Misc. Labor Contingencies COMPLETION COSTS TOTAL AFE COST	\$105,600 49,500 5,000 30,000 \$190,100 \$215,800	\$ 9,000 7,000 10,000 6,000 4,000 8,000 3,000 5,000 7,900 \$ 59,900 \$ 314,200	\$105,600 9,000 7,000 6,000 49,500 4,000 8,000 5,000 30,000 30,000 7,900 \$250,000 \$530,000
Completion Costs 5½" Casing - 12,000' @ \$8.80/ft. Cement & Service - 5½" Casing Daywork - 1 day @ \$7,000/day Well Service Unit Perforating Service Tubing - 2 3/8" - 11,500' @ \$4.30/ft. Rental Tools & Equipment Acid Treatment Wellhead & Connections Battery Facilities Supervision & Expenses Transportation & Misc. Labor Contingencies COMPLETION COSTS TOTAL AFE COST	\$105,600 49,500 5,000 30,000 \$190,100 \$215,800	\$ 9,000 7,000 10,000 6,000 4,000 8,000 3,000 5,000 7,900 5,900 7,900 \$ 59,900	\$105,600 9,000 7,000 6,000 49,500 4,000 8,000 5,000 30,000 30,000 5,000 7,900 \$250,000 \$530,000 \$530,000

Dockets Nos. 5-81 and 6-81 are tentatively set for February 11 and 25, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - JANUARY 28, 1981

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

The following cases will be heard before Daniel S. Nutter, Examiner, or Richard L. Stamets, Alternate Examiner:

- CASE 7135: Application of Celeste C. Gryenberg for a unit agreement, Eddy County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the Cottonwood Draw Unit Area, comprising 2555 acres, more or less, of State lands in Township 16 South, Range 24 East.
- CASE 7119: (Continued from January 14, 1981, Examiner Hearing)

Application of Shell Oil Company for a unit agreement, Bernalillo and Sandoval Counties, New Mexico.

Applicant, in the above atyled cause, seeks approval for the Hest Mess Unit Ares, comprising 26,722

acres, more or less, of State, Federal, and fee lands in Townships 10, 11, and 12 North, Ranges 1

and 2 East.

- CASE 7136: Application of Hanson Oil Corporation for amendment of R-111-A, Eddy County, New Mérico.

 Applicant, in the above-styled cause, seeks the elimination of the NE/4 of Section 26, Township 18

 South, Range 30 East, from the Potash-Oil Area as defined by Order No. R-111-A as amended. In the alternative, applicant seeks an exception to the casing and cementing rules of R-111-A for its wells to be drilled within the NE/4 of said Section 26.
- Application of Caulkins Oil Company for downhole commingling, Rio Arriba County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Chacra and Blanco Mesaverde production in the wellbores of its wells located in: Sections 1 thru 5, and 7, 8, 21, 22, 24, and 25 in Township 26 North, Range 6 West; Sections 13, 14, 23, 24, and 26 in Township 26 North, Range 7 West; and Sections 33 thru 35 in Township 27 North, Range 6 West.
- CASE 7138: Application of Wiser Oil Company for a special gas-oil ratio limitation, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks a special gas-oil ratio limitation of 6000 to one; retroactive to May 1, 1980, for the Hardy-Drinkard Pool.
- CASE 7051: (Continued from December 30, 1980, Examiner Hearing)

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 Blinebry and Drinkard production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit G of Section 19, Township 21 South, Range 37 East.

- CASE 7139: Application of Yates Petroleum Corporation for amendment of Division Order No. R-6367, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks the amendment of Order No. R-6367 to designate Yates Petroleum Corporation as the operator of the two proration units pooled by said order, replacing McClellan Oil Corporation as operator.
- CASE 7140: Application of Yates Petroleum Corporation 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 Morrow formation underlying the N/2 of Section 26, Township 21 South, Range 26 East, to be dedicated to a well to be drilled at an unorthodox location 660 feet from the North line and 1650 feet from the East line of said Section 26. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7100: (Continued from January 14, 1981, Examiner Hearing)

Application of Harvey E. Yates Company for downhole commingling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Atoka and Morrow production in the wellbore of its Travis 24 State Com Well No. 1 in Unit H of Section 24, Township 18 South, Range 28 East.

CASE 7141: Application of P & O Oil Field Service for an oil treating plant permit, Lea 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 SW/4 NW/4 of Section 25, Township 25 South, Range 36 East.

- CASE 7142: Application of Getty Oil Company for downhole commingling, Rio Arriba County, New Mexico.

 Applicant, in the above-styled cause, seeks approval for the downhole commingling of Otero-Gallup and Basin-Dakota production in the wellbores of its Farming "E" Wells No. 1 in Unit I and No. 3 in Unit E of Section 2, Township 24 North, Range 6 West.
- Application of Morris R. Antweil 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 West lines of Section 28, Township 18 South, Range
 25 East, the W/2 of said Section 28 to be dedicated to the well.
- CASE 7144: Application of Morris R. Antweil for compulsory pooling, Lea County, New Mexico.

 Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the San Andres formation underlying the NW/4 SE/4 and in the Wolfcamp thru Mississippian formations underlying the S/2 of Section 10, Township 13 South, Range 38 East, to be dedicated to an existing well located in the NW/4 SE/4 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, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7129: (Continued from January 14, 1981, Examiner Hearing)

Application of Koch Exploration Company for compulsory pooling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Dakota formation underlying the N/2 of Section 28, Township 28 North, Range 8 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 6940: (Continued from January 14, 1981, Examiner Mearing)

Application of Adobe Oil Company for compulsory pooling, Lea County, New Mexico.

Applicant, in the above-styled cause, seeks an order pooling all mineral interests down through the Wolfcamp formation underlying the NW/4 SE/4 for oil and the 3E/4 for gas, Section 23, Township 20 South, Range 38 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 7145: 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, Lea, and Roosevelt Counties, New Mexico:
 - (a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the North Berry-Morrow Gas Pool. The discovery well is Getty Oil Company Getty 6 State Com Well No. 1 located in Unit K of Section 6, Township 21 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 21 SOUTH, RANGE 34 EAST, NMPM Section 6: Lots 9, 10, 11, 12, 13, 14, 15, and 16

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Santa Rosa production and designated as the Cooper-Santa Rosa Gas Pool. The discovery well is O. H. Berry J. L. Isbell Well No. 5Y located in Unit A of Section 15, Township 24 South, Range 36 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 36 EAST, NNPM Section 15: NE/4

(c) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Bone Springs production and designated as the South Corbin-Bone Springs Pool. The discovery well is Southland Royalty Company Federal 21 Com Well No. 1 located in Unit L of Section 21, Township 18 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 33 EAST, NMPM Section 21: SW/4

(d) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the West Lynch-Morrow Gas Pool. The discovery well is The Superior Oil Company West Lynch Deep Unit Well No. 1 located in Unit O of Section 28, Township 20 South, Range 34 East, NAPH. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 34 EAST, NMPM Section 28: S/2

(e) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Blinebry production and designated as the West Nadine-Dlinebry Pool. The discovery well is Tamarack Petroleum Company. Inc. Speight Well No. 1 located in Unit D of Section 9, Township 20 South, Range 38 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM Section 9: NW/4

(f) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Atoka-Morrow production and designated as the Nonombre Atoka-Morrow Gas Pool. The discovery well is Amoco Production Company State FO Well No. 3 located in Unit F of Scation 32, Township 13 South, Range 34 East, NNPM. Said pool would comprise:

TOWNSHIP 13 SOUTH, RANGE 34 EAST, NMPM Section 32: W/2

(g) CREATE a new pool in Eddy County, New Mexico, classified as a gas pool for Atoka production and designated as the Southwest Quahada Ridge-Atoka Gas Pool. The discovery well is Perry R. Bass Big Eddy Unit Well No. 71 located in Unit F of Section 7, Township 22 South, Range 29 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 29 EAST, NMPM Section 7: N/2

(h) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Abo production and designated as the Shaggs-Abo Gas Pool. The discovery well is Conoco, Inc. Britt B Well No. 27 located in Unit G of Section 15, Township 20 South, Range 37 East, NMPM. Said pool would comprise:

TOWNSHIP 20 SOUTH, RANGE 37 EAST, NMPM Section 15: NE/4

(i) CREATE a new pool in Roosevelt County, New Mexico, classified as an oil pool for Granite Wash production and designated as the Tanneyhill-Granite Wash Pool. The discovery well is Energy Reserves Group, Inc. Bledsoe Well No. 1 located in Unit H of Section 11, Township 6 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPH Section 11: NE/4

- (j) CONTRACT the vertical limits of the Nonombre-Pennsylvanian Pool in Lea County, New Mexico, to the Cisco, Canyon, and Strawn formations only and redesignate said Nonombre-Pennsylvanian Pool to Nonombre-Upper Pennsylvanian Pool. (All wells in said pool are producing from the Upper Penn formation and a gas well has been completed in the Atoka-Morrow formations for which a new Atoka-Morrow gas pool is being created.)
- (k) EXTEND the Antelope Ridge-Atoka Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM Section 14: W/2

(1) EXTEND the Antelopa Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 34 EAST, NMPM Section 14: All

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM Section 9: All Section 10: W/2

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

TOWNSHIP 18 SOUTH, RANGE 26 EAST, NMPM Section 26: SW/4 SW/4 Section 27: S/2 S/2

(o) EXTEND the Avalon-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 27 EAST, NHPM Section 36: N/2 SE/4

(p) EXTEND the Boyd-Morrow Gas Pocl in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NNPM Section 35: N/2

(q) EXTEND the East Burton Flat-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 29 EAST, NMPM Section 8: N/2 Section 9: W/2

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

TOWNSHIP 20-SOUTH, RANGE 27 EAST, NHPM Section 25: E/2

TOWNSHIP 21 SOUTH, RANGE 26 EAST, NMPM Section 1: Lots 9, 10, 11, 12, 13, 14, 15, and 16

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

TOWNSHIP 21 SOUTH, RANGE 27 EAST, NMPM Section 9: S/2

(t) EXTEND the Comanche Stateline Tansill-Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM Section 21: E/2

(u) EXTEND the Crooked Creek-Morrow Gas Pool in Fedy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 24 EAST, NMPM Section 10: 5/2

(v) EXTEND the South Culebra Bluff-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM Section 13: W/2

(w) EXTEND the Dollarhide Tubb-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 38 EAST, NMPM Section 18: SW/4

(x) EXTEND the South Empire-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SCUTH, PANGE 28 EAST, NMPM Section 24: S/2

TOWNSHIP 18 SOUTH, RANGE 28 EAST, NMPM Section 14: E/2

(y) EXTEND the Esperanza-Delaware Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 27 EAST, NMPH Section 10: S/2 NE/4

(z) EXTEND the Eunice Monument Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

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

(as) EXTEND the East Grama Ridge-Lower Bone Springs Pool in Les County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM Section 2: NW/4 Section 3: NE/4

(bb) EXTEND the East Grama Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 FAST, NMPM Section 1: E/2

TOWNSHIP 22 SOUTH, RANGE 35 EAST, NNPM Section 6: All

(cc) EXTEND the Hat Mesa-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 21 SOUTH, RANGE 32 EAST, NMPM Section 13: N/2

(dd) EXTEND the Hoag Tank-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM Section 27: All

(ee) EXTEND the Northeast Lovington-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 36 EAST, NMPM Section 13: SE/4
Section 24: NE/4

(ff) EXTEND the North Lusk-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 32 EAST, NMPM Section 5: $\epsilon/2$

(gg) EXTEND the Halaga-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NNPM Section 3: W/2

(hh) EXTEND the West Malaga-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 24 SOUTH, RANGE 28 EAST, NMPM Section 9: N/2

(ii) EXTEND the Maljamar Grayburg-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RAMCE 33 EAST, MMPM Section 24: NE/4

(jj) EXTEND the Maljamar-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 33 EAST, NMPM Section 28: W/2

(kk) EXTEND the East Millman Queen-Grayburg Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM Section 24: NW/4 NE/4

(11) EXTEND the Nadine Drinkard-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 38 EAST, NMPM Section 27: NE/4

(mm) EXTEND the North Osudo-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 36 EAST, NMPM

Section 31: E/2 Section 32: All

TOWNSHIP 20 SOUTH, RANGE 36 EAST, NMPM

Section 16: All

(nn) 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 24: N/2 SE/4

(op) EXTEND the South Peterson-Pennsylvanian Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 6 SOUTH, RANGE 33 EAST, NMPM Section 2: Lots 1 and 2

(pp) EXTEND the North Quail Ridge-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 33 EAST, NMPM Section 1: E/2

(qq) EXTEND the Runyan Ranch-Abo Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 23 EAST, NMPM SW/4 Section 9:

(rr) EXTEND the Sioux Tansill-Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM Section 17: E/2

(ss) EXTEND the Skaggs-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM

Section 9: W/2

Section 16: NW/4

Section 17: N/2

(tt) EXTEND the Teas-Pennsylvanian Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 33 EAST, NMPM Section 11: N/2

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

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

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

TOWNSHIP 18 SOUTH, RANGE 28 EAST. NMPM Section 14: SE/4

(ww) EXTEND the Turkey Track-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM

Section 10: W/2

(xx) EXTEND the Turkey Track-Morrow Cas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 29 EAST, NMPM Section 10: All

(yy) EXTEND the North Turkey Track-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM Section 20: E/2 Section 33: S/2 Section 34: S/2

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

TOWNSHIP 18 SOUTH, RANGE 29 EAST, NMPM Section 27: E/2 NW/4

CAMPBELL AND BLACK, P.A.

JACK M. CAMPBELL BRUCE D. BLACK MICHAEL B. CAMPBELL WILLIAM F. CARR POST OFFICE BOX 2208

SANTA FE, NEW MEXICO 87501

TELEPHONE (505) 988-4421

January 13, 1981

JAN 1 1981
OIL CONSTRVATION DIVISION
SANTA FE

Case 7144

Mr. Joe D. Ramey Division Director Oil Conservation Division New Mexico Department of Energy and Minerals Post Office Box 2088 Santa Fe, New Mexico 87501

Re: Application of Morris R. Antweil for Compulsory Pooling, Lea County, New Mexico

Dear Mr. Ramey:

Enclosed in triplicate is the application of Morris R. Antweil in the above-referenced matter.

The applicant requests that this matter be included on the docket for the examiner hearing scheduled to be held on January 28, 1981.

Very truly yours,

William F. Carr

WFC:1r

Enclosures

cc: Mr. Bob Williams

BEFORE THE

OIL CONSERVATION DIVIS

NEW MEXICO DEPARTMENT OF ENERGY, AND MINERAL MOISING LEGIT

IN THE MATTER OF THE APPLICATION OF MORRIS R. ANTWEIL FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case >/44

SANTA FE

APPLICATION

Comes now, MORRIS R. ANTWEIL, by and through its undersigned attorneys and, as provided by Section 70-2-17, New Mexico Statutes Annotated, 1978 Compilation, hereby makes application for an order pooling all of the mineral interests in the San Andres formation under the NW/4 SE/4 and in the Wolfcamp, Atoka, Morrow and Mississippian formations in and under the S/2 of Section 10, Township 13 South, Range 38 East, N.M.P.M., Lea County, New Mexico, and in support thereof would show the Division:

- Applicant is the owner of 88.6% of the working interest in and under the S/2 of Section 10, and applicant has the right to drill thereon.
- Applicant proposes to dedicate the above-referenced pooled unit to an existing Devonian Well drilled at an orthodox location 1980 feet from the South and East lines of said Section 10.
- Applicant has sought and obtained either voluntary agreement for pooling or farm-out from all other working interest owners in the S/2 of said Section 10 except L. F. Brown, owner of a 5.6% undivided interest and

Helen S. Tantalo, owner of a 3.1% undivided working interest.

- 4. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interest should be pooled, and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges, and a risk factor for the risk assumed by the applicant in drilling, completing and equipping the well, and such other and further provisions as may be proper in the premises.

Respectfully submitted,
CAMPBELL, BYRD AND BLACK, P.A.

William F. Carr

Post Office Box 2208 Santa Fe, New Mexico

Attorneys for Applicant

BEFORE THE

OIL CONSERVATION DIVISIONANTE 1991

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS SION

IN THE MATTER OF THE APPLICATION OF MORRIS R. ANTWEIL FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case >/44

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- 1. Applicant is the owner of 88.6% of the working interest in and under the S/2 of Section 10, and applicant has the right to drill thereon.
- 2. Applicant proposes to dedicate the above-referenced pooled unit to an existing Devonian Well drilled at an orthodox location 1980 feet from the South and East lines of said Section 10.
- 3. Applicant has sought and obtained either voluntary agreement for pooling or farm-out from all other working interest owners in the S/2 of said Section 10 except L. F. Brown, owner of a 5.6% undivided interest and Helen S. Tantalo, owner of a 3.1% undivided working interest.

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- 4. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interest should be pooled, and applicant should be designated the operator of the well to be drilled.

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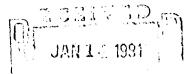
Respectfully submitted,
CAMPBELL, BYRD AND BLACK, P.A.

Tullam G.

Post Office Box 2208

Santa Fe, New Mexico 87501

Attorneys for Applicant



BEFORE THE OIL CONSUMULA IN DIVISION

OIL CONSERVATION DIVISION

NEW MEXICO DEPARTMENT OF ENERGY AND MINERALS

IN THE MATTER OF THE APPLICATION OF MORRIS R. ANTWEIL FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.

Case 7/44

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- 1. Applicant is the owner of 88.6% of the working interest in and under the S/2 of Section 10, and applicant has the right to drill thereon.
- 2. Applicant proposes to dedicate the above-referenced pooled unit to an existing Devonian Well drilled at an orthodox location 1980 feet from the South and East lines of said Section 10.
- 3. Applicant has sought and obtained either voluntary agreement for pooling or farm-out from all other working interest owners in the S/2 of said Section 10 except

 L. F. Brown, owner of a 5.6% undivided interest and Helen S. Tantalo, owner of a 3.1% undivided working interest.

- 4. Said pooling of interest and well completion will avoid the drilling of unnecessary wells, will prevent waste and will protect correlative rights.
- 5. In order to permit the applicant to obtain its just and fair share of the oil and gas underlying the subject lands, the mineral interest should be pooled, and applicant should be designated the operator of the well to be drilled.

WHEREFORE, Applicant prays that this application be set for hearing before the Division's duly appointed examiner, and that after notice and hearing as required by law, the Division enter its order pooling the lands, including provisions designating the applicant as operator of the well, providing for applicant to recover its costs of drilling, equipping and completing the well, its costs of supervision while drilling, and after completion, including overhead charges, and a risk factor for the risk assumed by the applicant in drilling, completing and equipping the well, and such other and further provisions as may be proper in the premises.

Respectfully submitted,
CAMPBELL, BYRD AND BLACK, P.A.

Tullian E Carr

Post Office Box 2208
Santa Fe, New Mexico 87501
Attorneys for Applicant

DRAFT dr/

STATE OF NEW MEXICO ENERGY AND MINERALS DEPARTMENT OIL CONSERVATION DIVISION

4

IN THE MATTER OF THE HEARING CALLED BY THE OIL CONSERVATION DIVISION FOR THE PURPOSE OF CONSIDERING:

CASE NO. 7144
Order No. R- 6593
APPLICATION OF MORRIS R. ANTWEIL FOR COMPULSORY POOLING, LEA COUNTY, NEW MEXICO.
ORDER OF THE DIVISION
BY THE DIVISION:
This cause came on for hearing at 9 a.m. on
19 81, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter
NOW, on this day of February , 19 81 , 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, Morris R. Antweil
seeks an order pooling all mineral interests in the San Andres
formation underlying the NW/4 SE/4
wolfcamp through Mississippian formations underlying the 5/2/ of Section 10 , Township 13 South Range 38 Fast
NMPM, County, New
Mexico, and in the of said Section 10.
(3) That the applicant proposes to dedicate said lands to an all well previously drilled and plugged in the NW/4 SE/4 of Section said Section 10 which the applicant proposes to resente
10 which the applicant proposes to resente
and the san marin and for
Walfcamp through Mississippian

drilled a well—
.(3) That the applicant has/thexxions to dedicate the NW/4 SE/4 of said Section 10 to this well.
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- (4) That there are interest owners in the proposed proration units who have not agreed to pool their interests.
- protect correlative rights, and to afford to the owner of each interest in said units the opportunity to recover or receive without unnecessary expense his just and fair share of the gas fine said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said units,
- (6) That the applicant should be designated the operator of the subject well and units.
- (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 re-entry and recompletion 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.

workover operation are being carried and

\$ 250.00 per month while desiring and \$ 250.00 per month while desiring and 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 negative on the Subject unit to commence drilling of the well to which said units is are dedicated on or before upril 1,181, the order pooling said units should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, are here pooled in the San Andres formation underlying the NW/4 SE/4 and in the San Andres formation underlying the NW/4 SE/4 and in the San Andres formation underlying the NW/4 SE/4 and in the San Andres formation underlying the NW/4 SE/4 and in the San Andres formation underlying the NW/4 SE/4 and in the San Andres formation underlying the NW/4 SE/4 and in the San Andres formation underlying the NW/4 SE/4 and in the San Andres formation underlying the NW/4 SE/4 and in the San Andres formation underlying the S

said well with due diligence to a depth sufficient to test the San Andres and far Wolfcamp through Mississippisa

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 Morris R. Antweil is hereby designated the operator of the subject well and units.
- (3) That after the effective date of this order and within workser specialists are

 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject units an itemized schedule of estimated well costs.
- 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.
- 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

-5-Case No. Order No. R-

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 he-buly and recompletion drilling of the well, 200 percent of the pro rate 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 \$2500.00 per month while drilling and carried 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.

-6-Case Order No.

- (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 Lea 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 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.

Memo

From

FLORENE DAVIDSON ADMINISTRATIVE SECRETARY

To Called in by Bill Carr
1/7/81

Morris R. antweil

Compulsory Pooling

10-135-38E

Lea County

NW/4 5E/4 - San andres

5/2 - Wolfcamp, Atoka, Morrow, and Mississippian

Dedicated to an existing well

1980/5 + E

OIL CONSERVATION COMMISSION-SANTA FE