

Case No.

7164

Application

Transcripts

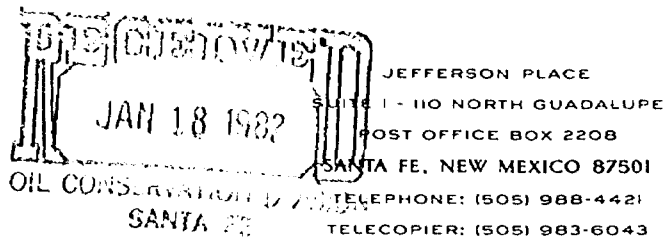
Small Exhibits

ETC

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

JACK M. CAMPBELL
HARL D. BYRD
BRUCE D. BLACK
MICHAEL B. CAMPBELL
WILLIAM F. CARR
BRADFORD C. BERGE
WILLIAM G. WARDLE
KEMP W. GORTHEY



January 14, 1982

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

Re: Oil Conservation Division Case 7164:
Application of Arco Oil & Gas Company for
Compulsory Pooling, Lea County, New Mexico

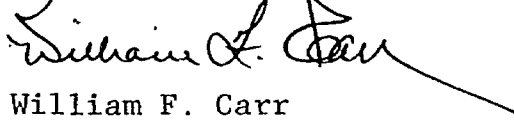
Gentlemen:

As you are aware, on April 7, 1981, the New Mexico Oil Conservation Division entered Order No. R-6626 in the above-referenced case pooling the Devonian and Ellenburger formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, N.M.P.M., Custer Field, Lea County, New Mexico. Problems were encountered while drilling which resulted in delays in completing the well. As a result of these delays, this order was extended to the end of 1981 by the Division Director. As I advised Mr. Ramey in a recent telephone conversation, Arco lost the hole and was unable to complete the Custer Wells No. 1 Well in the Ellenburger formation. Arco has completed this well on the subject pooled unit in the Devonian.

It is our understanding that the Division requires no further action on the part of Arco to amend Order R-6626 and that said order will expire of its own terms as it relates to the Ellenburger formation only. The Devonian formation will remain pooled.

We request that a copy of this letter be included in the case file. If any further action is required by Arco, please advise.

Very truly yours,


William F. Carr

WFC:lr
cc: Mr. Horace N. Burton



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

BRUCE KING
GOVERNOR
LARRY KEHOE
SECRETARY

October 8, 1981

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

Mr. William F. Carr
Campbell, Byrd & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico 87501

Dear Mr. Carr:

An extension, to complete the ARCO Custer Wells No. 1,
to January 1, 1982, is hereby approved.

ARCO appeared before the Division on July 15, 1981, in
Case 7304 and indicated that drilling has been continuous
and a due effort was made to complete the well within
120 days as prescribed by Order No. R-6626.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

CAMPBELL, BYRD & BLACK, P.A.

LAWYERS

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HARL D. BYRD
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October 8, 1981

HAND DELIVERED

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

File

Re: Oil Conservation Division Case 7164; Application of
Arco Oil and Gas Company for Compulsory Pooling, Lea County,
New Mexico.

Gentlemen:

On April 7, 1981, the New Mexico Oil Conservation Division entered Order R-6626 granting the application of Arco Oil and Gas Company in the above-referenced case thereby pooling the mineral interests in the Devonian and Ellenburger formations under the N/2 of Section 6, Township 25 South, Range 37 East, N.M.P.M., Custer Field, Lea County, New Mexico. Said Order further authorized Arco Oil and Gas Company to drill a well at an orthodox location on this 320 acre spacing unit.

Arco spudded its Custer Wells No. 1 Well on April 18, 1981 and drilled to a depth of 10,319 feet, where it was found to be on the downthrown side of a fault. In order to complete the well on the upthrown side of the structure, Arco obtained verbal permission from the New Mexico Oil Conservation Division on June 15, 1981 to plug back to 6500 feet and to drill a deviated hole.

On July 15, 1981 Examiner Nutter heard Case 7304 which was the application of Arco Oil and Gas Company for directional drilling of the Custer Wells No. 1. By Order R-6792, entered on October 2, 1981, the Division approved the application of Arco.

Order No. R-6626 provided, among other things, that should the subject well not be drilled to completion, or abandonment, within 120 days after commencement thereof, Arco should appear

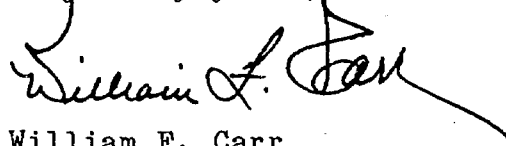
before the Division Director and show cause why the pooling provisions of this order should not be rescinded.

Arco Oil and Gas Company has acted in good faith and has diligently pursued the drilling of the Custer Wells No. 1. Arco has, however, experienced substantial time delays due to the fact that they are drilling a deviated hole and have encountered considerable amounts of shale while drilling. Consequently, we have been unable to complete the well within the 120 days provided in Order R-6626.

Arco Oil and Gas Company, therefore, request that the provisions of Order R-6626 be extended by the Division Director until January 1, 1982. This time extension will afford Arco an opportunity to complete its drilling to the Ellenburger formation and complete the Custer Wells No. 1.

Your attention to this request is appreciated.

Very truly yours,

A handwritten signature in dark ink, appearing to read "William F. Carr", with a long, sweeping horizontal stroke extending to the right.

William F. Carr
Attorney for Arco
Oil and Gas Company

WFC:kb

cc: Horace Burton, Esq.
Mr. B. L. Stokely



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

Other _____

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7164
Order No. R-6626

APPLICATION OF ARCO OIL AND GAS
COMPANY 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 March 11, 1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this 7th day of April, 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, ARCO Oil and Gas Company, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, NMPM, Custer Field, Lea County, New Mexico.
- (3) That the applicant has the right to drill and proposes to drill a well at a standard location thereon.
- (4) That there are royalty interest owners in the proposed proration unit who have not agreed to pool their interests.
- (5) That to avoid the drilling of unnecessary wells, to protect correlative rights, and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the gas in said pool, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

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

(7) That 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.

(8) That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before July 1, 1981, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Devonian and Ellenburger formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, NMPM, Custer Field, Lea County, New Mexico, are hereby pooled to form a standard 320-acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon.

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 1st day of July, 1981, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Ellenburger formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 1st day of July, 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 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 ARCO Oil and Gas Company is hereby designated the operator of the subject well and unit.

(3) 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;

-3-

Case No. 7164
Order No. R-6626

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.

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

DONE at Santa Fe, New Mexico, on the day and year herein-
above designated.



S E A L

STATE OF NEW MEXICO
OIL CONSERVATION DIVISION

Joe D. Ramey
JOE D. RAMEY
Director

fd/

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

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas
Company for compulsory pooling, Lea
County, New Mexico.

CASE
7164

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

Gary Kilpatric, Esq.
MONTGOMERY & ANDREWS
Paseo de Peralta
Santa Fe, New Mexico 87501

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I N D E X

HUAN PHAM

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E X H I B I T S

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Applicant Exhibit Two, Logs 5

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MR. STAMETS: We'll call next Case 7164.

MR. PADILLA: Application of ARCO Oil
and Gas Company for compulsory pooling, Lea County, New Mexico.

MR. KILPATRIC: Yes. I'm Gary Kilpatric,
Montgomery & Andrews, P. A., appearing on behalf of ARCO Oil
and Gas.

I have two witnesses to be sworn in Case
7164.

(Witnesses sworn.)

HUAN PHAM

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

DIRECT EXAMINATION

BY MR. KILPATRIC:

Q. Would you please state your name?

A. My name is Huan Pham.

Q. And by whom are you employed and in what
capacity?

A. I'm employed by ARCO Oil and Gas as a
petroleum engineer.

Q. Have you testified and had your qualifi-

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2 cations made a matter of record and accepted by the Oil Con-
3 servation Commission?

4 A. Yes, I have,

5 MR. KILPATRIC: Are the witness' quali-
6 fications acceptable?

7 MR. STAMETS: They are.

8 MR. KILPATRIC: Thank you.

9 Q. Are you familiar with ARCO's application
10 in Case 7164?

11 A. Yes, I am.

12 Q. Would you tell the Examiner what ARCO
13 seeks in this application?

14 A. ARCO Oil and Gas in this application is
15 seeking an order all mineral interests from the top of the
16 Wolfcamp to the base of the Ellenburger formations underlying
17 the north half of Section 6, Township 25 South, Range 37 East,
18 in Lea County, New Mexico.

19 The proposed 320-acre spacing unit is to
20 be dedicated to a well to be drilled to a total depth of
21 12,800 feet at a standard location 1410 feet from the north
22 line and 2164 feet from the west line of Section 6. The well
23 is to be dually completed in the Devonian and the Ellenburger
24 formations.

25 Q. Will you tell us what interest ARCO has

1
2 in the mineral interests which are the subject of this appli-
3 cation?

4 A ARCO has 25.3 percent working interest
5 in the well.

6 Q I now refer you to what has been marked
7 for identification as ARCO Exhibit Number One in this case,
8 and would ask you to identify it and describe it and its sig-
9 nificance in this case to the Examiner.

10 A Exhibit Number One is an area map with
11 the proposed 320-acre proration unit highlighted in red.
12 The proposed well, also colored in red, is located 1810 feet
13 from the north line and 2164 feet from the west line.

14 Also shown in dotted line are the
15 existing offset units.

16 Q All right. Let me now refer you to what
17 has been marked as Exhibit Number Two for identification, and
18 ask you to describe Exhibit Number Two.

19 A Exhibit Number Two is the gamma ray
20 neutron density logs of the Conoco wells, B-1 No. 5, shown
21 on Exhibit Number One as the direct offset to the west. The
22 well was completed as a dual in the Devonian and the Ellen-
23 burger in June of 1980.

24 This exhibit shows the top of the Devonian
25 at 9751 feet. Also shown is the perforation interval colored

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2 in red.

3 Q Let me now refer you to what has been
4 marked as ARCO Exhibit Number Three in this case and ask you
5 if you would describe and explain that exhibit?

6 A Exhibit Number Three is the gamma ray
7 neutron density logs of the same well with the top of the
8 Ellenburger marked at 12,428 feet. The perforation interval
9 is also colored in red.

10 Q Were Exhibits One through Three prepared
11 by you or at your -- under your supervision?

12 A Yes, sir, they were.

13 Q Can you describe for the Examiner what
14 ARCO's plans are for drilling at this location?

15 A For our future plan, we intend to spud the
16 proposed well as soon as possible in 1981. After obtaining
17 the forced pooling order from the Commission we intend to
18 drill the well at the location mentioned above to a total
19 depth of 12,800 feet, and complete the well as a dual in the
20 Devonian and the Ellenburger.

21 Q Do you have any estimate as to the volume
22 of gas which will be recovered by this well?

23 A Yes, sir. The well is expected to re-
24 cover in excess of 5-billion cubic feet of gas from the
25 Devonian and 2-billion cubic feet of gas from the Ellenburger.

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2 Q In your opinion do you feel that the
3 granting of this application will be in the -- will be fair
4 to the royalty interest owners and in the interest of the
5 prevention of waste and the protection of correlative rights?

6 A Yes, in my opinion, it will.

7 MR. KILPATRIC: Mr. Examiner, at this
8 time I'd move admission of Exhibits One through Three.

9 MR. STAMETS: These exhibits will be ad-
10 mitted.

11 MR. KILPATRIC: And I have no further
12 questions of this witness.

13
14 CROSS EXAMINATION

15 BY MR. STAMETS:

16 Q I'd like to clarify that the -- we're
17 talking about pooling two formations, is that correct, the
18 Devonian and the Ellenburger?

19 A We would like to include from the top of
20 the Wolfcamp to the base of the Ellenburger. Yeah, we have
21 made a change there.

22 Q Okay, that will require a readvertisement.
23 MR. KILPATRIC: We filed an amended ap-
24 plication

25 MR. STAMETS: Well, the docket doesn't

1
2 reflect that.

3 A. I thought we talked to Mr. Ramey one day
4 when we came up the last time about this.

5 MR. KILPATRIC: Yeah, I think at the
6 other hearing I asked if we would need one and I was hoping
7 that would --

8 A. It is mainly for the matter of conven-
9 ience.

10 MR. KILPATRIC: I think if you'll look
11 in the original application we also set forth both pools in
12 the title and in the body. The amendment didn't go to that.

13 MR. STAMETS: Okay, I'm confused. Where
14 on the amended application does it include these other form-
15 ations here?

16 MR. KILPATRIC: I was looking at the --
17 do you want to refer to this?

18 (There followed discussion off the
19 record.)

20 A. Yeah, in the paragraph two here, we say
21 applicant has proposed to drill a well on the aforesaid
22 acreage, the well being located 1810 feet from the north line
23 and 2164 feet from the west line of said Section 6, which
24 well is presently projected from a depth of 6000 feet to the
25 base of the Ellenburger.

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2 And I've asked, you know, from the top
3 of the Wolfcamp. The Wolfcamp is below 650 feet.

4 MR. STAMETS: I don't -- I don't find
5 any place where it requested anything other than the Devonian
6 and the Ellenburger in the original or in the amended appli-
7 cation either one.

8 Those are the only two horizons which
9 are requested, as near as I can tell.

10 (There followed discussion
11 off the record.)

12 MR. STAMETS: In any event, things being
13 what there are, there's no way we can pool anything at this
14 hearing except the Devonian and the Ellenburger, and if you
15 want those other horizons in there we'll have to readvertise,
16 reopen the case, and issue an order after it's reopened.

17 MR. KILPATRIC: Should we go ahead with
18 our testimony?

19 MR. STAMETS: We can go ahead with the
20 testimony.

21 MR. KILPATRIC: All right.

22 Q All right. Let me ask you a question,
23 then. Since to this point you have talked solely about the
24 Devonian and the Ellenburger, is it -- are there potential
25 other producing horizons in the Wolfcamp and in Pennsylvanian

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zones?

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A. As far as I know, there are potentials in the Silurian and the Fusselman and they are in the Devonian and the Ellenburger zones.

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Q Is it possible that you might pick up some Wolfcamp and Pennsylvanian production in this area?

7

8

A. It is unlikely, sir.

9

Q Well, if it's unlikely, why do you want to pool those zones?

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A. Well, I say, it's mainly for the matter of convenience, you know, from the top of such zone to the bottom of such zone, you know, where we have a 320-acre production unit.

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Q But unless there's some reason to pool these zones, you don't ever intend to produce them, then we wouldn't pool them, and if -- what I'm trying to find out is if ARCO considers that there is an opportunity to find production in the Wolfcamp and the Pennsylvanian horizons in this area, and that in order for you to produce those zones you would have to have compulsory pooling.

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The answer to that, if you can respond positively to that, then we can pool them. If you respond negatively, then I don't see any reason for us to pool them.

A. I don't -- I do not know of any production

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2 you know, in that area from the -- from the Wolfcamp.

3 MR. STAMETS: Mr. Kilpatric.

4 MR. KILPATRIC: Sir.

5 MR. STAMETS: Would you like to develop
6 a line of testimony in this case which will allow us to pool
7 these other horizons?

8 MR. KILPATRIC: If I could have a recess.

9 MR. STAMETS: You certainly may have a
10 recess. I think this is an excellent time for a 15 minute
11 recess.

12 MR. KILPATRIC: Thank you very much.

13
14 (Thereupon a recess
15 was taken.)

16
17 MR. STAMETS: The hearing will please
18 come to order.

19 Mr. Kilpatric, will you proceed with
20 your case?

21 MR. KILPATRIC: Yes, Mr. Examiner, I
22 appreciate the recess. I think that our advertisement may be
23 sufficient in light of what we are going to request, and I'm
24 going to follow up and develop some testimony along those
25 lines.

1
2 MR. STAMETS: Okay, fine.

3 Q Mr. Pham, would you state again just in
4 what formations ARCO is requesting to have pooled in this
5 application?

6 A We request an order pooling all mineral
7 interests from the top of the Devonian to the base of the
8 Ellenburger.

9 Q And why is it you wish to pool the in-
10 terests in those formations?

11 A I believe they have potential for pro-
12 duction.

13 Q And now you're not requesting to pool the
14 interests in the -- in any other formations, is that correct?

15 A Right.

16 MR. STAMETS: Okay, that will be fine.

17 MR. KILPATRIC: All right.

18 MR. STAMETS: And that does fit with the
19 advertisement.

20 Are there any other questions of the
21 witness? He may be excused.

22 MR. KILPATRIC: I have one more witness
23 in this case.
24
25

THOMAS S. MUTRANOWSKI

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

DIRECT EXAMINATION

BY MR. KILPATRIC:

Q Will you state your name for the record?

A My name is Thomas Scott Mutranowski.

Q And by whom are you employed and in what
capacity?

A I'm employed as a petroleum landman for
ARCO Oil and Gas Company.

Q And have you previously testified before
the Oil Conservation Division as a petroleum landman?

A No, this is my first time.

Q Would you briefly describe your educa-
tional background and your professional experience as it re-
lates to your qualifications as a landman?

A Yes, I will. My educational background
includes a Masters degree in business administration and my
professional background includes almost two years as a pet-
roleum landman for ARCO Oil and Gas Company, which included
the in-house training program for a petroleum landman.

MR. KILPATRIC: Mr. Examiner, are the

1
2 MR. KILPATRIC: Mr. Examiner, are the
3 witness' qualifications acceptable as a petroleum landman?

4 MR. STAMETS: They are.

5 Q Mr. Mutranowski, are you familiar with
6 the ownership of royalty, as well as working interests within
7 the north half of Section 6, Township 25 South, Range 37 East
8 in Lea County, New Mexico?

9 A Yes, I am.

10 Q And are you familiar with the efforts
11 which have been made by ARCO to seek commitment of all the
12 interests on that tract, which is the subject of this appli-
13 cation?

14 A Yes, I am.

15 Q Are all the working interests committed,
16 and in that connection I refer you to what has been marked
17 for identification as ARCO's Exhibit Number Four.

18 A Correct. All the working interest to
19 the proposed unit area have been committed, with Atlantic
20 Richfield Company having 25.3 percent interest; Santa Fe
21 Energy Corporation, 12.6 percent interest; Getty Oil Company,
22 25.2 percent working interest; El Paso Natural Gas Company,
23 12 percent interest; and Phillips Petroleum Company, 24.7
24 percent working interest.

25 Q And just what is Exhibit Four?

1 A. Exhibit Four is copies of the executed
2 AFE and signature page of the joint operating agreement for
3 the proposed unit.
4

5 Q And you have all the signatures of the
6 working interest owners on the --

7 A. Yes, all the working interest owners'
8 signatures have been obtained.

9 Q All right. Is all the acreage within
10 this tract fee lands?

11 A. No, there is approximately 158.12 net
12 acres fee land and 158.07 Federal land.

13 Q Will you describe for the Examiner the
14 efforts which were made to secure commitments of the royalty
15 interest and the results which you have, and in that con-
16 nection I refer you to what has been marked as ARCO's Exhibit
17 Number Five.

18 A. Yes. A letter was mailed on February
19 24th, 1981, addressed to all the royalty owners and other
20 owners of interest in production, whereby they were given an
21 opportunity to voluntarily pool their interest. It described
22 the working interest area and what operations ARCO proposed
23 to do in connection with the proposed well.

24 115 letters were mailed out. As of the
25 date of this hearing we had 15 percent response rate.

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Q In your opinion, do you believe that it's likely that you will be able to obtain the voluntary commitment of all the royalty interest owners?

A No, I do not.

MR. KILPATRIC: At this time I'd move the admission of Exhibits Four and Five.

MR. STAMETS: These exhibits will be admitted.

MR. KILPATRIC: Are there any other questions of the witness? He may be excused.

Anything further in this case?

MR. KILPATRIC: Nothing further.

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

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREPY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

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

I do hereby certify that the foregoing is
a complete and correct transcript of the
the Examination of the 3-11-81 7/6/81
heard by me on 3-11-81 7/6/81
Richard D. Stambaugh, Examiner
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas
Company for compulsory pooling, Lea
County, New Mexico.

CASE
7164

BEFORE: Richard L. Stamets

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

Gary Kilpatric, Esq.
MONTGOMERY & ANDREWS
Paseo de Peralta
Santa Fe, New Mexico 87501

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I N D E X

HUAN PHAM

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Cross Examination by Mr. Stamets 7

THOMAS S. MUTRANOWSKI

Direct Examination by Mr. Kilpatric 13

E X H I B I T S

Applicant Exhibit One, Map 5

Applicant Exhibit Two, Logs 5

Applicant Exhibit Three, Logs 6

Applicant Exhibit Four, AFE's 14

Applicant Exhibit Five, Correspondence 15

MR. STAMETS: We'll call next Case 7164.

MR. PADILLA: Application of ARCO Oil
and Gas Company for compulsory pooling, Lea County, New Mexico.

MR. KILPATRIC: Yes. I'm Gary Kilpatric
Montgomery & Andrews, P. A., appearing on behalf of ARCO Oil
and Gas.

I have two witnesses to be sworn in Case
7164.

(Witnesses sworn.)

HUAN PHAM

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

DIRECT EXAMINATION

BY MR. KILPATRIC:

Q Would you please state your name?

A My name is Huan Pham.

Q And by whom are you employed and in what
capacity?

A I'm employed by ARCO Oil and Gas as a
petroleum engineer.

Q Have you testified and had your qualifi-

1
2 cations made a matter of record and accepted by the Oil Con-
3 servation Commission?

4 A. Yes, I have.

5 MR. KILPATRIC: Are the witness' quali-
6 fications acceptable?

7 MR. STAMETS: They are.

8 MR. KILPATRIC: Thank you.

9 Q Are you familiar with ARCO's application
10 in Case 7164?

11 A. Yes, I am.

12 Q Would you tell the Examiner what ARCO
13 seeks in this application?

14 A ARCO Oil and Gas in this application is
15 seeking an order all mineral interests from the top of the
16 Wolfcamp to the base of the Ellenburger formations underlying
17 the north half of Section 6, Township 25 South, Range 37 East
18 in Lea County, New Mexico.

19 The proposed 320-acre spacing unit is to
20 be dedicated to a well to be drilled to a total depth of
21 12,800 feet at a standard location 1410 feet from the north
22 line and 2164 feet from the west line of Section 6. The well
23 is to be dually completed in the Devonian and the Ellenburger
24 formations.

25 Q Will you tell us what interest ARCO has

1
2 in the mineral interests which are the subject of this appli-
3 cation?

4 A. ARCO has 25.3 percent working interest
5 in the well.

6 Q. I now refer you to what has been marked
7 for identification as ARCO Exhibit Number One in this case,
8 and would ask you to identify it and describe it and its sig-
9 nificance in this case to the Examiner.

10 A. Exhibit Number One is an area map with
11 the proposed 320-acre proration unit highlighted in red.
12 The proposed well, also colored in red, is located 1810 feet
13 from the north line and 2164 feet from the west line.

14 Also shown in dotted line are the
15 existing offset units.

16 Q. All right. Let me now refer you to what
17 has been marked as Exhibit Number Two for identification, and
18 ask you to describe Exhibit Number Two.

19 A. Exhibit Number Two is the gamma ray
20 neutron density logs of the Conoco wells, B-1 No. 5, shown
21 on Exhibit Number One as the direct offset to the west. The
22 well was completed as a dual in the Devonian and the Ellen-
23 burger in June of 1980.

24 This exhibit shows the top of the Devonian
25 at 9751 feet. Also shown is the perforation interval colored

1
2 in red.

3 Q Let me now refer you to what has been
4 marked as ARCO Exhibit Number Three in this case and ask you
5 if you would describe and explain that exhibit?

6 A Exhibit Number Three is the gamma ray
7 neutron density logs of the same well with the top of the
8 Ellenburger marked at 12,428 feet. The perforation interval
9 is also colored in red.

10 Q Were Exhibits One through Three prepared
11 by you or at your -- under your supervision?

12 A Yes, sir, they were.

13 Q Can you describe for the Examiner what
14 ARCO's plans are for drilling at this location?

15 A For our future plan, we intend to spud the
16 proposed well as soon as possible in 1981. After obtaining
17 the forced pooling order from the Commission we intend to
18 drill the well at the location mentioned above to a total
19 depth of 12,800 feet, and complete the well as a dual in the
20 Devonian and the Ellenburger.

21 Q Do you have any estimate as to the volume
22 of gas which will be recovered by this well?

23 A Yes, sir. The well is expected to re-
24 cover in excess of 5-billion cubic feet of gas from the
25 Devonian and 2-billion cubic feet of gas from the Ellenburger.

1
2 Q In your opinion do you feel that the
3 granting of this application will be in the -- will be fair
4 to the royalty interest owners and in the interest of the
5 prevention of waste and the protection of correlative rights?

6 A Yes, in my opinion, it will.

7 MR. KILPATRIC: Mr. Examiner, at this
8 time I'd move admission of Exhibits One through Three.

9 MR. STAMETS: These exhibits will be ad-
10 mitted.

11 MR. KILPATRIC: And I have no further
12 questions of this witness.

13
14 CROSS EXAMINATION

15 BY MR. STAMETS:

16 Q I'd like to clarify that the -- we're
17 talking about pooling two formations, is that correct, the
18 Devonian and the Ellenburger?

19 A We would like to include from the top of
20 the Wolfcamp to the base of the Ellenburger. Yeah, we have
21 made a change there.

22 Q Okay, that will require a readvertisement.

23 MR. KILPATRIC: We filed an amended ap-
24 plication

25 MR. STAMETS: Well, the docket doesn't

1
2 reflect that.

3 A I thought we talked to Mr. Ramey one day
4 when we came up the last time about this.

5 MR. KILPATRIC: Yeah, I think at the
6 other hearing I asked if we would need one and I was hoping
7 that would --

8 A It is mainly for the matter of conven-
9 ience.

10 MR. KILPATRIC: I think if you'll look
11 in the original application we also set forth both pools in
12 the title and in the body. The amendment didn't go to that.

13 MR. STAMETS: Okay. I'm confused. Where
14 on the amended application does it include these other form-
15 ations here?

16 MR. KILPATRIC: I was looking at the --
17 do you want to refer to this?

18 (There followed discussion off the
19 record.)

20 A Yeah, in the paragraph two here, we say
21 applicant has proposed to drill a well on the aforesaid
22 acreage, the well being located 1810 feet from the north line
23 and 2164 feet from the west line of said Section 6, which
24 well is presently projected from a depth of 6000 feet to the
25 base of the Ellenburger.

1
2 And I've asked, you know, from the top
3 of the Wolfcamp. The Wolfcamp is below 650 feet.

4 MR. STAMETS: I don't -- I don't find
5 any place where it requested anything other than the Devonian
6 and the Ellenburger in the original or in the amended appli-
7 cation either one.

8 Those are the only two horizons which
9 are requested, as near as I can tell.

10 (There followed discussion
11 off the record.)

12 MR. STAMETS: In any event, things being
13 what there are, there's no way we can pool anything at this
14 hearing except the Devonian and the Ellenburger, and if you
15 want those other horizons in there we'll have to readvertise,
16 reopen the case, and issue an order after it's reopened.

17 MR. KILPATRIC: Should we go ahead with
18 our testimony?

19 MR. STAMETS: We can go ahead with the
20 testimony.

21 MR. KILPATRIC: All right.

22 Q All right. Let me ask you a question,
23 then. Since to this point you have talked solely about the
24 Devonian and the Ellenburger, is it -- are there potential
25 other producing horizons in the Wolfcamp and in Pennsylvanian

1
2 zones?

3 A. As far as I know, there are potentials
4 in the Silurian and the Fusselman and they are in the Devonian
5 and the Ellenburger zones.

6 Q. Is it possible that you might pick up
7 some Wolfcamp and Pennsylvanian production in this area?

8 A. It is unlikely, sir.

9 Q. Well, if it's unlikely, why do you want
10 to pool those zones?

11 A. Well, I say, it's mainly for the matter
12 of convenience, you know, from the top of such zone to the
13 bottom of such zone, you know, where we have a 320-acre pro-
14 duction unit.

15 Q. But unless there's some reason to pool
16 these zones, you don't ever intend to produce them, then we
17 wouldn't pool them, and if -- what I'm trying to find out is
18 if ARCO considers that there is an opportunity to find pro-
19 duction in the Wolfcamp and the Pennsylvanian horizons in
20 this area, and that in order for you to produce those zones
21 you would have to have compulsory pooling.

22 The answer to that, if you can respond
23 positively to that, then we can pool them. If you respond
24 negatively then I don't see any reason for us to pool them.

25 A. I don't -- I do not know of any production

1
2 zones?

3 A. As far as I know, there are potentials
4 in the Silurian and the Fusselman and they are in the Devonian
5 and the Ellenburger zones.

6 Q. Is it possible that you might pick up
7 some Wolfcamp and Pennsylvanian production in this area?

8 A. It is unlikely, sir.

9 Q. Well, if it's unlikely, why do you want
10 to pool those zones?

11 A. Well, I say, it's mainly for the matter
12 of convenience, you know, from the top of such zone to the
13 bottom of such zone, you know, where we have a 320-acre pro-
14 duction unit.

15 Q. But unless there's some reason to pool
16 these zones, you don't ever intend to produce them, then we
17 wouldn't pool them, and if -- what I'm trying to find out is
18 if ARCO considers that there is an opportunity to find pro-
19 duction in the Wolfcamp and the Pennsylvanian horizons in
20 this area, and that in order for you to produce those zones
21 you would have to have compulsory pooling.

22 The answer to that, if you can respond
23 positively to that, then we can pool them. If you respond
24 negatively then I don't see any reason for us to pool them.

25 A. I don't -- I do not know of any production

1
2 you know, in that area from the -- from the Wolfcamp.

3 MR. STAMETS: Mr. Kilpatric.

4 MR. KILPATRIC: Sir.

5 MR. STAMETS: Would you like to develop
6 a line of testimony in this case which will allow us to pool
7 these other horizons?

8 MR. KILPATRIC: If I could have a recess.

9 MR. STAMETS: You certainly may have a
10 recess. I think this is an excellent time for a 15 minute
11 recess.

12 MR. KILPATRIC: Thank you very much.

13
14 (Thereupon a recess
15 was taken.)

16
17 MR. STAMETS: The hearing will please
18 come to order.

19 Mr. Kilpatric, will you proceed with
20 your case?

21 MR. KILPATRIC: Yes, Mr. Examiner, I
22 appreciate the recess. I think that our advertisement may be
23 sufficient in light of what we are going to request. and I'm
24 going to follow up and develop some testimony along those
25 lines.

1
2 MR. STAMETS: Okay, fine.

3 Q Mr. Pham, would you state again just in
4 what formations ARCO is requesting to have pooled in this
5 application?

6 A We request an order pooling all mineral
7 interests from the top of the Devonian to the base of the
8 Ellenburger.

9 Q And why is it you wish to pool the in-
10 terests in those formations?

11 A I believe they have potential for pro-
12 duction.

13 Q And now you're not requesting to pool the
14 interests in the -- in any other formations, is that correct?

15 A Right.

16 MR. STAMETS: Okay, that will be fine.

17 MR. KILPATRIC: All right.

18 MR. STAMETS: And that does fit with the
19 advertisement.

20 Are there any other questions of the
21 witness? He may be excused.

22 MR. KILPATRIC: I have one more witness
23 in this case.
24
25

THOMAS S. MUTRANOWSKI

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

DIRECT EXAMINATION

BY MR. KILPATRIC:

Q Will you state your name for the record?

A My name is Thomas Scott Mutranowski.

Q And by whom are you employed and in what
capacity?

A I'm employed as a petroleum landman for
ARCO Oil and Gas Company.

Q And have you previously testified before
the Oil Conservation Division as a petroleum landman?

A No, this is my first time.

Q Would you briefly describe your educa-
tional background and your professional experience as it re-
lates to your qualifications as a landman?

A Yes, I will. My educational background
includes a Masters degree in business administration and my
professional background includes almost two years as a pet-
roleum landman for ARCO Oil and Gas Company, which included
the in-house training program for a petroleum landman.

MR. KILPATRIC: Mr. Examiner, are the

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2 MR. KILPATRIC: Mr. Examiner, are the
3 witness' qualifications acceptable as a petroleum landman?

4 MR. STAMETS: They are.

5 Q Mr. Mutranowski, are you familiar with
6 the ownership of royalty, as well as working interests within
7 the north half of Section 6, Township 25 South, Range 37 East
8 in Lea County, New Mexico?

9 A Yes, I am.

10 Q And are you familiar with the efforts
11 which have been made by ARCO to seek commitment of all the
12 interests on that tract, which is the subject of this appli-
13 cation?

14 A Yes, I am.

15 Q Are all the working interests committed,
16 and in that connection I refer you to what has been marked
17 for identification as ARCO's Exhibit Number Four.

18 A Correct. All the working interest to
19 the proposed unit area have been committed, with Atlantic
20 Richfield Company having 25.3 percent interest; Santa Fe
21 Energy Corporation, 12.6 percent interest; Getty Oil Company,
22 25.2 percent working interest; El Paso Natural Gas Company,
23 12 percent interest; and Phillips Petroleum Company, 24.7
24 percent working interest.

25 Q And just what is Exhibit Four?

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A. Exhibit Four is copies of the executed AFE and signature page of the joint operating agreement for the proposed unit.

Q. And you have all the signatures of the working interest owners on the ---

A. Yes, all the working interest owners' signatures have been obtained.

Q. All right. Is all the acreage within this tract fee lands?

A. No, there is approximately 158.12 net acres fee land and 158.07 Federal land.

Q. Will you describe for the Examiner the efforts which were made to secure commitments of the royalty interest and the results which you have, and in that connection I refer you to what has been marked as ARCO's Exhibit Number Five.

A. Yes. A letter was mailed on February 24th, 1981, addressed to all the royalty owners and other owners of interest in production, whereby they were given an opportunity to voluntarily pool their interest. It described the working interest area and what operations ARCO proposed to do in connection with the proposed well.

115 letters were mailed out. As of the date of this hearing we had 15 percent response rate.

1
2 Q In your opinion, do you believe that it's
3 likely that you will be able to obtain the voluntary commit-
4 ment of all the royalty interest owners?

5 A No, I do not.

6 MR. KILPATRIC: At this time I'd move
7 the admission of Exhibits Four and Five.

8 MR. STAMETS: These exhibits will be
9 admitted.

10 MR. KILPATRIC: Are there any other
11 questions of the witness? He may be excused.

12 Anything further in this case?

13 MR. KILPATRIC: Nothing further.

14 MR. STAMETS: The case will be taken
15 under advisement.

16
17 (Hearing concluded.)
18
19
20
21
22
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25

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

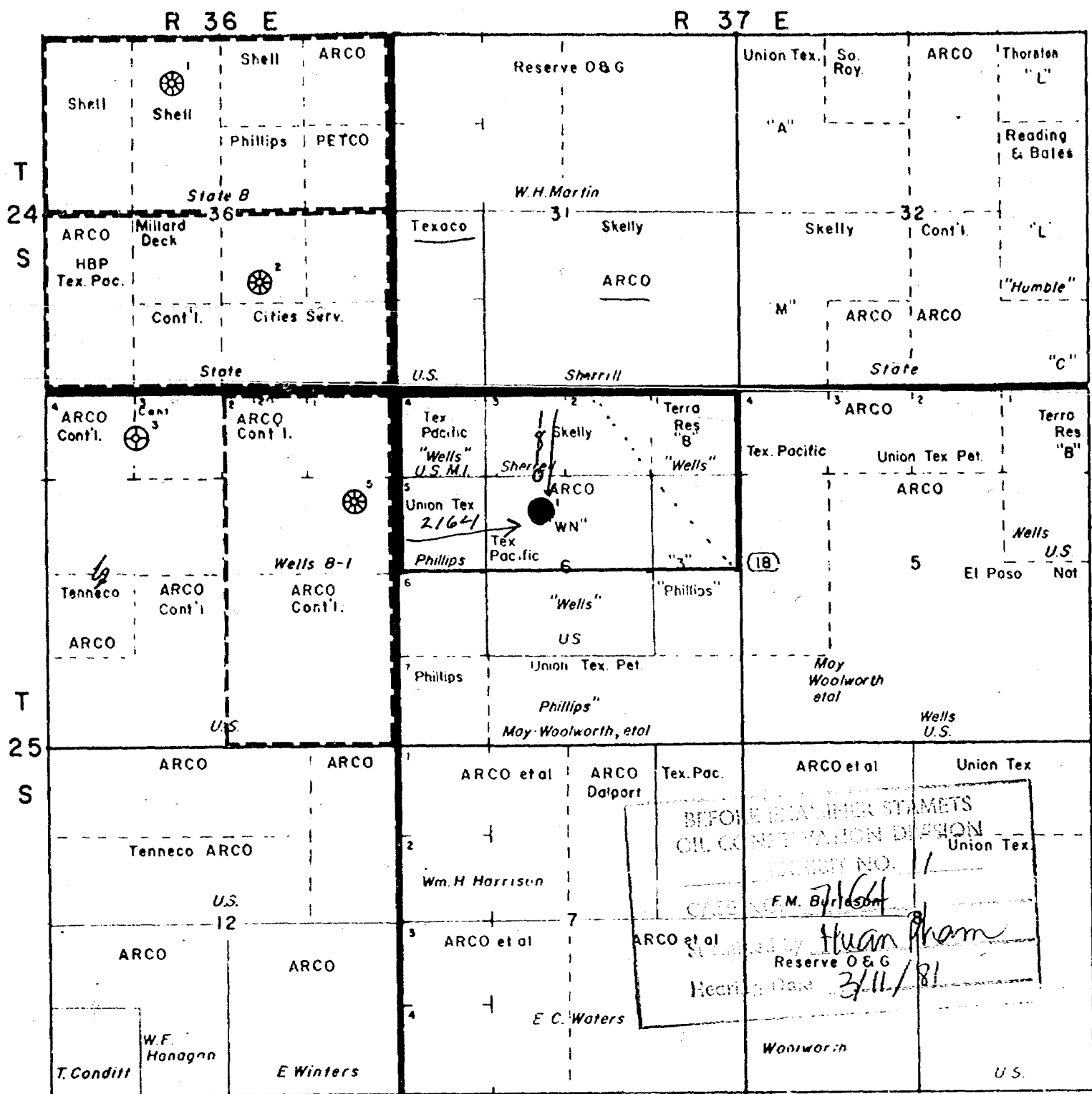
Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

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

I do hereby certify that the foregoing is
a complete and correct transcript of the
hearing held before me on _____, 19____.

_____, Examiner
Oil Conservation Division



LEGEND

- PROPOSED UNIT
- ⊗ PROPOSED WELL
- - - EXISTING UNIT

EXHIBIT 1

ARCO Oil and Gas Company
Division of Atlantic Richfield Company
Permian District Midland, Texas

CUSTER FIELD
LEA COUNTY, NEW MEXICO
DEVONIAN/ELLENBURGER

SCALE: 1" = 2000'

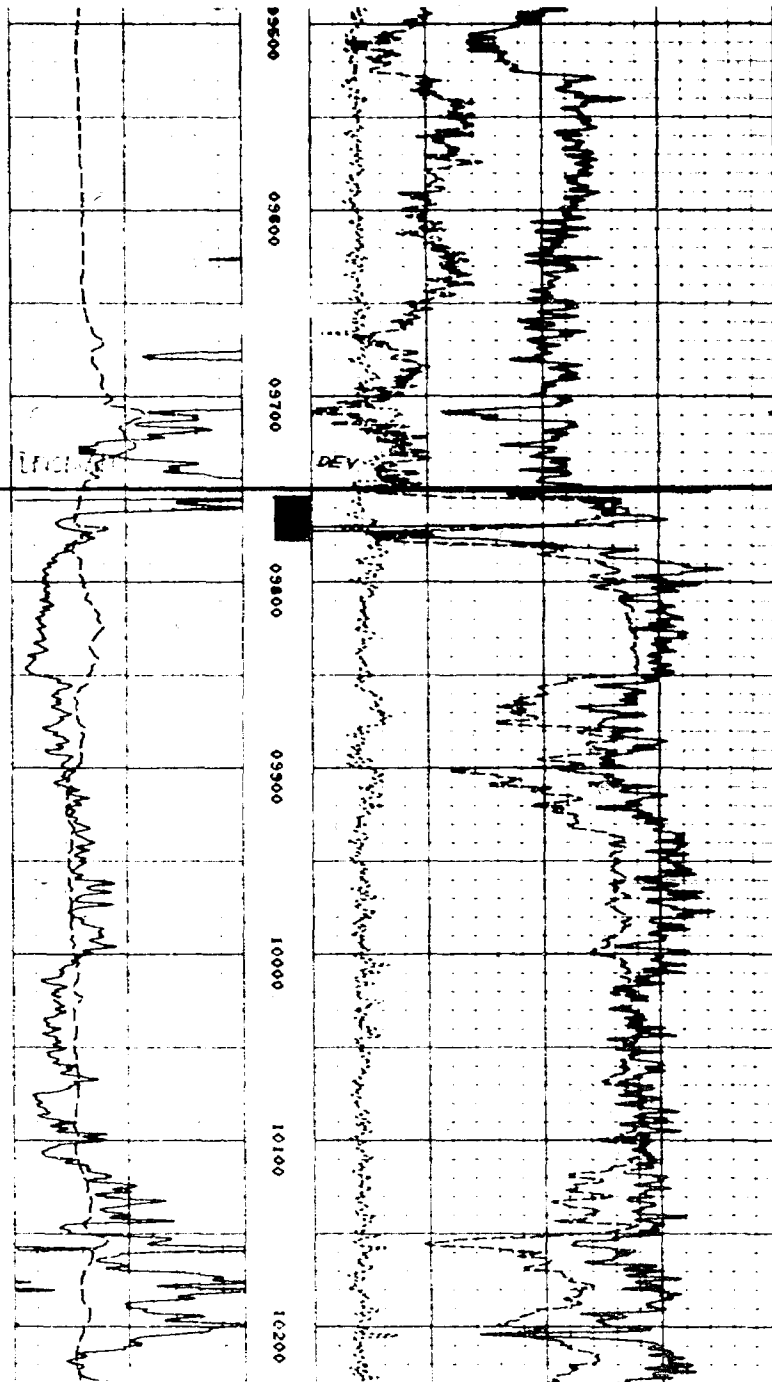
By: H. PHAM	Drawn By: R.C.T.	Date: 2-3-81
Date: 2/3/81	Revised By:	Date:
Dept: WEST AREA ENGR.	Own No:	

EXHIBIT 2

CONOCO INC
WELLS B-1 NO.5

1650' FNL. & 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253

DEVONIAN



PROCESSED BY STANLEY
7164
Huam Pham
3/11/81

CONOCO INC
WELLS B-1 NO.5

1650' FNL & 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253

ELLENBURGER

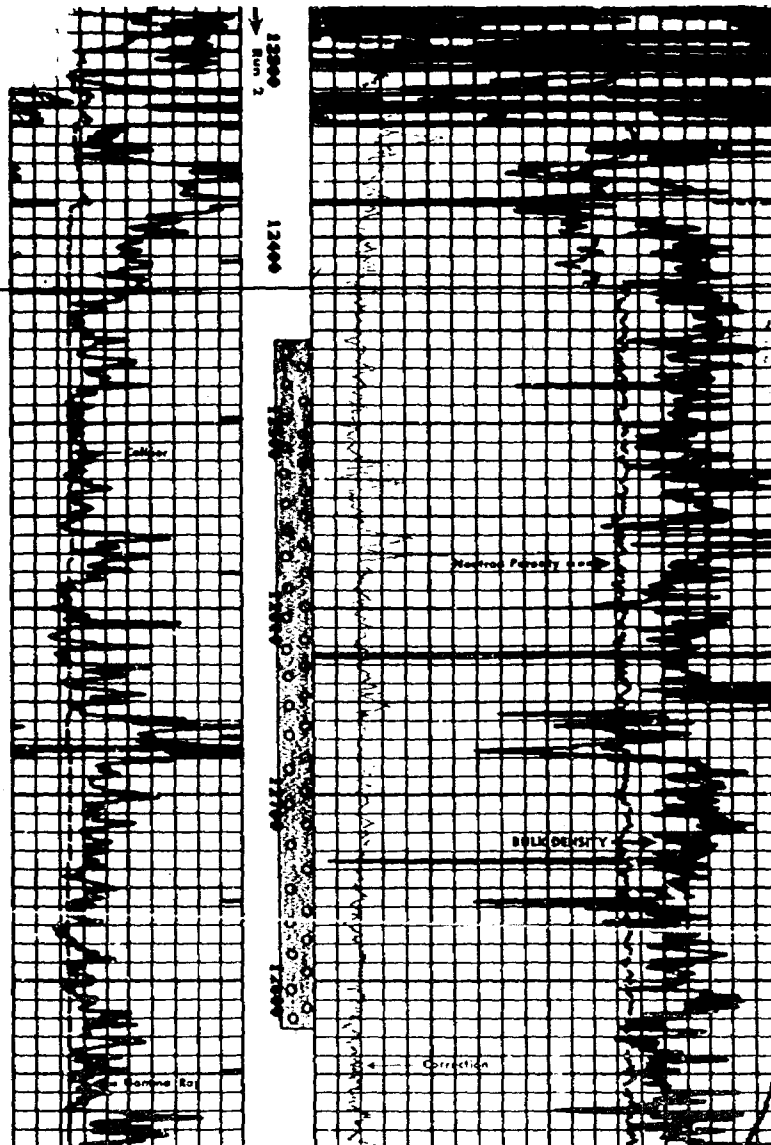


EXHIBIT B-1, WELLS B-1 NO.5
LEA COUNTY, NEW MEXICO

3

7164

Huan Nam

3/11/81

Title CUSTER-WEILS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Only at authorized site <input type="checkbox"/> Revision number	
Location 1650' FNL & 1980' FNL, Section 6, T-25-S, R-37-E, Lea County, New Mexico			
APPR TD 12,800 Obj Form Ellenburger Devonian		Budget Information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019 Capital Instabudget dated 10/9/79 <input type="checkbox"/> Named on Instabudget 10/9/79 Amount capital differs from Instabudget \$ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ Over/(under)	
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Originated by Huan Pham District Permian West Field name Custer Lease record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. Field code 064410 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service		Property code(s)	
Component AFE No(s) Description and justification Account codes Amounts—in whole dollars only On hand Capital Expense Total 614459 Attached Tangible 031 607,000 607,000 Intangible 037 1,250,000 1,250,000 Total Drilling Cost 1,857,000 1,857,000 614467 Production Investment 038 170,000 170,000 Gross totals 2,027,000 2,027,000 Operating ANCO Oil & Gas Co. Net Atlantic Richfield share 584,483 584,483 Atlantic Richfield ownership decimal 0.281349 Range requested Lower Upper Payoff (years) (AFIT) 1/81 Completion date 6/81 \$ Prior year Capital 584,483 \$ Instabudget Capital Expense Expense Expense Technical audits (check those required) <input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Evaluation <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input checked="" type="checkbox"/> Procedural audits Signatur Company Approvals (check highest level required) <input checked="" type="checkbox"/> Executive C. E. Landwehr Jr. Date 8/11/80 <input type="checkbox"/> Other <input type="checkbox"/> Regional <input type="checkbox"/> Senior vice president Authorized expenditure limit table No. 105 NOTE: : UNDERSIGNED APPROVAL IS SUBJECT TO EXECUTION OF MUTUALLY ACCEPTABLE OPERATING AGREEMENT BY: E. E. CLARK, AREA MANAGER DATE: 2-28-81			

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This agreement may be executed in any number of counterparts, each of which shall be considered
original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this agreement was duly executed on the 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By:
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By:

Phillips Petroleum Company

By: *[Signature]*
Cliff Ohr, Attorney-In-Fact

Santa Fe Energy Company

By:

El Paso Natural Gas Company

By:

BEFORE EXAMINER STAMPS
OIL CONSERVATION COMMISSION
EXHIBIT NO. 4

CASE NO. 7164

Submitted by ARCO

Date 5/11/81

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS }

COUNTY OF MIDLAND }

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September,
1980.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF TEXAS }
COUNTY OF HARRIS }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Cliff Ohr
Attorney-In-Fact, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said PHILLIPS PETROLEUM COMPANY, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of March A.D., 19 81.
My Commission Expires:
August 25, 1984

Kent Crawford
NOTARY PUBLIC
Notary Public in and for
Harris County, Texas
KENT CRAWFORD

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19 _____.

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19 _____.

NOTARY PUBLIC

Title CUSTER-WELLS No. 1: Drill & Equip		MAR 9 1981		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number	
Location 1650' FWL & 1980' FWL, Section 6, T-25-S, R-37-E, New Mexico, New Mexico					
Obj Form APPR TD 12,800 ELLenburger		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019		Originated by Huan Pham	
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Completion <input type="checkbox"/> Workover <input type="checkbox"/> Other		Capital instabudget dated 10/9/79		AFE number 614459-614467	
<input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100% <input type="checkbox"/> Exploratory %		<input type="checkbox"/> Named on instabudget 10/9/79 Amount capital differs from Instabudget \$ Over/(under)		District Permian West	
* Show percent of total cost applicable to each.		<input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from Instabudget \$ Over/(under)		Field name Custer	
<input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		<input type="checkbox"/> Addition to instabudget		Lease record number NM-97 NM-MD-67 NM-MD-85, SOC 5031-01	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas		Current year capital differs from instabudget current year by \$ Over/(under)		Expl. project No. 064410	
Signed (Dist. Eng. and/or Explor. group) J. J. Sweet		<input type="checkbox"/> Substituted for Item (2) Amount capital differs from Instabudget \$ Over/(under)		Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service				Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Component AFE No(s)		Description and justification		Amounts—in whole dollars only	
614459		Attached		On hand Capital Expense Total	
"		Tangible		031 607,000 607,000	
"		Intangible		037 1,250,000 1,250,000	
"		Total Drilling Cost		1,857,000 1,857,000	
614467		Production Equipment		038 170,000 170,000	
		Gross totals		2,027,000 2,027,000	
Operator		ARCO Oil & Gas Co.		Net Atlantic Richfield share	
Atlantic Richfield ownership decimal		0.288349		Range requested	
Payout (years) (AFIT)		% Return (AFIT) Pw (AFIT)		\$ Prior year Capital	
1/81		6/81		584,483	
Technical audits (check those required)		<input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation		\$ Curr. year Capital	
Approvals (check highest level required)		Date 8/19/80		584,483	
<input checked="" type="checkbox"/> District		<input type="checkbox"/> Executive vice-president		Capital	
<input type="checkbox"/> Other		<input type="checkbox"/> President/Chairman		Expense	
<input type="checkbox"/> Regional		<input type="checkbox"/> For Board of Directors		Expense	
<input type="checkbox"/> Senior vice-president				Expense	

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
original, but all purporting to be the same.

IN WITNESS WHEREOF, this agreement shall be signed as of 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By: _____
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By: _____
J. A. MORRIS, AGENT

Phillips Petroleum Company

By: _____

Santa Fe Energy Company

By: _____

El Paso Natural Gas Company

By: _____

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al,
Non-Operators.

STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

BEFORE ME, the undersigned, a Notary Public in and for said County and
State, on this day personally appeared J. A. MORRIS, AGENT for GETTY OIL COMPANY,
a Delaware corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations
and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

My commission expires:
June 28, 1981

Hester A. Romine
Notary Public

Title CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number	
Location 1650' FNL & 1980' FWL, Section 6, T-25-S, R-37-E, Lea County, New Mexico			
Obj Form APPR TD 12,800 Ellenburger		Budget Information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019	
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Originated by Huan Pham District Permian West Field name Custer Lease record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. Field code 064410	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service		<input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ Over/(under)	
Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s):			
Component AFE No(s) Description and justification Account codes Amounts—in whole dollars only			
Attached			
614459	Tangible	031	607,000
"	Intangible	037	1,250,000
"	Total Drilling Cost		1,857,000
614467	Production Equipment	038	170,000
		Gross totals	2,027,000
Operator ARCO Oil & Gas Co.		Net Atlantic Richfield share	584,483
Atlantic Richfield ownership decimal 0.2188349		Range requested	Lower Upper
Payout (years) % Return (AFIT)		Start date 1/81	Completion date 6/81
		\$ Prior year Capital Expense	\$ Curr. year Capital 584,483 Expense
		\$ Thereafter Capital Expense	
<input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input type="checkbox"/> Other		<input type="checkbox"/> Co-owner approval Signature Company	
Approvals (check highest level required)		Authorized expenditure limit table No. 108	
<input checked="" type="checkbox"/> District C. S. Landwell Jr. Date 8/19/80		<input type="checkbox"/> Santa Fe Energy Company BY: C. S. Landwell Jr. Executive Vice President Date 11-21-80	
<input type="checkbox"/> Other		<input type="checkbox"/> President/Chairman Date	
<input type="checkbox"/> Regional		<input type="checkbox"/> For Board of Directors Date	
<input type="checkbox"/> Senior vice-president			

Well name
Custer Wells No. 1T.O.
12,800Location
1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New MexicoRegion
WesternDistrict
Permian West

Field

Objective
@ ft. @ ft.

- ☒ Development
☐ Exploratory
☐ Completion
- ☐ Single
☒ Dual
☐ Multiple

Data Processing Information										
Trans. Ident.					A.F.E. Number					
1	2	3	4	5	6	7	8	9	10	11
A	F	E	E							

Update code
1 = Delete
3 = Add

Original/Revision Indicator
1 = Original
2 = Revision

Tangible costs	Dry hole	Completion costs	Detail code	Total gross dollars	Major account
1. Tubular goods			12 13 14	15 16 17 18 19 20 21 22	23 24 25 26
20" OD from 0' to 30'	1,000				
13-3/8" OD from 0' to 1200'	28,000				
9-5/8" OD from 0' to 6450'	110,000				
7" OD from 0' to 12800'		245,000			
2-3/8" OD from 0' to 12300'		60,000			
2-3/8" OD from 0' to 9550'		50,000			
" CG from ' to '					
" OD from ' to '					
2. Casinghead and Christmas tree	18,000	60,000	5 0 4		
3. Tubing accessories		25,000	5 0 6		
4. Artificial lift accessories			5 0 7		
5. Unclassified materials	5,000	5,000	5 0 8		
Total tangibles	162,000	445,000			
Intangible costs					
6. Testing tubular goods	8,000	15,000	5 6 9		
7. Trucking tubular goods	8,000	8,000	5 0 9		
8. Casing accessories	5,000		5 1 2		
9. Site preparation, maint., clean up	25,000		5 1 4		
10. Permits, insurance, damages	2,000		5 1 5		
11. Moving expense	50,000		5 1 7		
12. Boat & barge rental			5 1 8		
13. Camp & catering			5 2 2		
14. Boiler			5 2 5		
15. Roads, airstrips & maintenance			5 5 6		
16. Air freight & air transportation			5 2 8		
17. Contract footage drilling					
ft @ \$ / ft.			5 3 2		
Contract daywork (items 18 through 24)					
18. Drilling 60 days @ \$5000 /day	300,000		5 3 3		
19. Casing 7 days @ \$5000 /day	15,000	20,000	5 3 4		
20. Fishing 3 days @ \$5000 /day	15,000		5 3 6		
21. Lost circ. & flows 3 days @ \$5000 /day	15,000		5 3 7		
22. Log test & core days @ \$ /day			5 3 8		
23. Shut down time days @ \$ /day			5 3 9		
24. Completion or plugging days @ \$ /day			5 4 1		
25. Completion unit daywork 50 days @ \$1000 /day		50,000	5 4 2		
26. Rental: DP, DC, & related tools			5 4 3		
27. Well control equipment	20,000		5 4 7		
28. Drill bits # 2 size 17-1/2"	5,000		5 4 8		
# 6 size 12-1/4"	25,000				
# 25 size 8-3/4"	37,000				
# 1 size 6"		1,000			

1

Subject ARCO Custer Wells No. 1: Drill & Equip		Date July 9, 1980
Authorization number		
District Permian West		
Location 1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico		
Project To test Devonian and Ellenburger formation		
Depth 12,800		
Approved	Contract footage	Daywork depth

Casing program:

Surface casing

13-3/8" 54#/ft @ $\pm 1200'$

Protective string

9-5/8" 36#/ft @ $\pm 6450'$

Oil string

7" 26 & 29#/ft @ TD of 12800'

Liner

Casinghead

Estimated formation tops Est. El. 3250 DF

Rustler	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
Yates	2800	Barnett	8500	Silurian	9800	McKee	11650
Queen	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
Bone Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Mud program

0 - 1200' - Spud Mud
1200 - 6450' - Brine water - Lime for pH control
6450 - 8000' - Cut brine, use fresh water for volume
8000 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

Surveys @ 6450'

GR - CNL - FDC 6450' to 2500'
DLL - Rxo 6450' to 2500'

@ Total Depth

GR - CNL - FDC TD to intermediate
GR - DIL TD to intermediate

Coring

Core priority

Drill stem tests

DST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

Samples

10' samples from 4000' to total depth.

Fluid samples

2 quarts fluid recovered from DST's for analysis.

Mud logging

Mud log unit from 8500' to TD

Elevations

Est. elevation 3250 DF.

Type completion

Dual Devonian and Ellenburger.

Completion equipment

Signed (District Operations Superintendent)

B. H. Huch

Endorsed

District Operations Manager

W. H. Huch for R. L. Huch

Date

5/18/80

District Engineer

J. J. Huch

Date

7-30-80

District Explorationist (geologist)

David W. Linn

Date

8-18-80

Approved

District Manager

C. E. Cardwell Jr.

Date

8/19/80

Title CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number:	
Location 1650' FNL & 1980' FHL, Section 6, T-25-S, R-37-E, Lea County, New Mexico			
Obj Form APPR TD 12,800 Ellenburger Purpose of authorization Devonian <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019 Capital instabudget dated 10/9/79 <input type="checkbox"/> Named on Instabudget 10/9/79 Amount capital differs from Instabudget \$ _____ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ _____ Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ _____ Over/(under)	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) <i>J. J. Hines</i> Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate <input type="checkbox"/> Service % rate		Originalized by District Huan Pham Field name Permian West Custer Lease record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. Field code 064410 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).	
Component AFE No(s)	Description and justification	Account codes	Amounts—in whole dollars only
			On hand Capital Expense Total
614459	Tangible	031	607,000
"	Intangible	037	1,250,000
"	Total Drilling Cost		1,857,000
614467	Production Equipment	038	170,000
	Gross totals		2,027,000
Operator	ARCO Oil & Gas Co.	Net Atlantic Richfield share	584,483
Atlantic Richfield ownership decimal	0 2 8 8 3 4 9	Range requested	Lower Upper
Payout (years) (AFIT)	% Return (AFIT)	PW (AFIT)	% Start date Completion date \$ Prior year \$ Curr. year \$ Thereafter
			Capital Capital Capital Expense Expense Expense
			1/81 6/81 584,483
Technical audits (check those required)			
<input checked="" type="checkbox"/> Engineering	<input checked="" type="checkbox"/> Exploration	<input type="checkbox"/> Dallas budget	<input type="checkbox"/> Evaluation
<input type="checkbox"/> Other	<input type="checkbox"/> Other	<input checked="" type="checkbox"/> Procedural audits	<input type="checkbox"/> Co-owner approval
Approvals (check highest level required)		Authorized expenditure limit table No. 103	
<input checked="" type="checkbox"/> District	C.S. Landwehr Jr.	Date	8/19/80
<input type="checkbox"/> Other		Date	
<input type="checkbox"/> Regional		Date	
<input type="checkbox"/> Senior vice president		Date	
<input type="checkbox"/> Executive vice-president		Date	
<input type="checkbox"/> President/Chairman		Date	
<input type="checkbox"/> For Board of Directors		Date	

Well name

Custer Wells No. 1

T.D.

12,800

Location

1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Region

Western

District

Permian West

Field

Objective

☒ Development☐ Single☐ Exploratory☒ Dual☐ Completion☐ Multiple

Data Processing Information

Trans. Ident.

1 2 3 4

A F E E

5

A.F.E. Number

6 7 8 9 10 11

Update code

1 = Delete

3 = Add

Original/Revision Indicator

1 = Original

2 = Revision

Tangible costs

1. Tubular goods

20" OD from 0' to 30' :
13-3/8" OD from 0' to 1200' :
9-5/8" OD from 0' to 6450' :
7" OD from 0' to 12800' :
2-3/8" OD from 0' to 12300' :
2-3/8" OD from 0' to 9550' :
" OD from ' to ' :
" OD from ' to ' :

Dry hole

1,000
28,000
110,000

Completion costs

245,000
60,000
50,000

Detail

12 13 14

Total gross dollars

15 16 17 18 19 20 21 22

Driller account

23 24 25 26

2. Casinghead and Christmas tree

18,000

60,000

5 0 4

3. Tubing accessories

25,000

5 0 6

4. Artificial lift accessories

5 0 7

5. Unclassified materials

5,000

5,000

5 0 8

Total tangibles

162,000

445,000

Intangible costs

6. Testing tubular goods

8,000

15,000

5 6 9

7. Trucking tubular goods

8,000

8,000

5 0 9

8. Casing accessories

5,000

5 1 2

9. Site preparation, maint., clean up

25,000

5 1 4

10. Permits, insurance, damages

2,000

5 1 5

11. Moving expense

50,000

5 1 7

12. Boat & barge rental

5 1 8

13. Camp & catering

5 2 2

14. Boiler

5 2 5

15. Roads, airstrips & maintenance

5 5 6

16. Air freight & air transportation

5 2 8

17. Contract footage drilling

ft @ \$ / ft.

5 3 2

Contract daywork (items 18 through 24)

18. Drilling 60 days @ \$5000 /day

300,000

5 3 3

19. Casing 7 days @ \$5000 /day

15,000

20,000

5 3 4

20. Fishing 3 days @ \$5000 /day

15,000

5 3 6

21. Lost circ. & flows 3 days @ \$5000 /day

15,000

5 3 7

22. Log test & core days @ \$ /day

5 3 8

23. Shut down time days @ \$ /day

5 3 9

24. Completion or plugging days @ \$ /day

5 4 1

25. Completion unit daywork 50 days @ \$1000 /day

50,000

5 4 2

26. Rental: OP, DC, & related tools

5 4 3

27. Well control equipment

20,000

5 4 7

28. Drill bits # 2 size 17-1/2"

5,000

5 4 0

6 size 12-1/4"

25,000

25 size 8-3/4"

37,000

Custer Wells No. 1

Data Processing Information

Prepared by
S. A. Haktanir

6/30/80

Trans. Ident.				
1	2	3	4	5
A	F	E	E	

A.F.E. number										
6	7	8	9	10	11					

Up is code
1 = delete
3 = add

Original/revision indicator
1 = Original
2 = Revision

Drilling cost (continued)	Dry hole	Completion costs	Detail code	Total gross dollars	Major account
			12 13 14	15 16 17 18 19 20 21 22	23 24 25 26
Fuel, trash water & drayage	40,000	5,000	5 4 9		
Drilling mud materials & drayage	110,000		5 5 1		
Drilling mud equipment			5 5 2		
Air compressor rental or gas cost			5 5 3		
Air or gas drig. accessories & drayage			5 5 4		
Open hole surveys	40,000		5 5 7		
Data recording services			5 5 6		
Wireline formation tester			5 5 9		
Mud log	20,000		5 6 0		
Cased hole surveys		16,000	5 6 1		
Perforating fees		10,000	5 6 2		
Side wall coring			5 6 3		
Conv. diamond or wireline coring			5 6 8		
Well stem tests = 2	15,000		5 7 2		
Acidize <input checked="" type="checkbox"/> Fracture gal. lbs		120,000	5 7 7		
cement & fees for casing					
20 " OD CIRC sacks	1,000				
13-3/8 " OD CIRC sacks	10,000				
11-5/8 " OD CIRC sacks	30,000				
" OD sacks		35,000			
" OD sacks					
" OD sacks					
cement & fees for squeezes or plugs		15,000	5 7 9		
String tool rental & drayage	10,000	10,000	5 8 0		
Sectional drig. tool rental & drayage			5 8 1		
Operations - prorato			5 9 0		
Classified tool rental & drayage	15,000	12,000	5 8 7		
Classified drayage & supplies	10,000	10,000	5 9 4		
Classified services & material losses	20,000	20,000	5 8 9		
Shoat	10,000	7,000	5 9 2		
Revision by contract personnel			1 0 5		
Revision by A.R.Co. personnel	24,000	10,000	1 0 6		
Intangibles	885,000	365,000			
Cost (Intangibles & intangibles)	1,047,000	810,000			
Drilled well cost (dry hole & comp.)	1,857,000				

ARCO Custer Wells No. 1: Drill & Equip

Date

July 9, 1980

Location number

Permian West

Location

1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Project

Test

Devonian and Ellenburger

Formation

Depth 12,800

Proved

Contract footage

Daywork depth

Drilling program:

Surface casing

13-3/8" 54#/ft @ ±1200'

Protective string

9-5/8" 36#/ft @ ±6450'

String

7" 26 & 29#/ft @ TD of 12800'

Per

Loghead

Estimated formation tops Est. El. 3250 DF

Stier	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
tes	2800	Barnett	8500	Silurian	9800	McKee	11650
een	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
ne Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Drilling program

0 - 1200' - Spud Mud
 00 - 6450' - Brine water - Lime for pH control
 50 - 8000' - Cut brine, use fresh water for volume
 00 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

Weys @ 6450'

- CNL - FDC 6450' to 2500'
 L - Rxo 6450' to 2500'

@ Total Depth

GR - CNL - FDC TD to Intermediate
 GR - DIL TD to intermediate

re priority

ill stem tests

DST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

amples

0' samples from 4000' to total depth.

uid samples

quarts fluid recovered from DST's for analysis.

ud logging

ud log unit from 8500' to TD

evaluations

st. elevation 3250 DF.

ype completion

ual Devonian and Ellenburger.

ompletion equipment

ined (District Office Superintendent)

ndorsed

istrict Operations Manager

istrict engineer

istrict Supervisor (geologist)

pproved

istrict Manager

Date

Date

Date

Date

5/15/80

7-30-80

8-18-80

8/19/80

C.E. Cardwell Jr.

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C. E. Cardwell, Jr.
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

GETTY OIL COMPANY

By: _____

EL PASO NATURAL GAS COMPANY

By: _____

SANTE FE ENERGY COMPANY

By: C. J. Berry, Jr.
C. J. Berry, Jr.
Executive Vice President

Attest: D. S. Conzill
Assistant Secretary

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS }

COUNTY OF MIDLAND }

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September,
1980.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF Potter }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C.J. Berry, Jr.
Exec. Vice Pres., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said Santa Fe Energy Company, a corporation,
and that he has executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of November, A.D., 19 80



KATHY J. CASILLAS
Notary Public, State of Texas
My Commission Expires 10-30-81

Kathy J. Casillas
NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: _____
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

UNION TEXAS PETROLEUM CORPORATION

By: _____

GETTY OIL COMPANY

By: _____

TERRA RESOURCES, INC.

By: _____

EL PASO NATURAL GAS COMPANY

By: D. N. Canfield
D. N. CANFIELD
ATTORNEY-IN-FACT



THE STATE OF TEXAS)
COUNTY OF MIDLAND)

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operator,

BEFORE ME, the undersigned authority, on this day personally appeared _____, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 1970.

Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF El Paso }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D. N. Canfield, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said El Paso Natural Gas Company, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 19th day of December A.D., 1980

ANNE F. GRIEP
Notary Public in and for STATE OF TEXAS
My Commission Expires 09-30-84

Anne F. Griep
NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said _____, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19____

NOTARY PUBLIC

PERSONAL ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19____

NOTARY PUBLIC

ARCO Oil and Gas Company
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0130
Curt Krehbiel
District Landman

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 7164

Submitted by ARCO

Hearing Date 3/11/81



February 24, 1981

TO: All Royalty Owners and Other Owners
of Interest in Production

RE: Proposed Well and Working Interest Unit
Custer-Wells Federal Com. #1
N/2 Section 6, T-25-S, R-37-E
Lea County, New Mexico
SOC-5031

Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the royalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratification to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgment page which must be notarized. Instructions for execution

All Royalty Owners and Other Owners
of Interest in Production
February 24, 1981
Page 2

and acknowledgement of instruments for New Mexico properties
are enclosed for your information, as is a stamped self-
addressed envelope for your convenience.

If you have any questions, please feel free to call me
collect at (915) 684-0134.

Cordially Submitted,

Thomas S. Mutranowski

Thomas S. Mutranowski
Landman

TSM:mr

Enclosures: Communitization Agreement
Ratifications (4)
Instructions
Stamped Return Envelope

CONSENT AND RATIFICATION TO
COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Ellenburger Formation, dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

EXECUTED the day and year hereinbelow set forth.

DATE: _____

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor
U. S. GEOLOGICAL SURVEY

DATED: _____

CONTRACT NO.: _____

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

N/2 Section 6, T-25-S, R-37-E, N.M.P.M.,
Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.
3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

6. (a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.
- (b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.
7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or productions pursuant to this agreement shall be deemed to be

operations or productions as to each lease committed hereto.

9. The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.
10. This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitized formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

12. The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successors in interests, and shall be subject to approval by the Secretary of the Interior.
13. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.
14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
16. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: K.V. Jenell
Attorney-In-Fact

↓ nra
TSM LX

EXHIBIT "A"

PLAT OF COMMUNITIZED AREA COVERING
N/2 SECTION 6, T-25-S, R-37-E N.M.P.M.
LEA COUNTY, NEW MEXICO

LC 055546 Tr. No. 1A 38.16 Ac. El Paso Natural Gas Company	Tr. No. 3 79.90 Ac. Getty Oil Company <i>Fee</i>	LC 055546 Tr. No. 1B 39.91 Ac. Santa Fe Energy Company
Tr. No. 2 38.22 Ac. Phillips Petroleum Company <i>Fee</i>	LC 055546 Tr. No. 1 80.00 Ac. Atlantic Richfield Company	Tr. No. 2A 40.00 Ac. Phillips Petroleum Company <i>Fee</i>

6

WELL TO BE LOCATED 1810' FNL AND 2164'
FWL, WHICH IS IN Tr. No. 1.
TOTAL ACREAGE WITHIN COMMUNITIZED AREA
316.19 ACRES, MORE OR LESS.

EXHIBIT "8"
To Communitization Agreement dated February 2, 1981,
embracing the North Half (N/2) Section 6, Township 25 South,
Range 37 East, N.M.P.M., Lea County, New Mexico, containing
317.19 acres, more or less.

Operator of Communitized Area: Atlantic Richfield Company

Description of Leases Committed

Tract No. 1

Lease Serial No.:	LC 055546
Lease Date:	January 4, 1935
Lease Term:	20 years
Lessor:	United States of America
Original Lessee:	E. J. Wells
Present Lessee:	Atlantic Richfield Company
Description of Lands Committed:	Township 25 South, Range 37 East, N.M.P.M., SW/4 NE/4 and SE/4 NW/4 Section 6
Number of Acres:	80.00
Royalty Rate:	On Gas and Casing-Head Gasoline: 12½ when average daily production is less than 3,000,000 cubic feet; 16 2/3 when average daily production is 3,000,000 cubic feet or more on oil: 12½ to 33 1/3 sliding Scale
Name and Percent ORRI Owners:	5% owned as follows: Terra Resources, Inc.----- .036705 Robert Bivens----- .00022375 The Marbet Company----- .000446 Marguerite B. Poynter----- .00022375 Red Feather Oil Company----- .003125 Virginia B. Bryan----- .00022375 Douglas O. Williams----- .00022375 J. Reuel Armstrong----- .001319 Helen H. Benedict----- .00019600 Leland Stanford Jr. University--- .000446 Ruby C. Bowen----- .001319 Clyde C. Dawson----- .000196 Alice H. Fox----- .000049 Elizabeth G. Henry----- .000049 S. Arthur Henry, Jr.----- .000049 Pauson Oil Company----- .000446 Diane Rene Stewart, Conservator for Elizabeth O. Tucker----- .001319 Helen H. Utter----- .000049 Jean Wells Klaasse, Guardian of the Person & Property of Martha Noel Wells----- .003392 Atlantic Richfield Company----- 100%
Name and Percent WI Owners:	

Tract No. 1A

Lease Serial No.:	LC 055546 (Same as Tract No. 1)
Lease Date:	January 4, 1935
Lease Term:	20 years
Lessor:	United States of America
Lessee:	E. J. Wells
Present Lessee:	El Paso Natural Gas Company
Description of Lands Committed:	Township 25 South, Range 37 East, N.M.P.M., Lot 4, being NW/4 NW/4, Section 6
Number of Acres:	38.16
Royalty Rate:	Same as Tract No. 1
Name and Percent ORRI Owners:	1.667687% owned as follows: J. Ruel Armstrong----- .014663 L. E. Armstrong, Jr.----- .014664 Mary E. Baker----- .005956 Helen H. Benedict----- .006542

Robert Bivens-----	.005956
Leland Stanford Jr. University----	.014889
Ruby C. Bowen-----	.043990
Colorado National Bank	
Personal Representative of	
The Estate of Clyde C.	
Dawson, Deceased-----	.006542
Alice H. Fox-----	.001090
S. Arthur Henry, Jr.-----	.001090
Elizabeth G. Henry-----	.003271
Pauson Oil Company-----	.014889
The Marbet Company-----	.014889
Mary E. Bivens Poeggel-----	.005956
Marguerite Bivens Poynter-----	.005956
Red Feather Oil Company-----	.104230
Terra Resources, Inc.-----	1.224252
Diane Rene Stewart, Conservator	
Of Elizabeth O. Tucker-----	.043990
Helen H. Utter-----	.001090
Jean Wells Klaasse, Guardian of	
The Estate of Martha	
Noel Wells-----	.113163
Douglas O. Williams-----	.005955
Mrs. Ann Young-----	.014664
El Paso Natural Gas Company-----	100%

Name and Present Working
Interest Owners:

Tract No. 1B

Lease Serial No.:	LC055546 (Same as Tract No. 1)
Lease Date:	January 4, 1935
Lease Term:	20 years
Lessor:	United States of America
Lessee:	E. J. Wells
Present Lessee:	Santa Fe Energy Company
Description of Lands Committed:	Township 25 South, Range 37 East, N.M.P.M. Lot 1, being NE/4 NE/4, Section 6
Number of Acres:	39.91
Royalty Rate:	Same as Tract No. 1
Name and Present ORRI Owners:	5% owned as follows:
	L. E. Armstrong, Jr.----- .0004400
	Ann Young----- .0004400
	Ruby C. Bowen----- .0013200
	Mrs. Fred E. Tucker, Jr.----- .0013200
	Robert Bivens----- .0008900
	The Marbet Co.----- .0004500
	Pauson Oil Co.----- .0004500
	J. Reuel Armstrong----- .0004400
	Board of Trustees of the
	Leland Stanford, Jr.,
	University----- .0004500
	Red Feather Oil Co.----- .0031200
	Jean Wells Klaasse, Guardian
	For Martha Noel Wells----- .0033900
	Terra Resources, Inc.----- .0367051
	Helen Benedict----- .0001965
	Clyde C. Dawson----- .0001966
	Elizabeth G. Henry----- .0000982
	Alice H. Fox----- .0000329
	Helen H. Utter----- .0000329
	Santa Fe Energy Company----- .0000329
Name and Present Working Interest Owners:	Santa Fe Energy Company----- 100%

Tract No. 2 - 2A

Lease Dated: November 27, 1925
Recorded: Book 3, Page 247, Records of
Lea County, New Mexico
Lessor: C. D. Woolworth, et al
Lessee: The Pure Oil Company
Land Covered: SW/4 NW/4, SE/4 NE/4, and other lands
not included within said communitized
area, Section 6, T-25-S, R-37-E, N.M.P.M.
Primary Term: 10 years
Royalty: 1/8 on oil and gas
Record Title to Lease: Phillips Petroleum Company
Name and Percent of Royalty Owners:

T. J. Horsley-----	.0004883
Atlantic Richfield Company-----	.0074218
Atlantic Richfield Company-----	.0003907
Cathie Auvenshine-----	.0000976
Virginia L. Barnes-----	.0003472
Jane C. Balckford-----	.001770
W. C. Stroube & William J. Collins, Independent Exec. Of the Estate of J. L. Collins-----	.0010417
Clifford Cone-----	.0000977
Douglas Cone-----	.0000977
Kathleen Cone-----	.0004883
Kenneth G. Cone-----	.0000976
Maurice G. Stuffman, Kathrine Cone, and Tom Sealy, Trustees of S. E. Cone, Deceased-----	.0003255
Tom R. Cone-----	.0000977
Mrs. Martha Watkins Harris-----	.0012206
Winona C. Jones-----	.0003472
Marjorie Cone Kastman-----	.0001628
Mrs. Clyde Watkins Miller-----	.0004612
Trustees of the Jal Public Library Fund-----	.0026313
Andrew S. Pearson, Jr.-----	.0003472
H. Dillard Schenck-----	.0004883
The First National Bank of Corsicana, Texas and H. R. Stroube, Jr., Ancillary Co-Executors of Estate of H. R. Stroube, Deceased-----	.0010417
Joseph Edward Stroube, Ancillary Executor of the Estate of W. C. Stroube-----	.0010417
Myrtis D. Watkins-----	.0012206
Robert L. Wheelock, Jr. and Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock-----	.0005208
First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust-----	.0003438
Bank of Oklahoma and Rita L. Willis, Co-Trustees of the Rita L. Willis Trust-----	.0004883

Tract No. 3

Lease #1 Dated: November 4, 1936
Recorded: Book 28, Page 388, Records of
Lea County, New Mexico
Lessor: George D. Key and Bertha Key
Lessee: F. J. Danglade

Land Covered:	NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area
Primary Term:	10 years
Royalty:	1/8 on oil and gas
Record Title to Lease:	Getty Oil Company
Lease #2 Dated:	Same as #1
Recorded:	Book 28, Page 389, Records of Lea County, New Mexico
Lessor:	Elizabeth Hudson Penn
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #3 Dated:	Same as #1
Recorded:	Book 28, Page 387, Records of Lea County, New Mexico
Lessor:	The North Central Texas Oil Company, Inc.
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #4 Dated:	November 4, 1937
Recorded:	Book 34, Page 553, Records of Lea County, New Mexico
Lessor:	C. Schnurr
Lessee:	Skelly Oil Company
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #5 Dated:	May 25, 1939
Recorded:	Book 40, Page 534, Records of Lea County, New Mexico
Lessor:	W. B. Skirvin
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #6 Dated:	June 7, 1939
Recorded:	Book 40, Page 547, Records of Lea County, New Mexico
Lessor:	Tidewater Associated Oil Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #7 Dated:	June 6, 1939
Recorded:	Book 40, Page 555, Records of Lea County, New Mexico
Lessor:	S. M. Gloyd and Onez Norman Gloyd
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #8 Dated:	August 14, 1939
Recorded:	Book 41, Page 17, Records of Lea County, New Mexico
Lessor:	Peerless Oil and Gas Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #9 Dated:	 July 1, 1939
Recorded:	Book 40, Page 620, Records of Lea County, New Mexico
Lessor:	J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #10 Dated:	 December 6, 1936
Recorded:	Book 28, Page 393, Records of Lea County, New Mexico
Lessor:	ARGO Oil Corporation
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #11 Dated:	 November 4, 1936
Recorded:	Book 28, Page 392, Records of Lea County, New Mexico
Lessor:	R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	5 years
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #12 Dated:	 November 4, 1936
Recorded:	Book 28, Page 391, Records of Lea County, New Mexico
Lessor:	Robert C. Sharp and Josephine P. Sharp
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #13 Dated:	 November 4, 1936
Recorded:	Book 28, Page 390, Records of Lea County, New Mexico
Lessor:	L. C. Ritts and Gladys C. Ritts
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #14 Dated:
Recorded:

Lessor:
Lessee:
Land Covered:
Primary Term:
Royalty:
Record Title to Lease:

November 4, 1936
Book 28, Page 397, Records of
Lea County, New Mexico
F. D. Bearly and Cora Bearly
Same as #1
Same as #1
Same as #11
Same as #1
Same as #1

Lease #15 Dated:
Recorded:

Lessor:
Lessee:
Land Covered:
Primary Term:
Royalty:
Record Title to Lease:
Name and Percent of Royalty
Owners Under Lease #1 thru #15:

November 4, 1936
Book 28, Page 471, Records of
Lea County, New Mexico
Roger B. Owings and
Lucy P. Owings
Same as #1
Same as #1
Same as #11
Same as #1
Same as #1

John Dwire Atkins-----	.0002388
Atlantic Richfield Company-----	.0101273
Roy G. Barton, Jr.-----	.0078125
James Henry Bearly-----	.0002387
Chas. Francis Bedford-----	.0003125
Henry De Graffenried Bedford-----	.0003125
Helen Learmont Bedford-----	.0003125
Rachel Bedford Bowen-----	.0003125
Mary Smith Bowers-----	.0001033
Joe and Jessie Crump Fund-----	.0048828
Estate of Pauline Cromartie-----	.0001033
Richard L. Cromartie, Jr.-----	.0000517
The First National Bank of Midland and Jessie Blevins Crump, Co-Trustees-----	.0048828
Elizabeth Bearly Dudley-----	.0002387
Fluor Oil and Gas Corporation-----	.0078125
Getty Oil Company-----	.0234375
Eva W. Graham-----	.0001033
Bernice J. Gross-----	.0039063
Katie Smith Hazlehurst-----	.0001033
Rosa Lee Smith Johnson-----	.0001099
George D. Key, Jr.-----	.0058593
J. M. Richardson Lyeth, Jr. and Munro Longyear Lyeth-----	.0070313
Judd Moore-----	.0002387
North Central Oil Corporation-----	.0039063
Roger B. Owings-----	.0039063
Nancy Elizabeth Penson-----	.0114612
William Y. Penn, Trustee Devises under the will of George Pfouts, Deceased-----	.0038195
Mildred Smith Rawls-----	.0000056
Ritts Royalty Company-----	.0001033
Onez Norman Rooney-----	.0023149
Royalty Roundup, Inc.-----	.0070312
Ellis Rudy-----	.0000302
Magabel Smith Rule-----	.0003617
Frances Wooten Scott-----	.0001033
Elinor Campbell Shaughnessy-----	.0000517
Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate-----	.0003617
Richard J. Shaughnessy, Adm. Estate of Julie Underwood Erickson-----	.0010850

O. W. Skirvin-----	.0021701
Archie D. Smith, Trustee-----	.0023149
Cassius L. Smith-----	.0001152
David Lee Smith-----	.0000066
Oudley M. Smith-----	.0000056
Edmond D. Smith-----	.0001162
Eugene Smith-----	.0001033
Frank L. Smith-----	.0001033
Harry E. Smith-----	.0000517
H. Winfield Smith, Jr.-----	.0001033
Harry Eldon Smith-----	.0000066
Mary M. Smith-----	.0001033
Maud S. Smith-----	.0001033
Leon D. Smith-----	.0001162
R. P. Smith-----	.0001162
Robert H. Smith-----	.0000129
Gladys Flinchum, Adm. of Estate of Odella N. Spears-----	.0012152
Georgia A. Stieren, Ind. Exec. of Estate of Jack Stieren-----	.0001627
Tortuga Oil and Gas, Inc.-----	.0001402
Randall Mark Trainer-----	.0039062
Nora Walker-----	.0000056
Lillian Smith Ward-----	.0000517
Betty S. Warren-----	.0000129
Ellen Ann Wallace Williams-----	.0003125
Jane Cromartie Williams-----	.0000517
Jack Wooten-----	.0000517
Tom Wooten, Jr.-----	.0001033

PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

Note, however ratifications are being obtained from all mineral interest owners, and those not replying will be Forced Pooled.

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres</u>	<u>Percent of Pool</u>
1	80.00	25.3012429%
1A	38.16	12.0686929%
1B	39.91	12.6221576%
2	38.22	12.0876688%
2A	40.00	12.6506215%
3	79.90	25.2696163%
	<u>316.19</u>	<u>100.0000000%</u>

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared
K. V. TERRELL, Attorney-in-Fact for ATLANTIC RICHFIELD
COMPANY, a corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said Atlantic Richfield Company, for the purposes and
considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of
February, 1981.

Yvonne Brooks Yvonne Brooks
Notary Public

My Commission Expires

July 3, 1984

INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS
(New Mexico Properties)

The attached instruments should be executed pursuant to the following instructions:

1. Married Persons (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
2. Married Persons (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
3. Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.
4. Single Women. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
5. Corporations. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-in-fact, a copy of his power of attorney should be furnished.
6. Partnerships. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
7. Trustees. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
8. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approving the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
9. Capacity Not Covered. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
10. Acknowledgments. The acknowledgment must be taken by a Notary Public whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not useable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.

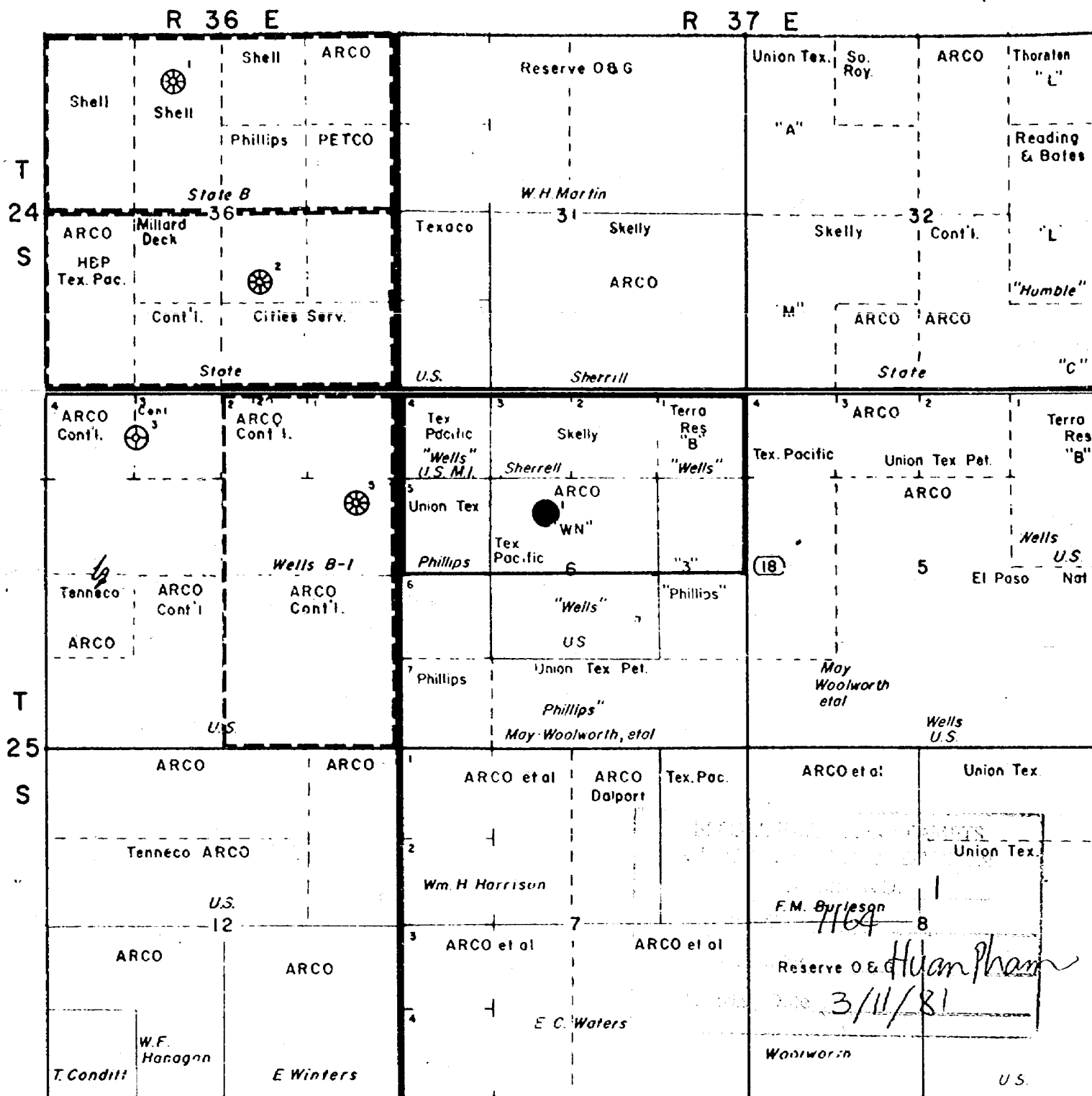
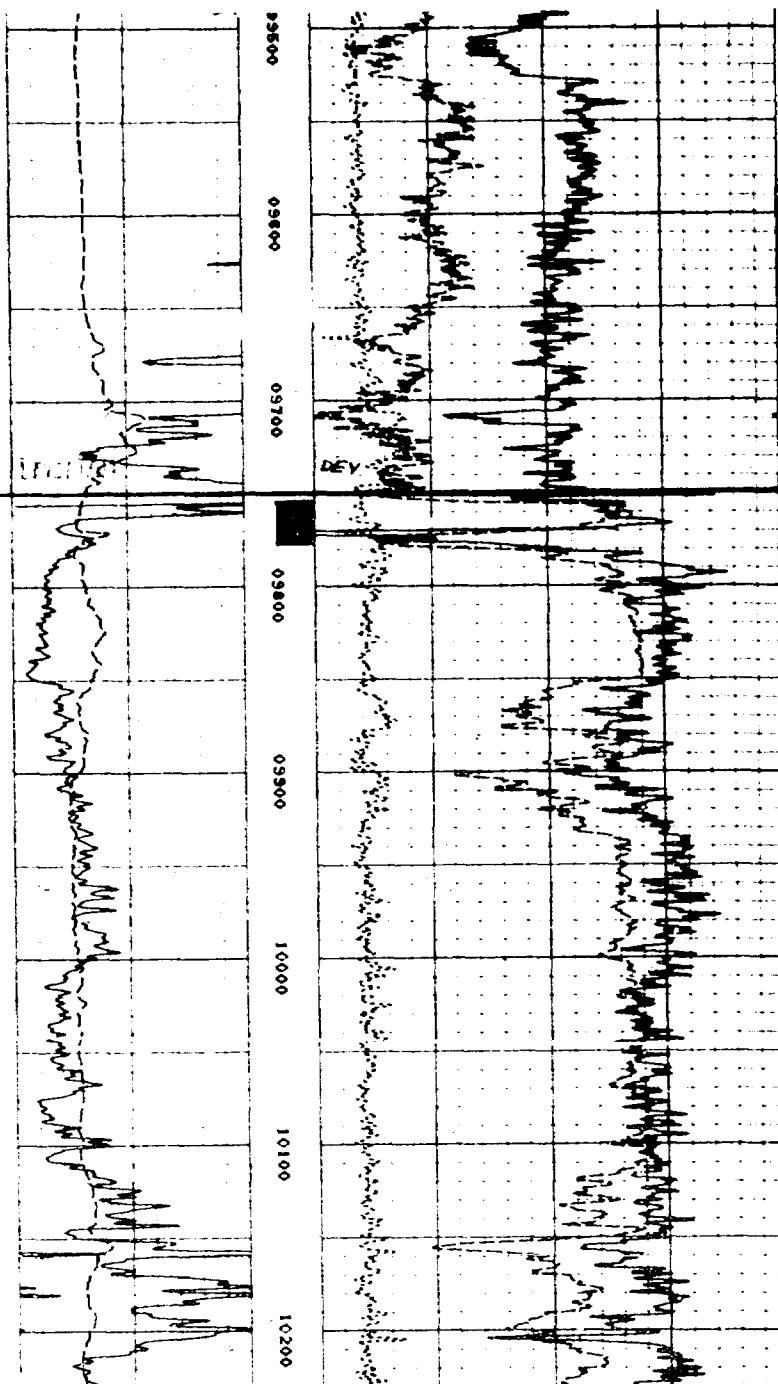


EXHIBIT 1

CONOCO INC
WELLS B-1 NO.5

1650' FNL. & 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253

DEVONIAN



RECORDED BY: J. H. HARRIS
CHECKED BY: J. H. HARRIS

2

7164

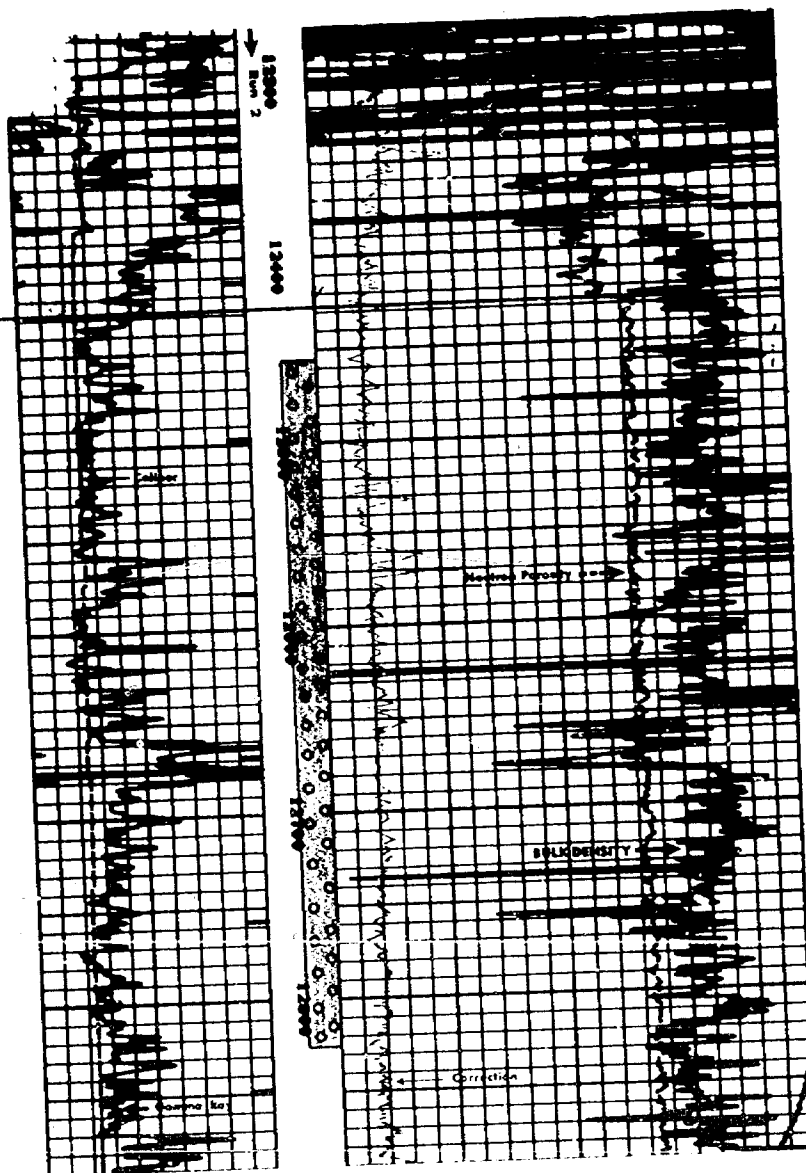
Huan Pham

Date: 3/11/81

CONOCO INC
WELLS B-1 NO. 5

1650' FNL @ 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253

ELLENBURGER



DEFORE E. & J. STAMETS
OIL COMPANY DIVISION

WELL NO. 3

7164

Solution: *Huan Nam*

Flowing Date: 3/11/81

Title CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number		
Location 1650' FNL & 1980' FWL, Section 6, T-25-S, R-37-E, Lea County, New Mexico				
APPR TD 12,800 Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Budget Information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019 Capital Instabudget dated 10/9/79 <input type="checkbox"/> Named on Instabudget 10/9/79 Amount capital differs from Instabudget \$ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ Over/(under)		
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explot. group) Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service		Originated by Luan Pham District Permian West Field name Custer Lease record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. Field code 064410 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).		
Component AFE No(s) Description and justification Account codes Amounts--in whole dollars only				
On hand Capital Expense Total				
614459	Tangible	031	607,000	607,000
"	Intangible	037	1,250,000	1,250,000
"	Total Drilling Cost		1,857,000	1,857,000
614467	Production equipment	038	170,000	170,000
		Gross totals	2,027,000	2,027,000
Operator ARCO Oil & Gas Co.		Net Atlantic Richfield share	584,483	584,483
Atlantic Richfield ownership decimal 0.282349		Range requested	Lower	Upper
Period (years) (AFIT) 1/81	Return (AFIT) 6/81	Completion date 6/81	\$ Prior year Capital Expense	\$ Curr. year Capital Expense
Technical audits (check those required) <input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input type="checkbox"/> Other		<input checked="" type="checkbox"/> Procedural audits Signature Company		<input type="checkbox"/> Co-owner approval Signature Company
Approvals (check highest level required) <input checked="" type="checkbox"/> General C. S. Landwehr Jr. Date 8/19/80 <input type="checkbox"/> Other <input type="checkbox"/> Regional <input type="checkbox"/> Senior vice-president		Authorized expenditure limit table No. 105 NOTE: : UNDERSIGNED APPROVAL IS SUBJECT TO EXECUTION OF MUTUALLY ACCEPTABLE OPERATING AGREEMENT. President/Chairman PHILLIPS PETROLEUM COMPANY BY: E. E. CLARK, AREA MANAGER DATE: 2-28-81		

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This agreement may be executed in a number of counterparts, each of which shall be considered
original and all parts.

IN WITNESS WHEREOF, this agreement was duly executed and signed on the 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By: _____
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By: _____

Phillips Petroleum Company

By: _____
Cliff Ehr, Attorney-In-Fact

Santa Fe Energy Company

By: _____

El Paso Natural Gas Company

By: _____

BEFORE EXAMINER STAMETS,
OIL CONSERVATION DIVISION

EXHIBIT NO. 4

CASE NO. 7164

Submitted by ARCO

Hearing Date 3/11/81

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS }

COUNTY OF MIDLAND }

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

1980. GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF TEXAS }
COUNTY OF HARRIS }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Cliff Ohr
Attorney-In-Fact, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said PHILLIPS PETROLEUM COMPANY, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of March A.D., 19 81.
My Commission Expires:
August 25, 1984

Kent Crawford
NOTARY PUBLIC
Notary Public in and for
Harris County, Texas
KENT CRAWFORD

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19 _____.

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19 _____.

NOTARY PUBLIC

Title CUSTER-WELLS No. 1: Drill & Equip		MAR 9 1981		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number	
Location 1650' FNL & 1980' FWL, Section 6, T-25-S, R-37-E, ARCO OIL AND GAS CO. NORTH & WEST LAND DEPT. Deer county, New Mexico					
Obj Form APPR TD 12,800 Ellenburger		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019		Originated by Huan Pham District Permian West Field name Custer	
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100% <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Capital Instabudget dated 10/9/79 <input type="checkbox"/> Named on Instabudget 10/9/79 Amount capital differs from Instabudget \$ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ Over/(under)		AFE number 614459-614467 Project identifier Less record number NM-97, NM-MD-67 NM-MD-85, SOC 5931-01 Expl. project No. Field code 064410 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) J. J. Green Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Re's <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service					
Component AFE No(s) Description and justification Account codes Amounts—in whole dollars only					
On hand Capital Expense Total					
614459	Tangible	031		607,000	607,000
"	Intangible	037		1,250,000	1,250,000
"	Total Drilling Cost			1,857,000	1,857,000
614467	Production Equipment	038		170,000	170,000
		Gross totals		2,027,000	2,027,000
Operator ARCO Oil & Gas Co.		Net Atlantic Richfield share		584,483	584,483
Atlantic Richfield ownership decimal 0.288349		Range requested		Lower	Upper
Payout (years) (AFIT)	% Return (AFIT) Pay (AFIT)	%	Start date 1/81	Completion date 6/81	\$ Prior year Capital Expense
					\$ Curr. year Capital 584,483 Expense
\$ Thereafter Capital Expense					
Technical audits (check those required) <input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input type="checkbox"/> Other <input checked="" type="checkbox"/> Procedural audits					
Approval (check highest level required) C. E. Landwehr Jr. 8/17/80 Date Executive vice-president President/Chairman For Board of Directors					
Authorized expenditure limit table No. 103					

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this agreement shall be signed as of 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By: _____
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By: _____
J. A. MORRIS, AGENT

Phillips Petroleum Company

By: _____

Santa Fe Energy Company

By: _____

El Paso Natural Gas Company

By: _____

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al,
Non-Operators.

STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

BEFORE ME, the undersigned, a Notary Public in and for said County and
State, on this day personally appeared J. A. MORRIS, AGENT for GETTY OIL COMPANY,
a Delaware corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations
and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

My commission expires:

June 28, 1981

Hester A. Romine
Notary Public

Title CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number																																																																																																																					
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Well name Custer Wells No. 1	T.O. 12,800
Location 1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico	
Region Western	District Permian West
Objective	

- ☒ Development
☐ Exploratory
☐ Completion
- ☐ Single
☒ Dual
☐ Multiple

Data Processing Information											
Trans. Ident.				A.F.E. Number		Update code					
1	2	3	4	5	6	7	8	9	10	11	1 = Delete 3 = Add
A	F	E	E								Original/Revision Indicator 1 = Original 2 = Revision

Tangible costs	Dry hole	Completion costs	Detail	Total gross dollars	Major account
1. Tubular goods			12 13 14	15 16 17 18 19 20 21 22	23 24 25 26
20" OD from 0' to 30'	1,000				
13-3/8" OD from 0' to 1200'	28,000				
9-5/8" OD from 0' to 6450'	110,000				
7" OD from 0' to 12800'		245,000			
2-3/8" OD from 0' to 12300'		60,000			
2-3/8" OD from 0' to 9550'		50,000			
" OD from ' to '					
" OD from ' to '					
2. Casinghead and Christmas tree	18,000	60,000	5 0 4		
3. Tubing accessories		25,000	5 0 6		
4. Artificial lift accessories			5 0 7		
5. Unclassified materials	5,000	5,000	5 0 8		
Total tangibles	162,000	445,000			
Intangible costs					
6. Testing tubular goods	8,000	15,000	5 6 9		
7. Trucking tubular goods	8,000	8,000	5 0 9		
8. Casing accessories	5,000		5 1 2		
9. Site preparation, maint., clean up	25,000		5 1 4		
10. Permits, insurance, damages	2,000		5 1 5		
11. Moving expense	50,000		5 1 7		
12. Boat & barge rental			5 1 8		
13. Camp & catering			5 2 2		
14. Boiler			5 2 5		
15. Roads, airstrips & maintenance			5 5 6		
16. Air freight & air transportation			5 2 8		
17. Contract footage drilling					
ft @ \$ / ft.			5 3 2		
Contract daywork (items 18 through 24)					
18. Drilling 60 days @ \$5000 /day	300,000		5 3 3		
19. Casing 7 days @ \$5000 /day	15,000	20,000	5 3 4		
20. Fishing 3 days @ \$5000 /day	15,000		5 3 6		
21. Lost circ. & flows 3 days @ \$5000 /day	15,000		5 3 7		
22. Log test & core days @ \$ /day			5 3 8		
23. Shut down time days @ \$ /day			5 3 9		
24. Completion or plugging days @ \$ /day			5 4 1		
25. Completion unit daywork 50 days @ \$100/day		50,000	5 4 2		
26. Rental: DP, DC, & related tools			5 4 3		
27. Well control equipment	20,000		5 4 7		
28. Drill bits # 2 size 17-1/2"	5,000		5 4 8		
# 6 size 12-1/4"	25,000				
# 25 size 8-3/4"	37,000				
# 1 size 6"		1,000			

Well name Custer Wells No. 1		Data Processing Information																	
Estimated by S. A. Haktanir		Tran. Ident.				5	A.F.E. number						Up is code 1 = delete 3 = add						
Date 6/30/80		1 2 3 4					6 7 8 9 10 11						Original/revision indicator 1 = Original 2 = Revision						
		A F E E																	
Intangible cost (continued)		Dry hole		Completion costs		Detail code		Total gross dollars										Major account	
						12 13 14		15 16 17 18 19 20 21 22										23 24 25 26	
29. Fuel, fresh water & drayage		40,000		5,000		5 4 9													
30. Drilling mud materials & drayage		110,000				5 5 1													
31. Drilling mud equipment						5 5 2													
32. Air compressor rental or gas cost						5 5 3													
33. Air or gas drlg. accessories & drayage						5 5 4													
34. Open hole surveys		40,000				5 5 7													
35. Data recording services						5 5 8													
36. Wireline formation tester						5 5 9													
37. Mud log		20,000				5 6 0													
38. Cased hole surveys				16,000		5 6 1													
39. Perforating fees				10,000		5 6 2													
40. Sidewall coring						5 6 3													
41. Conv. diamond or wireline coring ft.						5 6 8													
42. Drill stem tests = 2		15,000				5 7 2													
43. <input type="checkbox"/> Acidize <input checked="" type="checkbox"/> Fracture gal. lbs				120,000		5 7 7													
44. Cement & fees for casing																			
20 " OD circ sacks		1,000																	
13-3/8 " OD circ sacks		10,000																	
9-5/8 " OD circ sacks		30,000																	
7 " OD sacks				35,000															
" OD sacks																			
" OD sacks																			
45. Cement & fees for squeezes or plugs				15,000		5 7 9													
46. Fishing tool rental & drayage		10,000		10,000		5 8 0													
47. Directional drlg. tool rental & drayage						5 8 1													
48. Operations - prorata						5 9 0													
49. Unclassified tool rental & drayage		15,000		12,000		5 8 7													
50. Unclassified drayage & supplies		10,000		10,000		5 9 4													
51. Unclassified services & material losses		20,000		20,000		5 8 9													
52. Overhead		10,000		7,000		5 9 2													
53. Supervision by contract personnel						1 0 5													
54. Supervision by A.R.Co. personnel		24,000		10,000		1 0 6													
Total Intangibles																			
		885,000		365,000															
Total cost (tangibles & intangibles)		1,047,000		810,000															
Completed well cost (dry hole & comp.)				1,857,000															

Subject ARCO Custer Wells No. 1: Drill & Equip		Date July 9, 1980
Authorization number		
District Permian West		
Location 1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico		
Project To test Devonian and Ellenburger formation		
Depth 12,800		
Approved	Contract footage	Daywork depth

Casing program:

Surface casing

13-3/8" 54#/ft @ \pm 1200'

Protective string

9-5/8" 36#/ft @ \pm 6450'

Oil string

7" 26 & 29#/ft @ TD of 12800'

Liner

Casinghead

Estimated formation tops Est. El. 3250 DF

Rustler	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
Yates	2800	Barnett	8500	Silurian	9800	McKee	11650
Queen	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
Bone Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Mud program

0 - 1200' - Spud Mud
1200 - 6450' - Brine water - Lime for pH control
6450 - 8000' - Cut brine, use fresh water for volume
8000 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

Surveys @ 6450'

GR - CNL - FDC 6450' to 2500'
DLL - Rxo 6450' to 2500'

@ Total Depth

GR - CNL - FDC TD to intermediate
GR - DIL TD to intermediate

Coring

Core priority

Drill stem tests

DST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

Samples

10' samples from 4000' to total depth.

Fluid samples

2 quarts fluid recovered from DST's for analysis.

Mud logging

Mud log unit from 8500' to TD

Elevations

Est. elevation 3250 DF.

Type completion

Dual Devonian and Ellenburger.

Completion equipment

Signed (District Office Superintendent)

B. H. Richs

Endorsed

District Operations Manager

L. H. Linden Jr. R. E. Turner

Date

5/15/80

District Engineer

J. J. Tress

Date

7-30-80

District Explorationist (geologist)

David W. Linsome

Date

8-18-80

Approved

District Manager

C. E. Cardwell Jr.

Date

8/17/80

Title CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number																																																																																							
Location 1650' FNL & 1950' FNL, Section 6, T-25-S, R-37-E, Lea County, New Mexico																																																																																									
Obj Form APPR TD 12,800 Ellenburger		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019																																																																																							
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory 0 % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Originated by Huan Pham District Permian West Field name Custer Lease record number MM-97, MM-MD-67 MM-MD-85, SOC 5031-01 Expt. project No. 064410 Field code 064410																																																																																							
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Well name
Custer Wells No. 1T.O.
12,800

Location

1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Region

Western

District

Permian West

Field

Objective

- ☒ Development ☐ Single
☐ Exploratory ☒ Dual
☐ Completion ☐ Multiple

Data Processing Information

Trans. Ident.

1	2	3	4
A	F	E	E

A.F.E. Number

5	6	7	8	9	10	11

Update code
1 = Delete
3 = AddOriginal/Revision Indicator
1 = Original
2 = Revision

Tangible costs

1. Tubular goods

20" OD from 0' to 30' :
13-3/8" OD from 0' to 1200' :
9-5/8" OD from 0' to 6450' :
7" OD from 0' to 12800' :
2-3/8" OD from 0' to 12300' :
2-3/8" OD from 0' to 9550' :
" OD from ' to ' :
" OD from ' to ' :

Dry hole

Completion costs

Detail code

Total gross dollars

Major account

2. Casinghead and Christmas tree

3. Tubing accessories

4. Artificial lift accessories

5. Unclassified materials

Total tangibles

Intangible costs

6. Testing tubular goods

7. Trucking tubular goods

8. Casing accessories

9. Site preparation, maint., clean up

10. Permits, insurance, damages

11. Moving expense

12. Boat & barge rental

13. Camp & catering

14. Boiler

15. Roads, airstrips & maintenance

16. Air freight & air transportation

17. Contract footage drilling

_____ ft @ \$ _____ / ft.

Contract daywork (items 18 through 24)

18. Drilling 60 days @ \$5000 /day

19. Casing 7 days @ \$5000 /day

20. Fishing 3 days @ \$5000 /day

21. Lost circ. & flows 3 days @ \$5000 /day

22. Log test & core _____ days @ \$ _____ /day

23. Shut down time _____ days @ \$ _____ /day

24. Completion or plugging _____ days @ \$ _____ /day

25. Completion unit daywork 50 days @ 100/day

26. Rental: DP, OC, & related tools

27. Well control equipment

28. Drill bits = 2 size 17-1/2"

= 6 size 12-1/4"

= 25 size 8-3/4"

Custer Wells No. 1

Data Processing Information

Estimated by
S. A. Hakton Jr

6/30/80

Trans. Ident.

1 2 3 4
A F E E

A.F.E. number

6 7 8 9 10 11
: : : : : :

Up to code
1 = delete
3 = add

Original/revision indicator
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ingible cost (continued)

	Dry hole	Completion costs	Detail code	Total gross dollars	Major account
			12 13 14	15 16 17 18 19 20 21 22	23 24 25 26
Fuel, fresh water & drayage	40,000	5,000	5 4 9		
Drilling mud materials & drayage	110,000		5 5 1		
Drilling mud equipment			5 5 2		
Air compressor rental or gas cost			5 5 3		
Air or gas drlg. accessories & drayage			5 5 4		
Open hole surveys	40,000		5 5 7		
Data recording services			5 5 8		
Wireline formation tester			5 5 9		
Mud log	20,000		5 6 0		
Cased hole surveys		16,000	5 6 1		
Perforating fees		10,000	5 6 2		
Side wall coring			5 6 3		
Conv. diamond or wireline coring ft.			5 6 8		
Well stem tests = 2	15,000		5 7 2		
Acidize <input checked="" type="checkbox"/> Fracture gal. lbs		120,000	5 7 7		
ment & fees for casing					
20" " OD circ sacks	1,000				
13-3/8" " OD circ sacks	10,000				
11-5/8" " OD circ sacks	30,000				
" " OD sacks		35,000			
" " OD sacks					
" " OD sacks					
ment & fees for squeezes or plugs		15,000	5 7 9		
String tool rental & drayage	10,000	10,000	5 8 0		
Sectional drlg. tool rental & drayage			5 8 1		
Operations - prorato			5 9 0		
Classified tool rental & drayage	15,000	12,000	5 8 7		
Classified drayage & supplies	10,000	10,000	5 9 4		
Classified services & material losses	20,000	20,000	5 8 9		
Head	10,000	7,000	5 9 2		
ervision by contract personnel			1 0 5		
ervision by A.R.Co. personnel	24,000	10,000	1 0 6		
Intangibles					
	885,000	365,000			
st (tangibles & intangibles)	1,047,000	810,000			
nd well cost (dry hole & comp.)		1,857,000			

ARCO Custer Wells No. 1: Drill & Equip

Date
July 9, 1980

Location number

Permian West

1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Project

Test

Devonian and Ellenburger

Formation

Depth 12,800

Provided

Contract footage

Daywork depth

Drilling program:

Surface casing

13-3/8" 54#/ft @ ±1200'

Protective string

9-5/8" 36#/ft @ ±6450'

String

7" 26 & 29#/ft @ TD of 12800'

er

inghead

Estimated formation tops Est. El. 3250 DF

stler	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
tes	2800	Barnett	8500	Silurian	9800	McKee	11650
een	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
ne Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Drilling program

0 - 1200' - Spud Mud
00 - 6450' - Brine water - Lime for pH control
50 - 8000' - Cut brine, use fresh water for volume
00 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

veys @ 6450'

@ Total Depth

- CNL - FDC 6450' to 2500'
L - Rxo 6450' to 2500'

GR - CNL - FDC TD to Intermediate
GR - DIL TD to intermediate

are priority

ill stem tests

ST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

amples

0' samples from 4000' to total depth.

uid samples.

quarts fluid recovered from DST's for analysis.

ud logging

ud log unit from 8500' to TD

evaluations

st. elevation 3250 DF.

ype completion

ual Devonian and Ellenburger.

ompletion equipment

igned (District Drilling Superintendent)

B. Richards

ndorsed

Chief Operations Manager

L. K. Linton / J. R. Turner

Date

5/15/80

istrict engineer

J. J. Turner

Date

7-30-80

istrict Geomorphologist (Geologist)

Don W. Linton

Date

8-18-80

pproved

istrict Manager

C. E. Cardwell Jr.

Date

8/19/80

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A.A.P.E. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C. E. Cardwell, Jr.
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

GETTY OIL COMPANY

By: _____

EL PASO NATURAL GAS COMPANY

By: _____

SANTE FE ENERGY COMPANY

By: C. J. Berry, Jr.
C. J. Berry, Jr.
Executive Vice President

Attest: L. S. Conzill
Assistant Secretary

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September,
1980.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas
COUNTY OF Potter

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C.J. Berry, Jr.
Exec. Vice Pres., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said Santa Fe Energy Company, a corporation,
and that he has executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of November, A.D., 19 80



KATHY J. CASILLAS
Notary Public, State of Texas
My Commission Expires 10-30-81

Kathy J. Casillas
NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____,
known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____,
known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
19 80.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

UNION TEXAS PETROLEUM CORPORATION

By: _____

GETTY OIL COMPANY

By: _____

TERRA RESOURCES, INC.

By: _____

EL PASO NATURAL GAS COMPANY

By: D. N. Canfield
D. N. CANFIELD
ATTORNEY-IN-FACT



THE STATE OF TEXAS)
COUNTY OF MIDLAND)

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operator,

BEFORE ME, the undersigned authority, on this day personally appeared _____, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 1970.

Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas
COUNTY OF El Paso

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D. N. Canfield, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said El Paso Natural Gas Company, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 19th day of December A.D., 1980

ANNE F. GRIEP
Notary Public in and for STATE of TEXAS
My Commission Expires 09-30-84

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said _____, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19____

NOTARY PUBLIC

PERSONAL ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19____

NOTARY PUBLIC

ARCO Oil and Gas Company
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0130
Curt Krehbiel
District Landman

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 7164

Submitted by ARCO

Hearing Date 3/11/81



February 24, 1981

TO: All Royalty Owners and Other Owners
of Interest in Production

RE: Proposed Well and Working Interest Unit
Custer-Wells Federal Com. #1
N/2 Section 6, T-25-S, R-37-E
Lea County, New Mexico
SOC-5031

Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the royalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratification to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgment page which must be notarized. Instructions for execution

All Royalty Owners and Other Owners
of Interest in Production
February 24, 1981
Page 2

and acknowledgement of instruments for New Mexico properties
are enclosed for your information, as is a stamped self-
addressed envelope for your convenience.

If you have any questions, please feel free to call me
collect at (915) 684-0134.

Cordially Submitted,

Thomas S. Mutranowski

Thomas S. Mutranowski
Landman

TSM:mr

Enclosures: Communitization Agreement
Ratifications (4)
Instructions
Stamped Return Envelope

CONSENT AND RATIFICATION TO
COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Ellenburger Formation, dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

EXECUTED the day and year hereinbelow set forth.

DATE: _____

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor
U. S. GEOLOGICAL SURVEY

DATED: _____

CONTRACT NO.: _____

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

N/2 Section 6, T-25-S, R-37-E, N.M.P.M.,
Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.
3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

6. (a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.
- (b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.
7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or productions pursuant to this agreement shall be deemed to be

operations or productions as to each lease committed hereto.

9. The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.
10. This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitized formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

12. The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successors in interests, and shall be subject to approval by the Secretary of the Interior.
13. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.
14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
16. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: K.V. Jenell
Attorney-In-Fact

*WMA
TSM CK*

EXHIBIT "A"

PLAT OF COMMUNITIZED AREA COVERING
N/2 SECTION 6, T-25-S, R-37-E N.M.P.M.
LEA COUNTY, NEW MEXICO

LC 055546 Tr. No. 1A 38.16 Ac. El Paso Natural Gas Company	Tr. No. 3 79.90 Ac. Getty Oil Company <i>Fee</i>	LC 055546 Tr. No. 1B 39.91 Ac. Santa Fe Energy Company
Tr. No. 2 38.22 Ac. Phillips Petroleum Company <i>Fee</i>	LC 055546 Tr. No. 1 80.00 Ac. Atlantic Richfield Company	Tr. No. 2A 40.00 Ac. Phillips Petroleum Company <i>Fee</i>
6		

WELL TO BE LOCATED 1810' FNL AND 2164'
FWL, WHICH IS IN Tr. No. 1.
TOTAL ACREAGE WITHIN COMMUNITIZED AREA
316.19 ACRES, MORE OR LESS.

EXHIBIT "B"
 To Communitization Agreement dated February 2, 1981,
 embracing the North Half (N/2) Section 6, Township 25 South,
 Range 37 East, N.M.P.M., Lea County, New Mexico, containing
 317.19 acres, more or less.

Operator of Communitized Area: Atlantic Richfield Company

Description of Leases Committed

Tract No. 1

Lease Serial No.:	LC 055546
Lease Date:	January 4, 1935
Lease Term:	20 years
Lessor:	United States of America
Original Lessee:	E. J. Wells
Present Lessee:	Atlantic Richfield Company
Description of Lands Committed:	Township 25 South, Range 37 East, N.M.P.M., SW/4 NE/4 and SE/4 NW/4 Section 6
Number of Acres:	80.00
Royalty Rate:	On Gas and Casing-Head Gasoline: 12½ when average daily production is less than 3,000,000 cubic feet; 16 2/3 when average daily production is 3,000,000 cubic feet or more on oil: 12½ to 33 1/3 sliding Scale
Name and Percent ORRI Owners:	5% owned as follows:
	Terra Resources, Inc.----- .036705
	Robert Bivens----- .00022375
	The Marbet Company----- .000446
	Marguerite B. Poynter----- .00022375
	Red Feather Oil Company----- .003125
	Virginia B. Bryan----- .00022375
	Douglas O. Williams----- .00022375
	J. Reuel Armstrong----- .001319
	Helen H. Benedict----- .00019600
	Leland Standford Jr. University--- .000446
	Ruby C. Bowen----- .001319
	Clyde C. Dawson----- .000196
	Alice H. Fox----- .000049
	Elizabeth G. Henry----- .000049
	S. Arthur Henry, Jr.----- .000049
	Pauson Oil Company----- .000446
	Diane Rene Stewart, Conservator for Elizabeth O. Tucker----- .001319
	Helen H. Utter----- .000049
	Jean Wells Klaasse, Guardian of the Person & Property of Martha Noel Wells----- .003392
Name and Percent WI Owners:	Atlantic Richfield Company----- 100%

Tract No. 1A

Lease Serial No.:	LC 055546 (Same as Tract No. 1)
Lease Date:	January 4, 1935
Lease Term:	20 years
Lessor:	United States of America
Lessee:	E. J. Wells
Present Lessee:	El Paso Natural Gas Company
Description of Lands Committed:	Township 25 South, Range 37 East, N.M.P.M., Lot 4, being NW/4 NW/4, Section 6
Number of Acres:	38.16
Royalty Rate:	Same as Tract No. 1
Name and Percent ORRI Owners:	1.667687% owned as follows:
	J. Ruel Armstrong----- .014663
	L. E. Armstrong, Jr.----- .014664
	Mary E. Baker----- .005956
	Helen H. Benedict----- .006542

Robert Bivens-----	.005956
Leland Stanford Jr. University----	.014889
Ruby C. Bowen-----	.043990
Colorado National Bank	
Personal Representative of	
The Estate of Clyde C.	
Dawson, Deceased-----	.006542
Alice H. Fox-----	.001090
S. Arthur Henry, Jr.-----	.001090
Elizabeth G. Henry-----	.003271
Pauson Oil Company-----	.014889
The Marbet Company-----	.014889
Mary E. Bivens Poeggel-----	.005956
Marguerite Bivens Poynter-----	.005956
Red Feather Oil Company-----	.104230
Terra Resources, Inc.-----	1.224252
Diane Rene Stewart, Conservator	
Of Elizabeth O. Tucker-----	.043990
Helen H. Utter-----	.001090
Jean Wells Klaasse, Guardian of	
The Estate of Martha	
Noel Wells-----	.113163
Douglas O. Williams-----	.005955
Mrs. Ann Young-----	.014664

Name and Present Working
Interest Owners:

El Paso Natural Gas Company-----	100%
----------------------------------	------

Tract No. 18

Lease Serial No.:
Lease Date:
Lease Term:
Lessor:
Lessee:
Present Lessee:
Description of Lands Committed:

Number of Acres:
Royalty Rate:
Name and Present ORRI Owners:

LC055546 (Same as Tract No. 1)
January 4, 1935
20 years
United States of America
E. J. Wells
Santa Fe Energy Company
Township 25 South, Range 37 East, N.M.P.M.
Lot 1, being NE/4 NE/4, Section 6
39.91
Same as Tract No. 1
5% owned as follows:
L. E. Armstrong, Jr.----- .0004400
Ann Young----- .0004400
Ruby C. Bowen----- .0013200
Mrs. Fred E. Tucker, Jr.----- .0013200
Robert Bivens----- .0008900
The Marbet Co.----- .0004500
Pauson Oil Co.----- .0004500
J. Reuel Armstrong----- .0004400
Board of Trustees of the
Leland Stanford, Jr.,
University----- .0004500
Red Feather Oil Co.----- .0031200
Jean Wells Klaasse, Guardian
For Martha Noel Wells----- .0033900
Terra Resources, Inc.----- .0367051
Helen Benedict----- .0001965
Clyde C. Dawson----- .0001966
Elizabeth G. Henry----- .0000982
Alice H. Fox----- .0000329
Helen H. Utter----- .0000329
Santa Fe Energy Company----- .0000329

Name and Present Working
Interest Owners:

Santa Fe Energy Company-----	100%
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Tract No. 2 - 2A

Lease Dated: November 27, 1925
Recorded: Book 3, Page 247, Records of
Lea County, New Mexico
Lessor: C. D. Woolworth, et al
Lessee: The Pure Oil Company
Land Covered: SW/4 NW/4, SE/4 NE/4, and other lands
not included within said communitized
area, Section 6, T-25-S, R-37-E, N.M.P.M.
Primary Term: 10 years
Royalty: 1/8 on oil and gas
Record Title to Lease: Phillips Petroleum Company
Name and Percent of Royalty Owners:

T. J. Horsley-----	.0004883
Atlantic Richfield Company-----	.0074218
Atlantic Richfield Company-----	.0003907
Cathie Auvenshine-----	.0000976
Virginia L. Barnes-----	.0003472
Jane C. Balckford-----	.001770
W. C. Stroube & William J. Collins, Independent Exec. Of the Estate of J. L. Collins-----	.0010417
Clifford Cone-----	.0000977
Douglas Cone-----	.0000977
Kathleen Cone-----	.0004883
Kenneth G. Cone-----	.0000976
Maurice G. Stuffman, Kathrine Cone, and Tom Sealy, Trustees of S. E. Cone, Deceased-----	.0003255
Tom R. Cone-----	.0000977
Mrs. Martha Watkins Harris-----	.0012206
Winona C. Jones-----	.0003472
Marjorie Cone Kastman-----	.0001628
Mrs. Clyde Watkins Miller-----	.0004612
Trustees of the Jal Public Library Fund-----	.0026313
Andrew S. Pearson, Jr.-----	.0003472
H. Dillard Schenck-----	.0004883
The First National Bank of Corsicana, Texas and H. R. Stroube, Jr., Ancillary Co-Executors of Estate of H. R. Stroube, Deceased-----	.0010417
Joseph Edward Stroube, Ancillary Executor of the Estate of W. C. Stroube-----	.0010417
Myrtis D. Watkins-----	.0012206
Robert L. Wheelock, Jr. and Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock-----	.0005208
First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust-----	.0003438
Bank of Oklahoma and Rita L. Willis, Co-Trustees of the Rita L. Willis Trust-----	.0004883

Tract No. 3

Lease #1 Dated: November 4, 1936
Recorded: Book 28, Page 388, Records of
Lea County, New Mexico
Lessor: George D. Key and Bertha Key
Lessee: F. J. Danglade

Land Covered:	NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area
Primary Term:	10 years
Royalty:	1/8 on oil and gas
Record Title to Lease:	Getty Oil Company
Lease #2 Dated:	Same as #1
Recorded:	Book 28, Page 389, Records of Lea County, New Mexico
Lessor:	Elizabeth Hudson Penn
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #3 Dated:	Same as #1
Recorded:	Book 28, Page 387, Records of Lea County, New Mexico
Lessor:	The North Central Texas Oil Company, Inc.
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #4 Dated:	November 4, 1937
Recorded:	Book 34, Page 553, Records of Lea County, New Mexico
Lessor:	C. Schnurr
Lessee:	Skelly Oil Company
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #5 Dated:	May 25, 1939
Recorded:	Book 40, Page 534, Records of Lea County, New Mexico
Lessor:	W. B. Skirvin
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #6 Dated:	June 7, 1939
Recorded:	Book 40, Page 547, Records of Lea County, New Mexico
Lessor:	Tidewater Associated Oil Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #7 Dated:	June 6, 1939
Recorded:	Book 40, Page 555, Records of Lea County, New Mexico
Lessor:	S. M. Gloyd and Onez Norman Gloyd
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #8 Dated:	August 14, 1939
Recorded:	Book 41, Page 17, Records of Lea County, New Mexico
Lessor:	Peerless Oil and Gas Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #9 Dated:	 July 1, 1939
Recorded:	Book 40, Page 620, Records of Lea County, New Mexico
Lessor:	J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #10 Dated:	 December 6, 1936
Recorded:	Book 28, Page 393, Records of Lea County, New Mexico
Lessor:	ARGO Oil Corporation
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #11 Dated:	 November 4, 1936
Recorded:	Book 28, Page 392, Records of Lea County, New Mexico
Lessor:	R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	5 years
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #12 Dated:	 November 4, 1936
Recorded:	Book 28, Page 391, Records of Lea County, New Mexico
Lessor:	Robert C. Sharp and Josephine P. Sharp
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #13 Dated:	 November 4, 1936
Recorded:	Book 28, Page 390, Records of Lea County, New Mexico
Lessor:	L. C. Ritts and Gladys C. Ritts
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #14 Dated:

Recorded:

Lessor:

Lessee:

Land Covered:

Primary Term:

Royalty:

Record Title to Lease:

November 4, 1936

Book 28, Page 397, Records of
Lea County, New Mexico

F. D. Bearly and Cora Bearly

Same as #1

Same as #1

Same as #11

Same as #1

Same as #1

Lease #15 Dated:

Recorded:

Lessor:

Lessee:

Land Covered:

Primary Term:

Royalty:

Record Title to Lease:

Name and Percent of Royalty

Owners Under Lease #1 thru #15:

November 4, 1936

Book 28, Page 471, Records of
Lea County, New Mexico

Roger B. Owings and

Lucy P. Owings

Same as #1

Same as #1

Same as #11

Same as #1

Same as #1

John Dwire Atkins-----	.0002388
Atlantic Richfield Company-----	.0101273
Roy G. Barton, Jr.-----	.0078125
James Henry Bearly-----	.0002387
Chas. Francis Bedford-----	.0003125
Henry De Graffenried Bedford-----	.0003125
Helen Learmont Bedford-----	.0003125
Rachel Bedford Bowen-----	.0003125
Mary Smith Bowers-----	.0001033
Joe and Jessie Crump Fund-----	.0048828
Estate of Pauline Cromartie-----	.0001033
Richard L. Cromartie, Jr.-----	.0000517
The First National Bank of Midland and Jessie Blevins Crump, Co-Trustees-----	.0048828
Elizabeth Bearly Dudley-----	.0002387
Fluor Oil and Gas Corporation-----	.0078125
Getty Oil Company-----	.0234375
Eva W. Graham-----	.0001033
Bernice J. Gross-----	.0039063
Katie Smith Hazlehurst-----	.0001033
Rosa Lee Smith Johnson-----	.0001099
George D. Key, Jr.-----	.0058593
J. M. Richardson Lyeth, Jr. and Munro Longyear Lyeth-----	.0070313
Judd Moore-----	.0002387
North Central Oil Corporation-----	.0039063
Roger B. Owings-----	.0039063
Nancy Elizabeth Penson-----	.0114612
William Y. Penn, Trustee Devises under the will of George Pfouts, Deceased-----	.0038195
Mildred Smith Rawls-----	.0000056
Ritts Royalty Company-----	.0001033
Onez Norman Rooney-----	.0023149
Royalty Roundup, Inc.-----	.0070312
Ellis Rudy-----	.0000302
Magabel Smith Rule-----	.0003617
Frances Wooten Scott-----	.0001033
Elinor Campbell Shaughnessy-----	.0000517
Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate-----	.0003617
Richard J. Shaughnessy, Adm. Estate of Julie Underwood Erickson-----	.0010850
	.0003617

O. W. Skirvin-----	.0021701
Archie D. Smith, Trustee-----	.0023149
Cassius L. Smith-----	.0001162
David Lee Smith-----	.0000066
Dudley M. Smith-----	.0000056
Edmond D. Smith-----	.0001162
Eugene Smith-----	.0001033
Frank L. Smith-----	.0001033
Harry E. Smith-----	.0000517
H. Winfield Smith, Jr.-----	.0001033
Harry Eldon Smith-----	.0000066
Mary M. Smith-----	.0001033
Maud S. Smith-----	.0001033
Leon D. Smith-----	.0001162
R. P. Smith-----	.0001162
Robert H. Smith-----	.0000129
Gladys Flinchum, Adm. of Estate of Odella N. Spears-----	.0012152
Georgia A. Stieren, Ind. Exec. of Estate of Jack Stieren-----	.0001627
Tortuga Oil and Gas, Inc.-----	.0001402
Randall Mark Trainer-----	.0039062
Nora Walker-----	.0000056
Lillian Smith Ward-----	.0000517
Betty S. Warren-----	.0000129
Ellen Ann Wallace Williams-----	.0003125
Jane Cromartie Williams-----	.0000517
Jack Wooten-----	.0000517
Tom Wooten, Jr.-----	.0001033

PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

None, however ratifications are being obtained from all mineral interest owners,
and those not replying will be Forced Pooled.

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres</u>	<u>Percent of Pool</u>
1	80.00	25.3012429%
1A	38.16	12.0686929%
1B	39.91	12.6221576%
2	38.22	12.0876688%
2A	40.00	12.6506215%
3	79.90	25.2696163%
	<u>316.19</u>	<u>100.0000000%</u>

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared
K. V. TERRELL, Attorney-in-Fact for ATLANTIC RICHFIELD
COMPANY, a corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said Atlantic Richfield Company, for the purposes and
considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of
February, 1981.

Yvonne Brooks Yvonne Brooks
Notary Public

My Commission Expires

July 3, 1984

INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS
(New Mexico Properties)

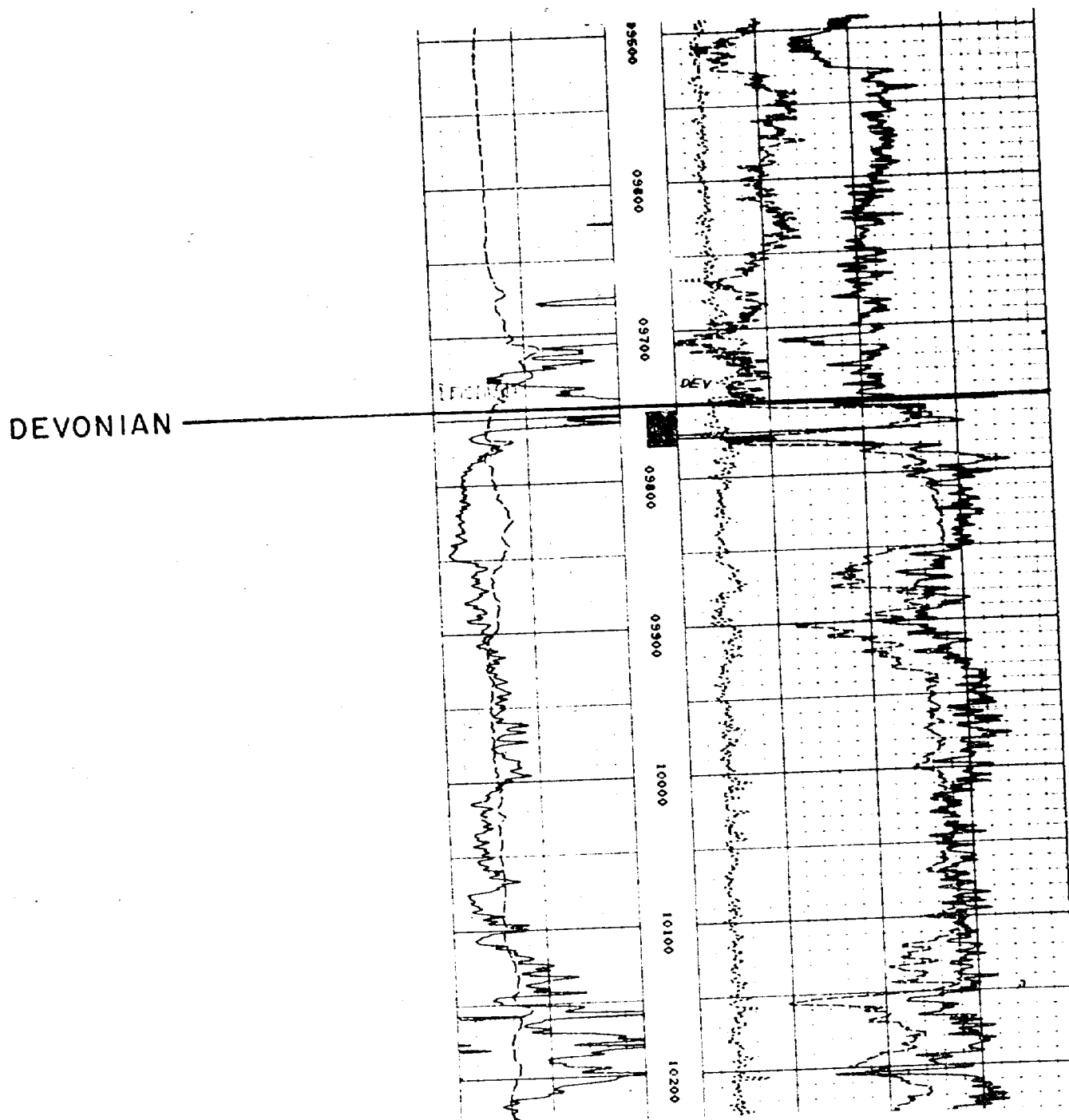
The attached instruments should be executed pursuant to the following instructions:

1. Married Persons (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
2. Married Persons (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
3. Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.
4. Single Women. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
5. Corporations. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-in-fact, a copy of his power of attorney should be furnished.
6. Partnerships. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
7. Trustees. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
8. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approving the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
9. Capacity Not Covered. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
10. Acknowledgments. The acknowledgment must be taken by a Notary Public whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not useable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.

EXHIBIT 2

CONOCO INC
WELLS B-1 NO. 5

1650' FNL & 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253



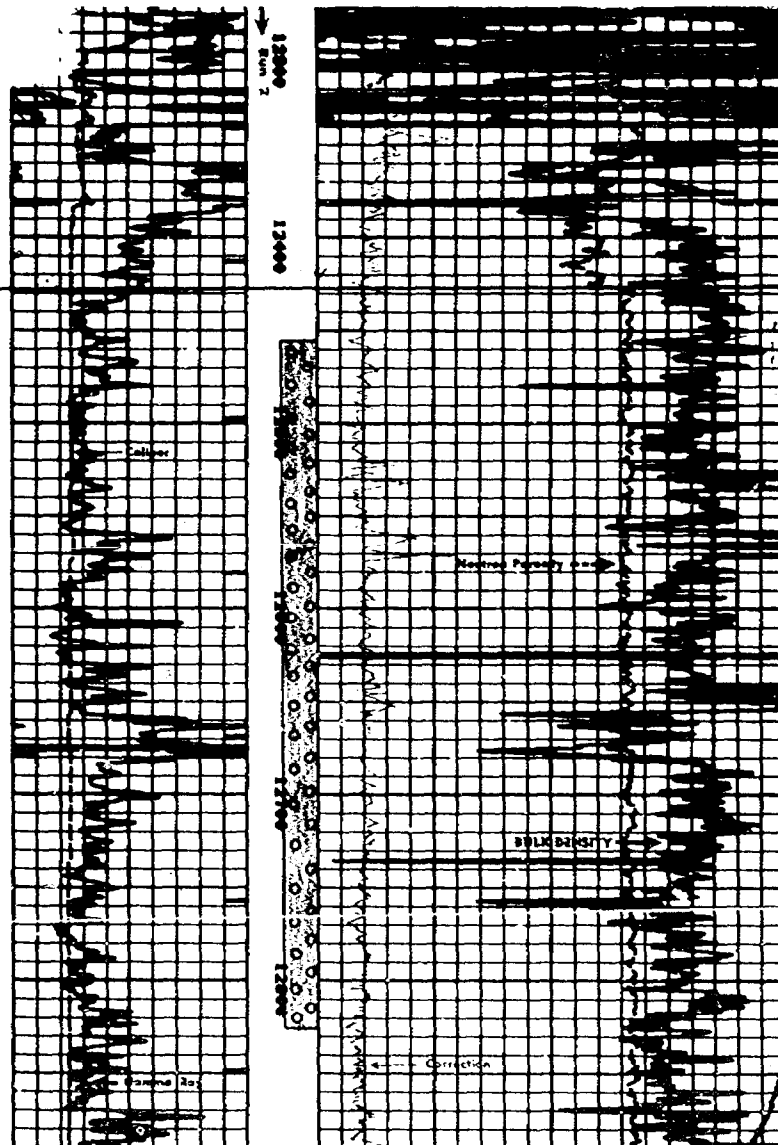
BEFORE THE WELLS
OIL COMPANY NO. 2

7164
Huan Pham
3/11/81

CONOCO INC
WELLS B-1 NO. 5

1650' FNL & 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253

ELLENBURGER



BEFORE EXAMINER STAMETS
CIL CORP. EXHIBIT NO. 3
CASE NO. 7164
Submitted by Huan Huan
Hearing Date 3/11/81

Title CUSTER WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number	
Location 1650' FNL & 1980' FWL, Section 6, T-25-S, R-37-E, Lea County, New Mexico			
Obj Form APPR TD 12,800 Ellenburger Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019 Capital instabudget dated 10/9/79 <input type="checkbox"/> Named on instabudget 10/9/79 Amount capital differs from Instabudget \$ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ Over/(under) <input type="checkbox"/> Addition to instabudget Current year capital differs from instabudget current year by \$ Over/(under)	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) 1.1 J. J. J. J. Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate <input type="checkbox"/> Service % rate		Originated by Huan Pham District Permian West Field name Custer Lease record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. Field code 064410 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).	
Component AFE No(s) Description and justification Account codes Amounts—in whole dollars only			
Attached			
614459	Tangible	031	607,000
"	Intangible	037	1,250,000
"	Total Drilling Cost		1,857,000
614467	Production equipment	038	170,000
		Gross totals	2,027,000
Operator ARCO Oil & Gas Co.		Net Atlantic Richfield share	584,483
Atlantic Richfield ownership decimal 0.282349		Range requested	Lower Upper
Payout (years) (AFIT)	Pay return (AFIT) (AFIT)	Start date 1/81	Completion date 6/81
Technical audits (check those required) <input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation		<input type="checkbox"/> Co-owner approval Signature Company	
Approvals (check highest level required) <input checked="" type="checkbox"/> President C. S. Landwehr Jr. <input type="checkbox"/> Other <input type="checkbox"/> Regional <input type="checkbox"/> Senior vice-president		Authorized expenditure limit table No. 103 NOTE: : UNDERSIGNED APPROVAL IS SUBJECT TO EXECUTION OF MUTUALLY ACCEPTABLE OPERATING AGREEMENT. President/Chairman PHILLIPS PETROLEUM COMPANY BY: E. E. CLARK, AREA MANAGER DATE: 2-28-81	

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed by any number of copies, each of which shall be considered
original for all purposes.

IN WITNESS WHEREOF, this agreement was made and signed on the 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By:
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By:

Phillips Petroleum Company

By: *[Signature]*
Cliff Ohr, Attorney-In-Fact

Santa Fe Energy Company

By:

El Paso Natural Gas Company

By:

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 4

CASE NO. 7164

Submitted by ARCO

Hearing Date 3/11/81

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS }

COUNTY OF MIDLAND }

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September,
1980.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF TEXAS }
COUNTY OF HARRIS }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Cliff Ohr
Attorney-In-Fact, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said PHILLIPS PETROLEUM COMPANY, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of March, A.D., 19 81.
My Commission Expires:
August 25, 1984

Kent Crawford
NOTARY PUBLIC
Notary Public in and for
Harris County, Texas
KENT CRAWFORD

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ he _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____.

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ he _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____.

NOTARY PUBLIC

Atlantic Richfield Company

7/3/80

RECEIVED For Expenditure

MAR 9 1981

Title CUSTER-WELLS No. 1: Drill & Equip		Original authorization <input checked="" type="checkbox"/> Revision number	
Location 1650' FNL & 1980' FNL, Section 6, T-25-S, R-37-E, North & West Land Dept. County, New Mexico		Originated by Huan Phan	
Obj Form APPR TD 12,800 Ellenburger		AFE number 614459-614467	
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other		District Permian West	
<input type="checkbox"/> Drill old well deeper		Field name Custer	
<input checked="" type="checkbox"/> Development 100 %		Lease record number NM-97, NM-MD-67	
<input type="checkbox"/> Exploratory %		NM-MD-85, SOC 5031-01	
* Show percent of total cost applicable to each.		Expt. project No.	
<input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Field code 064410	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas		Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Signed (Dist. Eng. and/or Explor. group) J. J. Green		Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery		Co-owner operator AFE No(s).	
<input type="checkbox"/> Rate <input type="checkbox"/> Replacement			
<input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service			
Budget information Budget (1) 103 Amt. 535,464			
Item (2) 423 Amt. 49,019			
Capital instabudget dated 10/9/79			
<input type="checkbox"/> Named on instabudget 10/9/79			
Amount capital differs from instabudget \$ Over/(under)			
<input checked="" type="checkbox"/> Substituted for Item (2)			
Amount capital differs from PWDA			
Instabudget \$ Over/(under)			
<input type="checkbox"/> Addition to instabudget			
Current year capital differs from instabudget current year by \$ Over/(under)			
Component AFE No(s)		Description and justification	
Attached		Account codes	
614459		On hand	
Tangible		Capital	
Intangible		Expense	
Total Drilling Cost		Total	
614467		Production Equipment	
Gross totals		2,027,000	
Operator		Net Atlantic Richfield share	
ARCO Oil & Gas Co.		584,483	
Atlantic Richfield ownership decimal		Lower	
0 2 8 8 3 4 9		Upper	
Range requested			
Payout (years) (AFIT)		\$ Prior year	
5 Return (AFIT)		Capital	
PW (AFIT)		Expense	
Start date		\$ Curr. year	
1/81		Capital 584,483	
Completion date		Expense	
6/81		\$ Thereafter	
Technical audits (check those required)		Capital	
<input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation		Expense	
Other		Signature	
Approval (check highest level required)		Company	
<input checked="" type="checkbox"/> District		6144 Oil Company	
C. E. Landwell Jr.		Authorized expenditure limit table No. 105	
Date		<input type="checkbox"/> Executive vice-president	
8/19/80		Date	
<input type="checkbox"/> Other		<input type="checkbox"/> President/Chairman	
Date		Date	
<input type="checkbox"/> Regional		<input type="checkbox"/> For Board of Directors	
Date		Date	
<input type="checkbox"/> Senior vice-president			
Date			

W.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors, and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this agreement shall be signed as of 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By:

C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By:

J. A. MORRIS, AGENT

Phillips Petroleum Company

By:

Santa Fe Energy Company

By:

El Paso Natural Gas Company

By:

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al,
Non-Operators.

STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

BEFORE ME, the undersigned, a Notary Public in and for said County and
State, on this day personally appeared J. A. MORRIS, AGENT for GETTY OIL COMPANY,
a Delaware corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations
and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

My commission expires:

June 28, 1981

Hester A. Rovine
Notary Public

Title CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number																																																																																																																						
Location 1650' FNL & 1980' FWL, Section 6, T-25-S, R-37-E, Lea County, New Mexico																																																																																																																								
Obj Form APPR TD 12,800 Ellenburger		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019																																																																																																																						
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Originated by Huan Pham District Permian West Field name Custer Lease record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. Field code 064410																																																																																																																						
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) J. J. Sweet		<input type="checkbox"/> Named on Instabudget 10/9/79 Amount capital differs from Instabudget \$ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from Instabudget \$ PWDA Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ Over/(under)																																																																																																																						
Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service		Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).																																																																																																																						
<table border="1"><thead><tr><th rowspan="2">Component AFE No(s)</th><th rowspan="2">Description and justification</th><th rowspan="2">Account codes</th><th colspan="4">Amounts—in whole dollars only</th></tr><tr><th>On hand</th><th>Capital</th><th>Expense</th><th>Total</th></tr></thead><tbody><tr><td>614459</td><td>Tangible</td><td>031</td><td></td><td>607,000</td><td></td><td>607,000</td></tr><tr><td>"</td><td>Intangible</td><td>037</td><td></td><td>1,250,000</td><td></td><td>1,250,000</td></tr><tr><td>"</td><td>Total Drilling Cost</td><td></td><td></td><td>1,857,000</td><td></td><td>1,857,000</td></tr><tr><td>614467</td><td>Production Equipment</td><td>038</td><td></td><td>170,000</td><td></td><td>170,000</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td></td><td></td><td>Gross totals</td><td></td><td>2,027,000</td><td></td><td>2,027,000</td></tr><tr><td>Operator</td><td>ARCO Oil & Gas Co.</td><td>Net Atlantic Richfield share</td><td></td><td>584,483</td><td></td><td>584,483</td></tr><tr><td>Atlantic Richfield ownership decimal</td><td>0.1288349</td><td>Range requested</td><td></td><td>Lower</td><td></td><td>Upper</td></tr><tr><td>Payout (years)</td><td>% Return (AFIT)</td><td>Start date</td><td>Completion date</td><td>\$ Prior year Capital</td><td>\$ Curr. year Capital 584,483</td><td>\$ Thereafter Capital</td></tr><tr><td></td><td></td><td>1/81</td><td>6/81</td><td>Expense</td><td>Expense</td><td>Expense</td></tr><tr><td colspan="4">Technical review <input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input type="checkbox"/> Other <input checked="" type="checkbox"/> Procedural audits</td><td colspan="2">Co-owner approval Signature Company</td></tr><tr><td colspan="4">Approvals (check highest level required)</td><td colspan="2">Authorized expenditure limit table No. 108</td></tr><tr><td colspan="2"><input checked="" type="checkbox"/> District C. S. Landwell Jr.</td><td colspan="2">Date 8/19/80</td><td colspan="2"><input type="checkbox"/> Santa Fe Energy Company BY: C. S. Landwell Jr. Executive Vice President 11-21-80</td></tr><tr><td colspan="2"><input type="checkbox"/> Other</td><td colspan="2">Date</td><td colspan="2"><input type="checkbox"/> President/Chairman Date</td></tr><tr><td colspan="2"><input type="checkbox"/> Regional</td><td colspan="2">Date</td><td colspan="2"><input type="checkbox"/> For Board of Directors Date</td></tr><tr><td colspan="2"><input type="checkbox"/> Senior vice-president</td><td colspan="2">Date</td><td colspan="2"></td></tr></tbody></table>				Component AFE No(s)	Description and justification	Account codes	Amounts—in whole dollars only				On hand	Capital	Expense	Total	614459	Tangible	031		607,000		607,000	"	Intangible	037		1,250,000		1,250,000	"	Total Drilling Cost			1,857,000		1,857,000	614467	Production Equipment	038		170,000		170,000										Gross totals		2,027,000		2,027,000	Operator	ARCO Oil & Gas Co.	Net Atlantic Richfield share		584,483		584,483	Atlantic Richfield ownership decimal	0.1288349	Range requested		Lower		Upper	Payout (years)	% Return (AFIT)	Start date	Completion date	\$ Prior year Capital	\$ Curr. year Capital 584,483	\$ Thereafter Capital			1/81	6/81	Expense	Expense	Expense	Technical review <input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input type="checkbox"/> Other <input checked="" type="checkbox"/> Procedural audits				Co-owner approval Signature Company		Approvals (check highest level required)				Authorized expenditure limit table No. 108		<input checked="" type="checkbox"/> District C. S. Landwell Jr.		Date 8/19/80		<input type="checkbox"/> Santa Fe Energy Company BY: C. S. Landwell Jr. Executive Vice President 11-21-80		<input type="checkbox"/> Other		Date		<input type="checkbox"/> President/Chairman Date		<input type="checkbox"/> Regional		Date		<input type="checkbox"/> For Board of Directors Date		<input type="checkbox"/> Senior vice-president		Date			
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Well name
Custer Wells No. 1T.O.
12,800Location
1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New MexicoRegion
WesternDistrict
Permian West

Field

Objective

☒ Development
☐ Exploratory
☐ Completion☐ Single
☒ Dual
☐ Multiple

Data Processing Information

Trans. Ident.
1 2 3 4
A F E E

5

A.F.E. Number
6 7 8 9 10 11Update code
1 = Delete
3 = AddOriginal/Revision Indicator
1 = Original
2 = Revision

Tangible costs		Dry hole	Completion costs	Detail code		Total gross dollars												Major account	
				12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	
1. Tubular goods																			
20" OD from 0' to 30'		1,000																	
13-3/8" OD from 0' to 1200'		28,000																	
9-5/8" OD from 0' to 6450'		110,000																	
7" OD from 0' to 12800'			245,000																
2-3/8" OD from 0' to 12300'			60,000																
2-3/8" OD from 0' to 9550'			50,000																
" OD from ' to '																			
" OD from ' to '																			
2. Casinghead and Christmas tree		18,000	60,000	5	0	4													
3. Tubing accessories			25,000	5	0	6													
4. Artificial lift accessories				5	0	7													
5. Unclassified materials		5,000	5,000	5	0	8													
Total tangibles		162,000	445,000																
Intangible costs																			
6. Testing tubular goods		8,000	15,000	5	6	9													
7. Trucking tubular goods		8,000	8,000	5	0	9													
8. Casing accessories		5,000		5	1	2													
9. Site preparation, maint., clean up		25,000		5	1	4													
10. Permits, insurance, damages		2,000		5	1	5													
11. Moving expense		50,000		5	1	7													
12. Boat & barge rental				5	1	8													
13. Camp & catering				5	2	2													
14. Boiler				5	2	5													
15. Roads, airstrips & maintenance				5	5	6													
16. Air freight & air transportation				5	2	8													
17. Contract footage drilling																			
ft @ \$ / ft.				5	3	2													
Contract daywork (Items 18 through 24)																			
18. Drilling 60 days @ \$5000 /day		300,000		5	3	3													
19. Casing 7 days @ \$5000 /day		15,000	20,000	5	3	4													
20. Fishing 3 days @ \$5000 /day		15,000		5	3	6													
21. Lost circ. & flows 3 days @ \$5000 /day		15,000		5	3	7													
22. Log test & core days @ \$ /day				5	3	8													
23. Shut down time days @ \$ /day				5	3	9													
24. Completion or plugging days @ \$ /day				5	4	1													
25. Completion unit daywork 50 days @ \$100/day			50,000	5	4	2													
26. Rental: DP, DC, & related tools				5	4	3													
27. Well control equipment		20,000		5	4	7													
28. Drill bits # 2 size 17-1/2"		5,000		5	4	8													
# 6 size 12-1/4"		25,000																	
# 25 size 8-3/4"		37,000																	
# 1 size 6"			1,000																

[Illegible handwritten text]

Subject ARCO Custer Wells No. 1: Drill & Equip		Date July 9, 1980
Authorization number		
District Permian West		
Location 1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico		
Project To test Devonian and Ellenburger formation		
Depth 12,800		
Approved	Contract footage	Daywork depth

Casing program:

Surface casing

13-3/8" 54#/ft @ $\pm 1200'$

Protective string

9-5/8" 36#/ft @ $\pm 6450'$

Oil string

7" 26 & 29#/ft @ TD of 12800'

Liner

Casinghead

Estimated formation tops Est. El. 3250 DF

Rustler	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
Yates	2800	Barnett	8500	Silurian	9800	McKee	11650
Queen	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
Bone Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Mud program

0 - 1200' - Spud Mud
1200 - 6450' - Brine water - Lime for pH control
6450 - 8000' - Cut brine, use fresh water for volume
8000 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

Surveys @ 6450'

GR - CNL - FDC 6450' to 2500'
DLL - Rxo 6450' to 2500'

@ Total Depth

GR - CNL - FDC TD to intermediate
GR - DIL TD to intermediate

Coring

Core priority

Drill stem tests

DST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

Samples

10' samples from 4000' to total depth.

Fluid samples

2 quarts fluid recovered from DST's for analysis.

Mud logging

Mud log unit from 8500' to TD

Elevations

Est. elevation 3250 DF.

Type completion

Dual Devonian and Ellenburger.

Completion equipment

Signed (District Operations Superintendent)

Endorsed

District Operations Manager

District engineer

District Explorationist (geologist)

Approved

District Manager

Date

Date

Date

Date

B. H. Hicks

W. H. Linder for R. L. Brown

J. J. Linder

David W. Linder

C. E. Cardwell Jr.

5/13/80

7-30-80

8-18-80

8/19/80

Title CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number				
Location 1650' FNL & 1980' FML, Section 6, T-2S-S, R-37-E, Lea County, New Mexico						
APPD Form APPR TD 12,800 Ellenburger Purpose of authorization: Devonian <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development _____ % <input type="checkbox"/> Exploratory _____ % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Budget information Budget (1) 103 Amt. 525,464 Item (2) 423 Amt. 49,019 Capital Instabudget dated 10/9/79 <input type="checkbox"/> Named on Instabudget 10/9/79 Amount capital differs from Instabudget \$ _____ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ _____ Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ _____ Over/(under)				
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) <i>J. J. Hurrell</i> Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate <input type="checkbox"/> Service % rate		Originalized by Juan Pham AFE number 614459-614467 District Permian West Field name Custer Lease record number HM-97, HM-MD-67 HM-MD-85, SOC 5031-01 Expl. project No. _____ Field code 064410 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).				
Component AFE No(s)	Description and justification	Account codes	Amounts—in whole dollars only			
			On hand	Capital	Expense	Total
614459	Tangible	031		607,000		607,000
"	Intangible	037		1,250,000		1,250,000
"	Total Drilling Cost			1,857,000		1,857,000
614467	Production Equipment	038		170,000		170,000
	Gross totals			2,027,000		2,027,000
Operator	ARCO Oil & Gas Co.	Net Atlantic Richfield share		584,483		584,483
Atlantic Richfield ownership decimal		Range requested				
Payout (years) (AFIT)	% Return (AFIT) PV (AFIT)	Start date	Completion date	\$ Prior year Capital	\$ Curr. year Capital	\$ Thereafter Capital
		1/81	6/81	Expense	584,483 Expense	Expense
Technical audits (check those required)				Co-owner approval		
<input checked="" type="checkbox"/> Engineering	<input checked="" type="checkbox"/> Exploration	<input type="checkbox"/> Dallas budget	<input type="checkbox"/> Evaluation	<input checked="" type="checkbox"/> Procedural audit	Signature _____ Company Eubank Nat. Gas	
Approvals (check highest level required)				Authorized expenditure limit table No. 103		
<input checked="" type="checkbox"/> District <i>C. S. Landwehr Jr.</i>		Date	<input type="checkbox"/> Executive vice-president		Date	
<input type="checkbox"/> Other		Date	<input type="checkbox"/> President/Chairman		Date	
<input type="checkbox"/> Regional		Date	<input type="checkbox"/> For Board of Directors		Date	
<input type="checkbox"/> Senior vice president		Date				

Well name
Custer Wells No. 1

T.O.
12,800

Location
1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Region
Western

District
Permian West

Field

Objective

- ☒ Development ☐ Single
☐ Exploratory ☒ Dual
☐ Completion ☐ Multiple

Data Processing Information

Trans. Ident.				5	A.F.E. Number						Update code	
1	2	3	4		6	7	8	9	10	11	1 = Delete	
A	F	E	E								3 = Add	

Original/Revision Indicator
1 = Original
2 = Revision

Tangible costs	Dry hole	Completion costs	Detail code	Total gross dollars	Major account
1. Tubular goods			12 13 14	15 16 17 18 19 20 21 22	23 24 25 26
20" OD from 0' to 30'	1,000				
13-3/8" OD from 0' to 1200'	28,000				
9-5/8" OD from 0' to 6450'	110,000				
7" OD from 0' to 12800'		245,000			
2-3/8" OD from 0' to 12300'		60,000			
2-3/8" OD from 0' to 9550'		50,000			
" OD from ' to '					
" OD from ' to '					
2. Casinghead and Christmas tree	18,000	60,000	5 0 4		
3. Tubing accessories		25,000	5 0 6		
4. Artificial lift accessories			5 0 7		
5. Unclassified materials	5,000	5,000	5 0 8		
Total tangibles	162,000	445,000			
Intangible costs					
6. Testing tubular goods	8,000	15,000	5 6 9		
7. Trucking tubular goods	8,000	8,000	5 0 9		
8. Casing accessories	5,000		5 1 2		
9. Site preparation, maint., clean up	25,000		5 1 4		
10. Permits, insurance, damages	2,000		5 1 5		
11. Moving expense	50,000		5 1 7		
12. Boat & barge rental			5 1 8		
13. Camp & catering			5 2 2		
14. Boiler			5 2 5		
15. Roads, airstrips & maintenance			5 5 6		
16. Air freight & air transportation			5 2 8		
17. Contract footage drilling					
ft @ \$ / ft.			5 3 2		
Contract daywork (items 18 through 24)					
18. Drilling 60 days @ \$5000 /day	300,000		5 3 3		
19. Casing 7 days @ \$5000 /day	15,000	20,000	5 3 4		
20. Fishing 3 days @ \$5000 /day	15,000		5 3 6		
21. Lost circ. & flows 3 days @ \$5000 /day	15,000		5 3 7		
22. Log test & core days @ \$ /day			5 3 8		
23. Shut down time days @ \$ /day			5 3 9		
24. Completion or plugging days @ \$ /day			5 4 1		
25. Completion unit daywork 50 days @ 1000/day		50,000	5 4 2		
26. Rental: DP, DC, & related tools			5 4 3		
27. Well control equipment	20,000		5 4 7		
28. Drill bits # 2 size 17-1/2"	5,000		5 4 0		
# 6 size 12-1/4"	25,000				
# 25 size 8-3/4"	37,000				

Custer Wells No. 1

Trans. Ident.

1 2 3 4

A F E E

5

A.F.E. number

6 7 8 9 10 11

Up is code

1 = delete

3 = add

Original/revision indicator

1 = Original

2 = Revision

6/30/80

ingible cost (continued)

Dry hole

Completion costs

Detail code

Total gross dollars

Major account

Fuel, fresh water & drayage	40,000	5,000	5 4 9		
Drilling mud materials & drayage	110,000		5 5 1		
Drilling mud equipment			5 5 2		
Air compressor rental or gas cost			5 5 3		
Air or gas drlg. accessories & drayage			5 5 4		
Open hole surveys	40,000		5 5 7		
Data recording services			5 5 8		
Wireline formation tester			5 5 9		
Mud log	20,000		5 6 0		
Cased hole surveys		16,000	5 6 1		
Perforating fees		10,000	5 6 2		
Wireline coring			5 6 3		
Wireline diamond or wireline coring			5 6 8		
Well stem tests = 2	15,000		5 7 2		
Acidize <input checked="" type="checkbox"/> Fracture gal. lbs		120,000	5 7 7		
Material & fees for casing					
20" OD circ sacks	1,000				
13-3/8" OD circ sacks	10,000				
11-5/8" OD circ sacks	30,000				
" OD sacks		35,000			
" OD sacks					
" OD sacks					
Material & fees for squeezes or plugs		15,000	5 7 9		
Drilling tool rental & drayage	10,000	10,000	5 8 0		
Additional drlg. tool rental & drayage			5 8 1		
Operations - prorato			5 9 0		
Classified tool rental & drayage	15,000	12,000	5 8 7		
Classified drayage & supplies	10,000	10,000	5 9 4		
Classified services & material losses	20,000	20,000	5 8 9		
Overhead	10,000	7,000	5 9 2		
Revision by contract personnel			1 0 5		
Revision by A.R.Co. personnel	24,000	10,000	1 0 6		
Intangibles					
Total (tangibles & intangibles)	885,000	365,000			
Total well cost (dry hole & comp.)	1,047,000	810,000			
	1,857,000				

ARCO Custer Wells No. 1: Drill & Equip

Date
July 9, 1980

Well number

Permian West

Location

1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Project

Test

Devonian and Ellenburger

formation

Depth 12,800

Provided

Contract footage

Daywork depth

Drilling program:

Surface casing

13-3/8" 54#/ft @ ±1200'

Protective string

9-5/8" 36#/ft @ ±6450'

String

7" 26 & 29#/ft @ TD of 12800'

Per

Loghead

Estimated formation tops Est. El. 3250 DF

Stiller	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
tes	2800	Barnett	8500	Silurian	9800	McKee	11650
een	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
ne Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Drilling program

0 - 1200' - Spud Mud
00 - 6450' - Brine water - Lime for pH control
50 - 8000' - Cut brine, use fresh water for volume
00 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

veys @ 6450'

- CNL - FDC 6450' to 2500'
L - Rxo 6450' to 2500'

@ Total Depth

GR - CNL - FDC TD to Intermediate
GR - DIL TD to intermediate

ore priority

ill stem tests

DST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

amples

10' samples from 4000' to total depth.

uid samples

2 quarts fluid recovered from DST's for analysis.

ud logging

ud log unit from 8500' to TD

evations

1st. elevation 3250 DF.

ype completion

ual Devonian and Ellenburger.

ompletion equipment

igned (District Office Superintendent)

idorsed

istrict Operations Manager

istrict engineer

istrict Geochronologist (geologist)

pproved

istrict Manager

Date

5/15/80

Date

7-30-80

Date

8-18-80

Date

8/19/80

C.E. Candwell Jr.

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C. E. Cardwell, Jr.
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

GETTY OIL COMPANY

By: _____

EL PASO NATURAL GAS COMPANY

By: _____

SANTE FE ENERGY COMPANY

By: C. J. Berry, Jr.
C. J. Berry, Jr.
Executive Vice President

Attest: D. L. Conzill
Assistant Secretary

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS }

COUNTY OF MIDLAND }

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September,
1980.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF Potter }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C.J. Berry, Jr.
Exec. Vice Pres., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said Santa Fe Energy Company, a corporation,
and that he has executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of November, A.D., 19 80.



KATHY J. CASILLAS
Notary Public, State of Texas
My Commission Expires 10-30-81

Kathy J. Casillas
NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____.

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____.

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: _____

C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

UNION TEXAS PETROLEUM CORPORATION

By: _____

GETTY OIL COMPANY

By: _____

TERRA RESOURCES, INC.

By: _____

EL PASO NATURAL GAS COMPANY

By: _____

D. N. CANFIELD
ATTORNEY-IN-FACT



THE STATE OF TEXAS) Attached to and made a part of Operating Agreement dated August 23,
COUNTY OF MIDLAND) 1980, between Atlantic Richfield Company, as Operator, and Texas
Pacific Oil Company, Inc., et al, Non-Operator,

BEFORE ME, the undersigned authority, on this day personally appeared _____, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 1970.

Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas
COUNTY OF El Paso

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D. N. Canfield, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said El Paso Natural Gas Company, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 14th day of December A.D. 1980

ANNE F. GRIEP
Notary Public in and for STATE of TEXAS
My Commission Expires 09-30-84

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said _____, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D. 19____

NOTARY PUBLIC

PERSONAL ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D. 19____

NOTARY PUBLIC

ARCO Oil and Gas Co. Inc.
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0130
Curt Krehbiel
District Landman

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 7164

Submitted by ARCO

Hearing Date 3/11/81



February 24, 1981

TO: All Royalty Owners and Other Owners
of Interest in Production

RE: Proposed Well and Working Interest Unit
Custer-Wells Federal Com. #1
N/2 Section 6, T-25-S, R-37-E
Lea County, New Mexico
SOC-5031

Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the royalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratification to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgment page which must be notarized. Instructions for execution

All Royalty Owners and Other Owners
of Interest in Production
February 24, 1981
Page 2

and acknowledgement of instruments for New Mexico properties
are enclosed for your information, as is a stamped self-
addressed envelope for your convenience.

If you have any questions, please feel free to call me
collect at (915) 684-0134.

Cordially Submitted,

Thomas S. Mutranowski

Thomas S. Mutranowski
Landman

TSM:mr

Enclosures: Communitization Agreement
Ratifications (4)
Instructions
Stamped Return Envelope

CONSENT AND RATIFICATION TO
COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Ellenburger Formation, dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

EXECUTED the day and year hereinbelow set forth.

DATE: _____

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor
U. S. GEOLOGICAL SURVEY

DATED: _____

CONTRACT NO.: _____

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

N/2 Section 6, T-25-S, R-37-E, N.M.P.M.,
Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.
3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

6. (a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.
- (b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.
7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or productions pursuant to this agreement shall be deemed to be

operations or productions as to each lease committed hereto.

9. The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.
10. This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitized formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

12. The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successors in interests, and shall be subject to approval by the Secretary of the Interior.
13. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.
14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
16. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: K.V. Snell
Attorney-In-Fact

Handwritten:
JMA
TSM CK

EXHIBIT "A"

PLAT OF COMMUNITIZED AREA COVERING
N/2 SECTION 6, T-25-S, R-37-E N.M.P.M.
LEA COUNTY, NEW MEXICO

LC 055546 Tr. No. 1A 38.16 Ac. El Paso Natural Gas Company	Tr. No. 3 79.90 Ac. Getty Oil Company <i>Fee</i>	LC 055546 Tr. No. 1B 39.91 Ac. Santa Fe Energy Company
Tr. No. 2 38.22 Ac. Phillips Petroleum Company <i>Fee</i>	LC 055546 Tr. No. 1 80.00 Ac. Atlantic Richfield Company	Tr. No. 2A 40.00 Ac. Phillips Petroleum Company <i>Fee</i>

6

WELL TO BE LOCATED 1810' FNL AND 2164'
FWL, WHICH IS IN Tr. No. 1.
TOTAL ACREAGE WITHIN COMMUNITIZED AREA
316.19 ACRES, MORE OR LESS.

EXHIBIT "B"

To Communitization Agreement dated February 2, 1981,
embracing the North Half (N/2) Section 6, Township 25 South,
Range 37 East, N.M.P.M., Lea County, New Mexico, containing
317.19 acres, more or less.

Operator of Communitized Area: Atlantic Richfield Company

Description of Leases CommittedTract No. 1

Lease Serial No.: LC 055546
 Lease Date: January 4, 1935
 Lease Term: 20 years
 Lessor: United States of America
 Original Lessee: E. J. Wells
 Present Lessee: Atlantic Richfield Company
 Description of Lands Committed: Township 25 South, Range 37 East, N.M.P.M.,
 SW/4 NE/4 and SE/4 NW/4 Section 6
 Number of Acres: 80.00
 Royalty Rate: On Gas and Casing-Head Gasoline:
 12½ when average daily production is less
 than 3,000,000 cubic feet; 16 2/3 when
 average daily production is 3,000,000
 cubic feet or more on oil:
 12½ to 33 1/3 sliding Scale
 Name and Percent ORRI Owners: 5% owned as follows:
 Terra Resources, Inc.----- .036705
 Robert Bivens----- .00022375
 The Marbet Company----- .000446
 Marguerite B. Poynter----- .00022375
 Red Feather Oil Company----- .003125
 Virginia B. Bryan----- .00022375
 Douglas O. Williams----- .00022375
 J. Reuel Armstrong----- .001319
 Helen H. Benedict----- .00019600
 Leland Standford Jr. University--- .000446
 Ruby C. Bowen----- .001319
 Clyde C. Dawson----- .000196
 Alice H. Fox----- .000049
 Elizabeth G. Henry----- .000049
 S. Arthur Henry, Jr.----- .000049
 Pauson Oil Company----- .000446
 Diane Rene Stewart, Conservator
 for Elizabeth O. Tucker----- .001319
 Helen H. Utter----- .000049
 Jean Wells Klaasse, Guardian of
 the Person & Property of
 Martha Noel Wells----- .003392
 Name and Percent WI Owners: Atlantic Richfield Company----- 100%

Tract No. 1A

Lease Serial No.: LC 055546 (Same as Tract No. 1)
 Lease Date: January 4, 1935
 Lease Term: 20 years
 Lessor: United States of America
 Lessee: E. J. Wells
 Present Lessee: El Paso Natural Gas Company
 Description of Lands Committed: Township 25 South, Range 37 East, N.M.P.M.,
 Lot 4, being NW/4 NW/4, Section 6
 Number of Acres: 38.16
 Royalty Rate: Same as Tract No. 1
 Name and Percent ORRI Owners: 1.667687% owned as follows:
 J. Ruel Armstrong----- .014663
 L. E. Armstrong, Jr.----- .014664
 Mary E. Baker----- .005956
 Helen H. Benedict----- .006542

Robert Bivens-----	.005956
Leland Stanford Jr. University----	.014889
Ruby C. Bowen-----	.043990
Colorado National Bank Personal Representative of The Estate of Clyde C. Dawson, Deceased-----	.006542
Alice H. Fox-----	.001090
S. Arthur Henry, Jr.-----	.001090
Elizabeth G. Henry-----	.003271
Pauson Oil Company-----	.014889
The Marbet Company-----	.014889
Mary E. Bivens Poeggel-----	.005956
Marguerite Bivens Poynter-----	.005956
Red Feather Oil Company-----	.104230
Terra Resources, Inc.-----	1.224252
Diane Rene Stewart, Conservator Of Elizabeth O. Tucker-----	.043990
Helen H. Utter-----	.001090
Jean Wells Klaasse, Guardian of The Estate of Martha Noel Wells-----	.113163
Douglas O. Williams-----	.005955
Mrs. Ann Young-----	.014664
El Paso Natural Gas Company-----	100%

Name and Present Working
Interest Owners:

Tract No. 1B

Lease Serial No.:	LC055546 (Same as Tract No. 1)																																				
Lease Date:	January 4, 1935																																				
Lease Term:	20 years																																				
Lessor:	United States of America																																				
Lessee:	E. J. Wells																																				
Present Lessee:	Santa Fe Energy Company																																				
Description of Lands Committed:	Township 25 South, Range 37 East, N.M.P.M. Lot 1, being NE/4 NE/4, Section 6 39.91																																				
Number of Acres:	Same as Tract No. 1																																				
Royalty Rate:	5% owned as follows:																																				
Name and Present ORRI Owners:	<table> <tbody> <tr> <td>L. E. Armstrong, Jr.-----</td> <td>.0004400</td> </tr> <tr> <td>Ann Young-----</td> <td>.0004400</td> </tr> <tr> <td>Ruby C. Bowen-----</td> <td>.0013200</td> </tr> <tr> <td>Mrs. Fred E. Tucker, Jr.-----</td> <td>.0013200</td> </tr> <tr> <td>Robert Bivens-----</td> <td>.0008900</td> </tr> <tr> <td>The Marbet Co.-----</td> <td>.0004500</td> </tr> <tr> <td>Pauson Oil Co.-----</td> <td>.0004500</td> </tr> <tr> <td>J. Reuel Armstrong-----</td> <td>.0004400</td> </tr> <tr> <td>Board of Trustees of the Leland Stanford, Jr., University-----</td> <td>.0004500</td> </tr> <tr> <td>Red Feather Oil Co.-----</td> <td>.0031200</td> </tr> <tr> <td>Jean Wells Klaasse, Guardian For Martha Noel Wells-----</td> <td>.0033900</td> </tr> <tr> <td>Terra Resources, Inc.-----</td> <td>.0367051</td> </tr> <tr> <td>Helen Benedict-----</td> <td>.0001965</td> </tr> <tr> <td>Clyde C. Dawson-----</td> <td>.0001966</td> </tr> <tr> <td>Elizabeth G. Henry-----</td> <td>.0000982</td> </tr> <tr> <td>Alice H. Fox-----</td> <td>.0000329</td> </tr> <tr> <td>Helen H. Utter-----</td> <td>.0000329</td> </tr> <tr> <td>Santa Fe Energy Company-----</td> <td>.0000329</td> </tr> </tbody> </table>	L. E. Armstrong, Jr.-----	.0004400	Ann Young-----	.0004400	Ruby C. Bowen-----	.0013200	Mrs. Fred E. Tucker, Jr.-----	.0013200	Robert Bivens-----	.0008900	The Marbet Co.-----	.0004500	Pauson Oil Co.-----	.0004500	J. Reuel Armstrong-----	.0004400	Board of Trustees of the Leland Stanford, Jr., University-----	.0004500	Red Feather Oil Co.-----	.0031200	Jean Wells Klaasse, Guardian For Martha Noel Wells-----	.0033900	Terra Resources, Inc.-----	.0367051	Helen Benedict-----	.0001965	Clyde C. Dawson-----	.0001966	Elizabeth G. Henry-----	.0000982	Alice H. Fox-----	.0000329	Helen H. Utter-----	.0000329	Santa Fe Energy Company-----	.0000329
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Alice H. Fox-----	.0000329																																				
Helen H. Utter-----	.0000329																																				
Santa Fe Energy Company-----	.0000329																																				
Name and Present Working Interest Owners:	Santa Fe Energy Company----- 100%																																				

Tract No. 2 - 2A

Lease Dated: November 27, 1925
Recorded: Book 3, Page 247, Records of
Lea County, New Mexico
Lessor: C. D. Woolworth, et al
Lessee: The Pure Oil Company
Land Covered: SW/4 NW/4, SE/4 NE/4, and other lands
not included within said communitized
area, Section 6, T-25-S, R-37-E, N.M.P.M.
Primary Term: 10 years
Royalty: 1/8 on oil and gas
Record Title to Lease: Phillips Petroleum Company
Name and Percent of Royalty Owners:

T. J. Horsley-----	.0004883
Atlantic Richfield Company-----	.0074218
Atlantic Richfield Company-----	.0003907
Cathie Auvenshine-----	.0000976
Virginia L. Barnes-----	.0003472
Jane C. Balckford-----	.001770
W. C. Stroube & William J. Collins, Independent Exec. Of the Estate of J. L. Collins-----	.0010417
Clifford Cone-----	.0000977
Douglas Cone-----	.0000977
Kathleen Cone-----	.0004883
Kenneth G. Cone-----	.0000976
Maurice G. Stuffman, Kathrine Cone, and Tom Sealy, Trustees of S. E. Cone, Deceased-----	.0003255
Tom R. Cone-----	.0000977
Mrs. Martha Watkins Harris-----	.0012206
Winona C. Jones-----	.0003472
Marjorie Cone Kastman-----	.0001628
Mrs. Clyde Watkins Miller-----	.0004612
Trustees of the Jal Public Library Fund-----	.0026313
Andrew S. Pearson, Jr.-----	.0003472
H. Dillard Schenck-----	.0004883
The First National Bank of Corsicana, Texas and H. R. Stroube, Jr., Ancillary Co-Executors of Estate of H. R. Stroube, Deceased-----	.0010417
Joseph Edward Stroube, Ancillary Executor of the Estate of W. C. Stroube-----	.0010417
Myrtis D. Watkins-----	.0012206
Robert L. Wheelock, Jr. and Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock-----	.0005208
First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust-----	.0003438
Bank of Oklahoma and Rita L. Willis, Co-Trustees of the Rita L. Willis Trust-----	.0004883

Tract No. 3

Lease #1 Dated: November 4, 1936
Recorded: Book 28, Page 388, Records of
Lea County, New Mexico
Lessor: George D. Key and Bertha Key
Lessee: F. J. Danglade

Land Covered:	NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area
Primary Term:	10 years
Royalty:	1/8 on oil and gas
Record Title to Lease:	Gatty Oil Company
Lease #2 Dated:	Same as #1
Recorded:	Book 28, Page 389, Records of Lea County, New Mexico
Lessor:	Elizabeth Hudson Penn
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #3 Dated:	Same as #1
Recorded:	Book 28, Page 387, Records of Lea County, New Mexico
Lessor:	The North Central Texas Oil Company, Inc.
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #4 Dated:	November 4, 1937
Recorded:	Book 34, Page 553, Records of Lea County, New Mexico
Lessor:	C. Schnurr
Lessee:	Skelly Oil Company
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #5 Dated:	May 25, 1939
Recorded:	Book 40, Page 534, Records of Lea County, New Mexico
Lessor:	W. B. Skirvin
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #6 Dated:	June 7, 1939
Recorded:	Book 40, Page 547, Records of Lea County, New Mexico
Lessor:	Tidewater Associated Oil Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #7 Dated:	June 6, 1939
Recorded:	Book 40, Page 555, Records of Lea County, New Mexico
Lessor:	S. M. Gloyd and Onez Norman Gloyd
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #8 Dated:	August 14, 1939
Recorded:	Book 41, Page 17, Records of Lea County, New Mexico
Lessor:	Peerless Oil and Gas Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #9 Dated:	 July 1, 1939
Recorded:	Book 40, Page 620, Records of Lea County, New Mexico
Lessor:	J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #10 Dated:	 December 6, 1936
Recorded:	Book 28, Page 393, Records of Lea County, New Mexico
Lessor:	ARGO Oil Corporation
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #11 Dated:	 November 4, 1936
Recorded:	Book 28, Page 392, Records of Lea County, New Mexico
Lessor:	R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	5 years
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #12 Dated:	 November 4, 1936
Recorded:	Book 28, Page 391, Records of Lea County, New Mexico
Lessor:	Robert C. Sharp and Josephine P. Sharp
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #13 Dated:	 November 4, 1936
Recorded:	Book 28, Page 390, Records of Lea County, New Mexico
Lessor:	L. C. Ritts and Gladys C. Ritts
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #14 Dated:
Recorded:

Lessor:
Lessee:
Land Covered:
Primary Term:
Royalty:
Record Title to Lease:

November 4, 1936
Book 28, Page 397, Records of
Lea County, New Mexico
F. D. Bearly and Cora Bearly
Same as #1
Same as #1
Same as #11
Same as #1
Same as #1

Lease #15 Dated:
Recorded:

Lessor:

Lessee:
Land Covered:
Primary Term:
Royalty:
Record Title to Lease:
Name and Percent of Royalty
Owners Under Lease #1 thru #15:

November 4, 1936
Book 28, Page 471, Records of
Lea County, New Mexico
Roger B. Owings and
Lucy P. Owings
Same as #1
Same as #1
Same as #11
Same as #1
Same as #1

John Dwire Atkins-----	.0002388
Atlantic Richfield Company-----	.0101273
Roy G. Barton, Jr.-----	.0078125
James Henry Bearly-----	.0002387
Chas. Francis Bedford-----	.0003125
Henry De Graffenried Bedford-----	.0003125
Helen Learmont Bedford-----	.0003125
Rachel Bedford Bowen-----	.0003125
Mary Smith Bowers-----	.0001033
Joe and Jessie Crump Fund-----	.0048828
Estate of Pauline Cromartie-----	.0001033
Richard L. Cromartie, Jr.-----	.0000517
The First National Bank of Midland and Jessie Blevins Crump, Co-Trustees-----	.0048828
Elizabeth Bearly Dudley-----	.0002387
Fluor Oil and Gas Corporation-----	.0078125
Getty Oil Company-----	.0234375
Eva W. Graham-----	.0001033
Bernice J. Gross-----	.0039063
Katie Smith Hazlehurst-----	.0001033
Rosa Lee Smith Johnson-----	.0001099
George D. Key, Jr.-----	.0058593
J. M. Richardson Lyeth, Jr. and Munro Longyear Lyeth-----	.0070313
Judd Moore-----	.0002387
North Central Oil Corporation-----	.0039063
Roger B. Owings-----	.0039063
Nancy Elizabeth Penson-----	.0114612
William Y. Penn, Trustee Devises under the will of George Pfouts, Deceased-----	.0038195
Mildred Smith Rawls-----	.0000056
Ritts Royalty Company-----	.0001033
Onez Norman Rooney-----	.0023149
Royalty Roundup, Inc.-----	.0070312
Ellis Rudy-----	.0000302
Magabel Smith Rule-----	.0003617
Frances Wooten Scott-----	.0001033
Elinor Campbell Shaughnessy-----	.0000517
Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate-----	.0003617
Richard J. Shaughnessy, Adm. Estate of Julie Underwood Erickson-----	.0010850
	.0003617

O. W. Skirvin-----	.0021701
Archie D. Smith, Trustee-----	.0023149
Cassius L. Smith-----	.0001162
David Lee Smith-----	.0000066
Dudley M. Smith-----	.0000056
Edmond D. Smith-----	.0001162
Eugene Smith-----	.0001033
Frank L. Smith-----	.0001033
Harry E. Smith-----	.0000517
H. Winfield Smith, Jr.-----	.0001033
Harry Eldon Smith-----	.0000066
Mary M. Smith-----	.0001033
Maud S. Smith-----	.0001033
Leon D. Smith-----	.0001162
R. P. Smith-----	.0001162
Robert H. Smith-----	.0000129
Gladys Flinchum, Adm. of Estate of Odella N. Spears-----	.0012152
Georgia A. Stieren, Ind. Exec. of Estate of Jack Stieren-----	.0001627
Tortuga Oil and Gas, Inc.-----	.0001402
Randall Mark Trainer-----	.0039062
Nora Walker-----	.0000056
Lillian Smith Ward-----	.0000517
Betty S. Warren-----	.0000129
Ellen Ann Wallace Williams-----	.0003125
Jane Cromartie Williams-----	.0000517
Jack Wooten-----	.0000517
Tom Wooten, Jr.-----	.0001033

PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

None, however ratifications are being obtained from all mineral interest owners,
and those not replying will be Forced Pooled.

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres</u>	<u>Percent of Pool</u>
1	80.00	25.3012429%
1A	38.16	12.0686929%
1B	39.91	12.6221576%
2	38.22	12.0876688%
2A	40.00	12.6506215%
3	79.90	25.2696163%
	<u>316.19</u>	<u>100.0000000%</u>

THE STATE OF TEXAS
COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared
K. V. TERRELL, Attorney-in-Fact for ATLANTIC RICHFIELD
COMPANY, a corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said Atlantic Richfield Company, for the purposes and
considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of
February, 1981.

Yvonne Brooks Yvonne Brooks
Notary Public

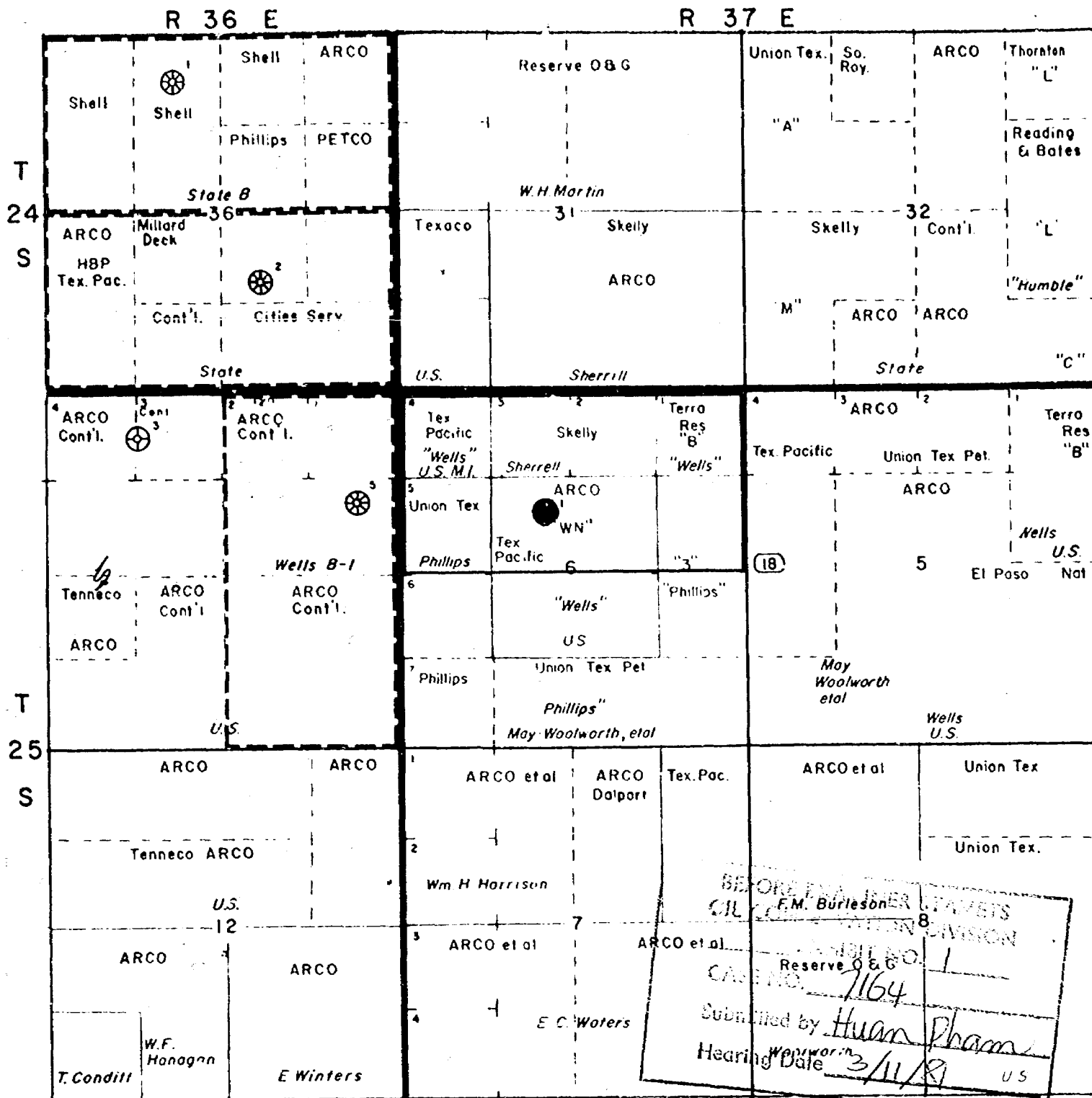
My Commission Expires

July 3, 1984

INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS
(New Mexico Properties)

The attached instruments should be executed pursuant to the following instructions:

1. Married Persons (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
2. Married Persons (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
3. Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.
4. Single Women. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
5. Corporations. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-in-fact, a copy of his power of attorney should be furnished.
6. Partnerships. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
7. Trustees. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
8. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approving the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
9. Capacity Not Covered. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
10. Acknowledgments. The acknowledgment must be taken by a Notary Public whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not useable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.



LEGEND

- PROPOSED UNIT
- PROPOSED WELL
- EXISTING UNIT

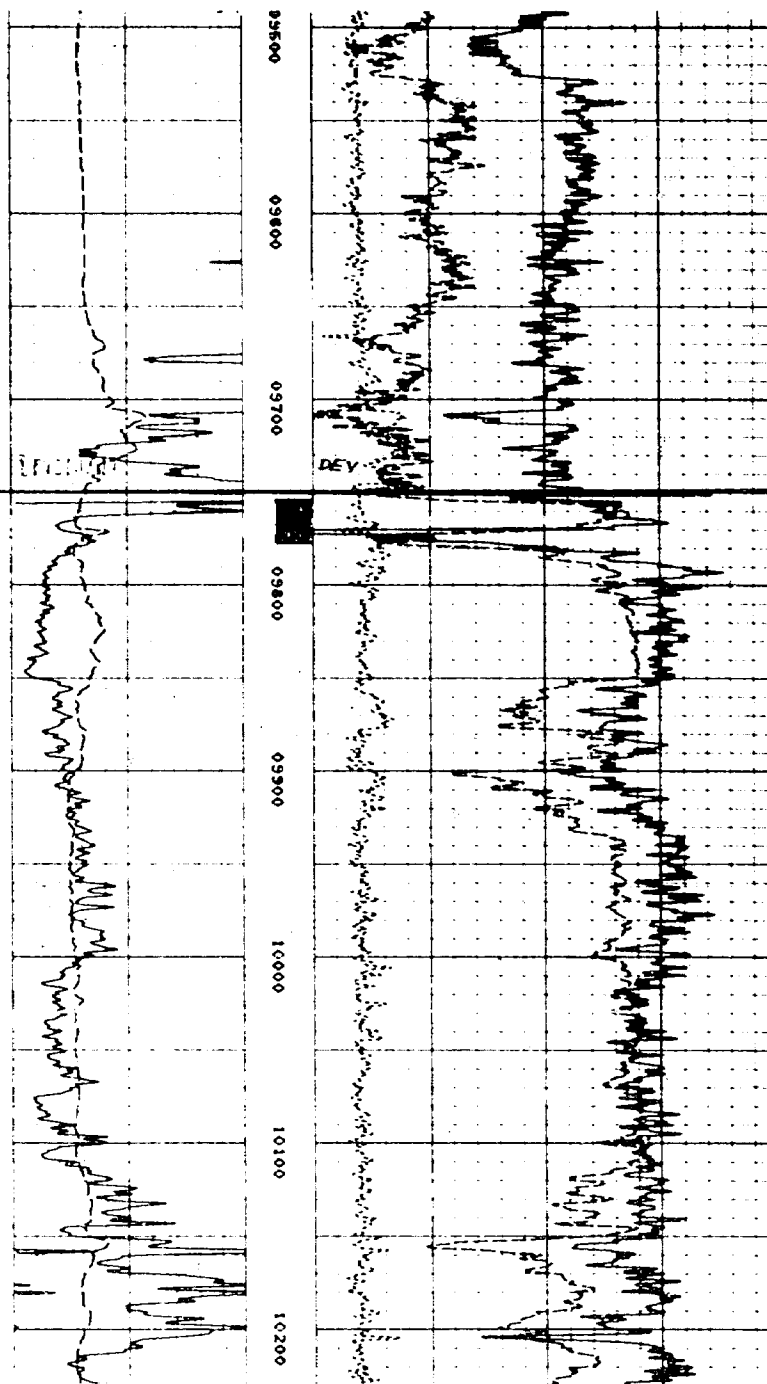
EXHIBIT 1

ARCO Oil and Gas Company Division of Atlantic Richfield Company Permian District Midland, Texas	
CUSTER FIELD LEA COUNTY, NEW MEXICO DEVONIAN/ELLENBURGER	
SCALE: 1" = 2000'	
By: H. PHAM	Drawn By: R.C.T. Date: 2-3-81
Date: 2/3/81	Revised By: Date:
Dept: WEST AREA ENGR.	Dwg No:

CONOCO INC
WELLS B-1 NO.5

1650' FNL & 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253

DEVONIAN



INFORMED BY STAMETS
ALCOCK & SONS DIVISION
NO. 2

7164

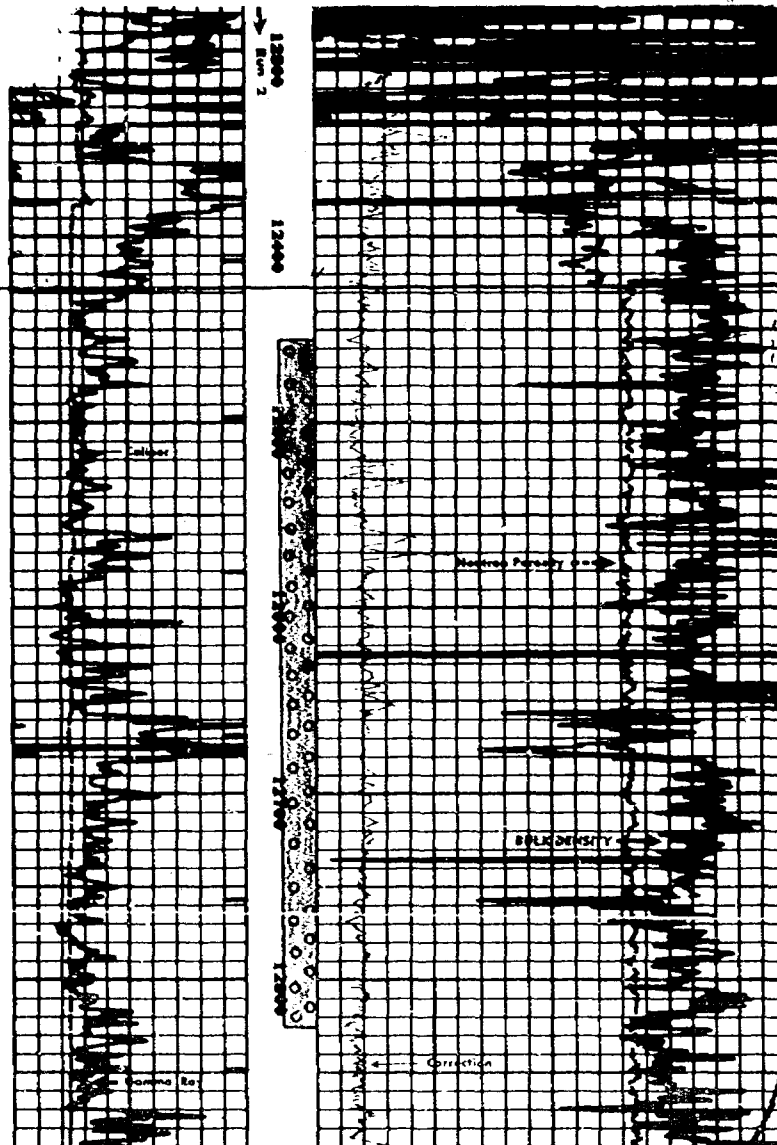
Huan Pham

Heating Date 3/11/81

CONOCO INC
WELLS B-1 NO. 5

1650' FNL & 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253

ELLENBURGER



PRODUCTION REPORT
WELL NO. 3

DATE 7/16/81
BY Juan Gomez
DATE 3/11/81

NAAPL FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This agreement may be executed by any number of copies, each of which shall be considered
original and all of which shall be equally valid.

IN WITNESS WHEREOF, this agreement was signed by and for of 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By:
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By:

Phillips Petroleum Company

By: Cliff Ohr, Attorney-In-Fact

Santa Fe Energy Company

By:

El Paso Natural Gas Company

By:

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 4

CASE NO. 7164

Submitted by ARCO

Hearing Date 3/11/81

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS }

COUNTY OF MIDLAND }

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September,
1980.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF TEXAS }
COUNTY OF HARRIS }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Cliff Ohr
Attorney-In-Fact, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said PHILLIPS PETROLEUM COMPANY, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of March, A.D., 19 81.
My Commission Expires:
August 25, 1984

Kent Crawford
NOTARY PUBLIC
Notary Public in and for
Harris County, Texas
KENT CRAWFORD

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ he _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ he _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____

NOTARY PUBLIC

Title CUSTER-WELLS No. 1: Drill & Equip		MAR 9 1981		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number	
Location 1650' FNL & 1980' FNL, Section 6, T-25-S, R-37-E, ARCO OIL AND GAS CO. NORTH & WEST LAND DEPT. Lea County, New Mexico					
APPR TD 12,800 Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recombination <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019 Capital Instabudget dated 10/9/79 <input type="checkbox"/> Named on Instabudget 10/9/79 Amount capital differs from Instabudget \$ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ Over/(under)		Originated by Huan Phan District Permian West Field name Custer Less record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. Field code 064430 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service		Component AFE No(s) Description and justification Account codes Amounts—in whole dollars only On hand Capital Expense Total 614459 Tangible 031 607,000 607,000 " Intangible 037 1,250,000 1,250,000 " Total Drilling Cost 1,857,000 1,857,000 614467 Production Equipment 038 170,000 170,000 Gross totals 2,027,000 2,027,000 Operator ARCO Oil & Gas Co. Net Atlantic Richfield share 584,483 584,483 Atlantic Richfield ownership decimal 0.288349 Range requested Payout (years) % Return (AFIT) PW (AFIT) % Start date Completion date \$ Prior year Capital \$ Curr. year Capital \$ Thereafter Capital 1/81 6/81 584,483 584,483 Technical audits (check those required) <input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input type="checkbox"/> Other <input checked="" type="checkbox"/> Procedural audits Signature M. Blum Company C&H Oil Company Approvals (check highest level required) <input checked="" type="checkbox"/> District C. S. Landwell Jr. Date 8/19/80 <input type="checkbox"/> Other <input type="checkbox"/> Regional <input type="checkbox"/> Senior vice-president Authorized expenditure limit table No. 103			

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
as original and all of which together shall constitute the entire agreement.

IN WITNESS WHEREOF, this agreement shall be signed as of 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By:
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By: J. A. Morris
J. A. MORRIS, AGENT

Phillips Petroleum Company

By:

Santa Fe Energy Company

By:

El Paso Natural Gas Company

By:

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al,
Non-Operators.

STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

BEFORE ME, the undersigned, a Notary Public in and for said County and
State, on this day personally appeared J. A. MORRIS, AGENT for GETTY OIL COMPANY,
a Delaware corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations
and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

My commission expires:

June 28, 1981

Hester A. Romine
Notary Public

Title CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number					
Location 1650' FNL & 1980' FWL, Section 6, T-25-S, R-37-E, Lea County, New Mexico							
Obj Form APPR TD 12,800 Ellenburger		Budget Information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019					
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Originated by Huan Pham District Permian West Field name Custer Lease record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. Field code 064410 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).					
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service		<input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ Over/(under)					
Use reverse side if needed	Component AFE No(s)	Description and justification	Account codes	Amounts—in whole dollars only			
		Attached		On hand	Capital	Expense	Total
	614459	Tangible	031		607,000		607,000
	"	Intangible	037		1,250,000		1,250,000
	"	Total Drilling Cost			1,857,000		1,857,000
	614467	Production Equipment	038		170,000		170,000
		Gross totals			2,027,000		2,027,000
Operator	ARCO Oil & Gas Co.	Net Atlantic Richfield share			584,483		584,483
Atlantic Richfield ownership decimal		Range requested		Lower	Upper		
Payout (years) % Return (AFIT)		Start date	Completion date	\$ Prior year Capital	\$ Curr. year Capital	\$ Thereafter Capital	
		1/81	6/81	Expense	Expense 584,483	Expense	
<input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input type="checkbox"/> Other		<input checked="" type="checkbox"/> Procedural audits		<input type="checkbox"/> Co-owner approval		Signature	
Approvals (check highest level required)		Authorized expenditure limit table No. 103		Company			
<input checked="" type="checkbox"/> District C. S. Landwell Jr. Date 8/19/80		<input type="checkbox"/> Santa Fe Energy Company BY: C. S. Landwell Jr. Executive Vice President Date 11-21-80		<input type="checkbox"/> President/Chairman		Date	
<input type="checkbox"/> Regional		Date		<input type="checkbox"/> For Board of Directors		Date	
<input type="checkbox"/> Senior vice-president		Date					

Well name
Custer Wells No. 1T.D.
12,800Location
1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New MexicoRegion
WesternDistrict
Permian West

Field

Objective
@ ft. @ ft.☒ Development
☐ Exploratory
☐ Completion
☐ Single
☒ Dual
☐ MultipleData Processing Information
Trans. Ident.
1 2 3 4
A F E E
A.F.E. Number
5
6 7 8 9 10 11
Update code
1 = Delete
3 = Add
Original/Revision Indicator
1 = Original
2 = Revision

Tangible costs	Dry hole	Completion costs	Detail code	Total gross dollars	Major account
1. Tubular goods			12 13 14	15 16 17 18 19 20 21 22	23 24 25 26
20 " OD from 0' to 30'	1,000				
13-3/8" OD from 0' to 1200'	28,000				
9-5/8" OD from 0' to 6450'	110,000				
7 " OD from 0' to 12800'		245,000			
2-3/8" OD from 0' to 12300'		60,000			
2-3/8" OD from 0' to 9550'		50,000			
" OD from ' to '					
" OD from ' to '					
2. Casinghead and Christmas tree	18,000	60,000	5 0 4		
3. Tubing accessories		25,000	5 0 6		
4. Artificial lift accessories			5 0 7		
5. Unclassified materials	5,000	5,000	5 0 8		
Total tangibles	162,000	445,000			
Intangible costs					
6. Testing tubular goods	8,000	15,000	5 6 9		
7. Trucking tubular goods	8,000	8,000	5 0 9		
8. Casing accessories	5,000		5 1 2		
9. Site preparation, maint., clean up	25,000		5 1 4		
10. Permits, insurance, damages	2,000		5 1 5		
11. Moving expense	50,000		5 1 7		
12. Boat & barge rental			5 1 8		
13. Camp & catering			5 2 2		
14. Boiler			5 2 5		
15. Roads, airstrips & maintenance			5 5 6		
16. Air freight & air transportation			5 2 8		
17. Contract footage drilling					
ft @ \$ / ft.			5 3 2		
Contract daywork (items 18 through 24)					
18. Drilling 60 days @ \$5000 /day	300,000		5 3 3		
19. Casing 7 days @ \$5000 /day	15,000	20,000	5 3 4		
20. Fishing 3 days @ \$5000 /day	15,000		5 3 6		
21. Lost circ. & flows 3 days @ \$5000 /day	15,000		5 3 7		
22. Log test & core days @ \$ /day			5 3 8		
23. Shut down time days @ \$ /day			5 3 9		
24. Completion or plugging days @ \$ /day			5 4 1		
25. Completion unit daywork 50 days @ \$1000 /day		50,000	5 4 2		
26. Rental: DP, DC, & related tools			5 4 3		
27. Well control equipment	20,000		5 4 7		
28. Drill bits # 2 size 17-1/2"	5,000		5 4 8		
# 6 size 12-1/4"	25,000				
# 25 size 8-3/4"	37,000				
# 1 size 6"		1,000			

Well name Custer Wells No. 1		Data Processing Information																
Estimated by S. A. Haktanir		Tran. Ident.				5	A.F.E. number						Up - le code 1 = delete 3 = add					
Date 6/30/80		1 2 3 4					6 7 8 9 10 11						Original/revision indicator 1 = Original 2 = Revision					
		A F E E																
Intangible cost (continued)		Dry hole		Completion costs		Detail code			Total gross dollars								Major account	
						12 13 14			15 16 17 18 19 20 21 22								23 24 25 26	
29. Fuel, fresh water & drayage		40,000		5,000		5 4 9												
30. Drilling mud materials & drayage		110,000				5 5 1												
31. Drilling mud equipment						5 5 2												
32. Air compressor rental or gas cost						5 5 3												
33. Air or gas drlg. accessories & drayage						5 5 4												
34. Open hole surveys		40,000				5 5 7												
35. Data recording services						5 5 8												
36. Wireline formation tester						5 5 9												
37. Mud log		20,000				5 6 0												
38. Cased hole surveys				16,000		5 6 1												
39. Perforating fees				10,000		5 6 2												
40. Sidewall coring						5 6 3												
41. Conv. diamond or wireline coring ft.						5 6 8												
42. Drill stem tests = 2		15,000				5 7 2												
43. <input type="checkbox"/> Acidize <input checked="" type="checkbox"/> Fracture gal. lbs				120,000		5 7 7												
44. Cement & fees for casing																		
20 " OD circ sacks		1,000																
13-3/8 " CD circ sacks		10,000																
9-5/8 " " OD circ sacks		30,000																
7 " OD sacks				35,000														
" OD sacks																		
" OD sacks																		
45. Cement & fees for squeezes or plugs				15,000		5 7 9												
46. Fishing tool rental & drayage		10,000		10,000		5 8 0												
47. Directional drlg. tool rental & drayage						5 8 1												
48. Operations - prorata						5 9 0												
49. Unclassified tool rental & drayage		15,000		12,000		5 8 7												
50. Unclassified drayage & supplies		10,000		10,000		5 9 4												
51. Unclassified services & material losses		20,000		20,000		5 8 9												
52. Overhead		10,000		7,000		5 9 2												
53. Supervision by contract personnel						1 0 5												
54. Supervision by A.R.Co. personnel		24,000		10,000		1 0 6												
Total Intangibles																		
		885,000		365,000														
Total cost (tangibles & intangibles)		1,047,000		810,000														
Completed well cost (dry hole & comp.)				1,857,000														



Subject ARCO Custer Wells No. 1: Drill & Equip		Date July 9, 1980
Authorization number		
District Permian West		
Location 1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico		
Project		
To test Devonian and Ellenburger		formation
Depth 12,800		
Approved	Contract footage	Daywork depth

Casing program:

Surface casing

13-3/8" 54#/ft @ $\pm 1200'$

Protective string

9-5/8" 36#/ft @ $\pm 6450'$

Oil string

7" 26 & 29#/ft @ TD of 12800'

Liner

Casinghead

Estimated formation tops Est. El. 3250 DF

Rustler	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
Yates	2800	Barnett	8500	Silurian	9800	McKee	11650
Queen	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
Bone Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Mud program

0 - 1200' - Spud Mud
1200 - 6450' - Brine water - Lime for pH control
6450 - 8000' - Cut brine, use fresh water for volume
8000 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

Surveys @ 6450'

GR - CNL - FDC 6450' to 2500'
DLL - Rxo 6450' to 2500'

@ Total Depth

GR - CNL - FDC TD to intermediate
GR - DIL TD to intermediate

Coring

Core priority

Drill stem tests

DST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

Samples

10' samples from 4000' to total depth.

Fluid samples

2 quarts fluid recovered from DST's for analysis.

Mud logging

Mud log unit from 8500' to TD

Elevations

Est. elevation 3250 DF.

Type completion

Dual Devonian and Ellenburger.

Completion equipment

Signed (District Operations Superintendent)

Endorsed

District Operations Manager

District engineer

District Explorationist (geologist)

Approved

District Manager

Date

Date

Date

Date

5/13/80

7-30-80

8-18-80

8/19/80

CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number	
Location 1650' FNL & 1980' FNL, Section 6, T-25-S, R-37-E, Lea County, New Mexico			
Obj Form APPR TD 12,800 Ellenburger		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019	
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Originated by Huan Pham District Permian West Field name Custer Least record number HM-97, HM-MD-67 HM-MD-85, SOC 5031-01 Expl. project No. Field code 064410 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) J. J. J. J. Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate <input type="checkbox"/> Service		Capital instabudget dated 10/9/79 <input type="checkbox"/> Named on instabudget 10/9/79 Amount capital differs from instabudget \$ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA instabudget \$ Over/(under) <input type="checkbox"/> Addition to instabudget Current year capital differs from instabudget current year by \$ Over/(under)	
Component AFE No(s) Description and justification Account codes Amounts—in whole dollars only			
Attached			
614459	Tangible	031	607,000
"	Intangible	037	1,250,000
"	Total Drilling Cost		1,857,000
614467	Production Equipment	038	170,000
		Gross totals	2,027,000
Operator ARCO Oil & Gas Co.		Net Atlantic Richfield share	584,483
Atlantic Richfield ownership decimal 0 2 8 8 3 4 9		Range requested	Lower Upper
Payout (years) (AFIT)	% Return (AFIT) PV (AFIT)	Start date	Completion date
		1/81	6/81
Technical audits (check those required) <input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation <input type="checkbox"/> Other		Procedural audits <input type="checkbox"/> Co-owner approval Signature Company	
Approvals (check highest level required)		Authorized expenditure limit table No. 105	
<input checked="" type="checkbox"/> District C. S. Landwehr Jr. Date 8/19/80		<input type="checkbox"/> Executive vice-president Date	
<input type="checkbox"/> Other Date		<input type="checkbox"/> President/Chairman Date	
<input type="checkbox"/> Regional Date		<input type="checkbox"/> For Board of Directors Date	
<input type="checkbox"/> Senior vice president Date			

Well name Custer Wells No. 1 T.D. 12,800

Location 1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Region Western District Permian West Field

Objective @ ft. @ ft.

- ☒ Development ☐ Single
☐ Exploratory ☒ Dual
☐ Completion ☐ Multiple

Data Processing Information

Trans. Ident.				A.F.E. Number	
1	2	3	4	5	6
A	F	E	E		

Update code
1 = Delete
3 = Add

Original/Revision Indicator
1 = Original
2 = Revision

Tangible costs			Dry hole	Completion costs	Detail code	Total gross dollars																Major account			
						12	13	14	15	16	17	18	19	20	21	22	23	24	25	26					
1. Tubular goods																									
20 " OD from 0' to 30'				1,000																					
13-3/8" OD from 0' to 1200'				28,000																					
9-5/8" OD from 0' to 6450'				110,000																					
7 " OD from 0' to 12800'					245,000																				
2-3/8" OD from 0' to 12300'					60,000																				
2-3/8" OD from 0' to 9550'					50,000																				
" OD from ' to '																									
" OD from ' to '																									
2. Casinghead and Christmas tree			18,000	60,000	5 0 4																				
3. Tubing accessories				25,000	5 0 6																				
4. Artificial lift accessories					5 0 7																				
5. Unclassified materials			5,000	5,000	5 0 8																				
Total tangibles			162,000	445,000																					
Intangible costs																									
6. Testing tubular goods			8,000	15,000	5 6 9																				
7. Trucking tubular goods			8,000	8,000	5 0 9																				
8. Casing accessories			5,000		5 1 2																				
9. Site preparation, maint., clean up			25,000		5 1 4																				
10. Permits, insurance, damages			2,000		5 1 5																				
11. Moving expense			50,000		5 1 7																				
12. Boat & barge rental					5 1 8																				
13. Camp & catering					5 2 2																				
14. Boiler					5 2 5																				
15. Roads, airstrips & maintenance					5 5 6																				
16. Air freight & air transportation					5 2 8																				
17. Contract footage drilling																									
" ft @ \$ / ft.					5 3 2																				
Contract daywork (items 18 through 24)																									
18. Drilling 60 days @ \$5000 /day			300,000		5 3 3																				
19. Casing 7 days @ \$5000 /day			15,000	20,000	5 3 4																				
20. Fishing 3 days @ \$5000 /day			15,000		5 3 6																				
21. Lost circ. & flows 3 days @ \$5000 /day			15,000		5 3 7																				
22. Log test & core days @ \$ /day					5 3 8																				
23. Shut down time days @ \$ /day					5 3 9																				
24. Completion or plugging days @ \$ /day					5 4 1																				
25. Completion unit daywork 50 days @ 1000/day				50,000	5 4 2																				
26. Rental: OP, DC, & related tools					5 4 3																				
27. Well control equipment			20,000		5 4 7																				
28. Drill bits # 2 size 17-1/2"			5,000		5 4 0																				
# 6 size 12-1/4"			25,000																						
# 25 size 8-3/4"			37,000																						

Custer Wells No. 1

Data Processing Information

Prepared by

S. A. Haktanir

6/30/80

Trans. Ident.

1	2	3	4
A	F	E	E

A.F.E. number

6	7	8	9	10	11

Up is code
1 = delete
3 = addOriginal/revision indicator
1 = Original
2 = Revision

Tangible cost (continued)

	Dry hole	Completion costs	Detail code	Total gross dollars	Major account
			12 13 14	15 16 17 18 19 20 21 22	23 24 25 26
Fuel, fresh water & drayage	40,000	5,000	5 4 9		
Drilling mud materials & drayage	110,000		5 5 1		
Drilling mud equipment			5 5 2		
Air compressor rental or gas cost			5 5 3		
Air or gas drig. accessories & drayage			5 5 4		
Open hole surveys	40,000		5 5 7		
Data recording services			5 5 8		
Wireline formation tester			5 5 9		
Mud log	20,000		5 6 0		
Cased hole surveys		16,000	5 6 1		
Perforating fees		10,000	5 6 2		
Reclaim coring			5 6 3		
Conv. diamond or wireline coring			5 6 8		
Drill stem tests = 2	15,000		5 7 2		
Acidize <input checked="" type="checkbox"/> Fracture gal. lbs		120,000	5 7 7		
Cement & fees for casing					
20" " OD circ sacks	1,000				
13-3/8" " OD circ sacks	10,000				
11-5/8" " OD circ sacks	30,000				
" " OD sacks		35,000			
" " OD sacks					
" " OD sacks					
Cement & fees for squeezes or plugs		15,000	5 7 9		
String tool rental & drayage	10,000	10,000	5 8 0		
Sectional drig. tool rental & drayage			5 8 1		
Drillations - prorata			5 9 0		
Classified tool rental & drayage	15,000	12,000	5 8 7		
Classified drayage & supplies	10,000	10,000	5 9 4		
Classified services & material losses	20,000	20,000	5 8 9		
Shoat	10,000	7,000	5 9 2		
Provision by contract personnel			1 0 5		
Provision by A.R.Co. personnel	24,000	10,000	1 0 6		
Tangibles					
	885,000	365,000			
Int (tangibles & intangibles)	1,047,000	810,000			
Drill well cost (dry hole & comp.)					
	1,857,000				

ARCO Custer Wells No. 1: Drill & Equip

Date

July 9, 1980

Location number

Permian West

1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Project

Test

Devonian and Ellenburger

Formation

Depth 12,800

Proved

Contract footage

Daywork depth

Drilling program:

Surface casing

13-3/8" 54#/ft @ ±1200'

Protective string

9-5/8" 36#/ft @ ±6450'

String

7" 26 & 29#/ft @ TD of 12800'

er

inghead

Estimated formation tops Est. El. 3250 DF

Stier	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
tes	2800	Barnett	8500	Silurian	9800	McKee	11650
een	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
ne Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Drilling program

0 - 1200' - Spud Mud
 00 - 6450' - Brine water - Lime for pH control
 50 - 8000' - Cut brine, use fresh water for volume
 00 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

Keys @ 6450'

- CNL - FDC 6450' to 2500'
 L - Rxo 6450' to 2500'

@ Total Depth

GR - CNL - FDC TD to Intermediate
 GR - DIL TD to intermediate

ore priority

ill stem tests
ST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval
to be determined by well site geologist and engineer.

amples

0' samples from 4000' to total depth.

uid samples.

quarts fluid recovered from DST's for analysis.

ud logging

ud log unit from 8500' to TD

evations

st. elevation 3250 DF.

ype completion

ual Devonian and Ellenburger.

ompletion equipment

ined (District Office Superintendent)

icorsed

istrict Operations Manager

istrict engineer

istrict Explorationist (geologist)

proved

istrict Manager

Date

8/18/80

Date

7-30-80

Date

8-18-80

Date

8/19/80

C.E. Cardwell Jr.

AA.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C. E. Cardwell Jr.
C. E. Cardwell, Jr.,
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

GETTY OIL COMPANY

By: _____

EL PASO NATURAL GAS COMPANY

By: _____

SANTE FE ENERGY COMPANY

By: C. J. Berry, Jr.
C. J. Berry, Jr.
Executive Vice President

Attest: S. S. Cowgill
Assistant Secretary

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September,
1980.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas
COUNTY OF Potter

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C.J. Berry, Jr.
Exec. Vice Pres., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said Santa Fe Energy Company, a corporation,
and that he has executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of November, A.D., 19 80



KATHY J. CASILLAS
Notary Public, State of Texas
My Commission Expires 10-30-81

Kathy J. Casillas
NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____,
known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____,
known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

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ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: _____
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

UNION TEXAS PETROLEUM CORPORATION

By: _____

GETTY OIL COMPANY

By: _____

TERRA RESOURCES, INC.

By: _____

EL PASO NATURAL GAS COMPANY

By: *D. N. Canfield*
D. N. CANFIELD
ATTORNEY-IN-FACT



THE STATE OF TEXAS)
COUNTY OF MIDLAND)

Attached to and made a part of Operating Agreement dated August 23, 1980, between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company, Inc., et al, Non-Operator,

BEFORE ME, the undersigned authority, on this day personally appeared _____, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 1970.

Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF El Paso }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D. N. Canfield, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said El Paso Natural Gas Company, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 19th day of December A.D., 1980

ANNE F. GRIEP
Notary Public in and for STATE OF TEXAS
My Commission Expires 09-30-84

Anne F. Grieb
NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said _____, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19____

NOTARY PUBLIC

PERSONAL ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____, known to me to be the person _____ whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19____

NOTARY PUBLIC

ARCO Oil and Gas Company
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0130
Curt Krehbiel
District Landman

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 7164

Submitted by ARCO

Hearing Date 3/11/81



February 24, 1981

TO: All Royalty Owners and Other Owners
of Interest in Production

RE: Proposed Well and Working Interest Unit
Custer-Wells Federal Com. #1
N/2 Section 6, T-25-S, R-37-E
Lea County, New Mexico
SCC-5031

Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the royalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratification to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgment page which must be notarized. Instructions for execution

All Royalty Owners and Other Owners
of Interest in Production
February 24, 1981
Page 2

and acknowledgement of instruments for New Mexico properties
are enclosed for your information, as is a stamped self-
addressed envelope for your convenience.

If you have any questions, please feel free to call me
collect at (915) 684-0134.

Cordially Submitted,

Thomas S. Mutranowski

Thomas S. Mutranowski
Landman

TSM:mr

Enclosures: Communitization Agreement
Ratifications (4)
Instructions
Stamped Return Envelope

CONSENT AND RATIFICATION TO
COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Eilenburger Formation, dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

EXECUTED the day and year hereinbelow set forth.

DATE: _____

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor
U. S. GEOLOGICAL SURVEY

DATED: _____

CONTRACT NO.: _____

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

N/2 Section 6, T-25-S, R-37-E, N.M.P.M.,
Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.
3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

6. (a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.
- (b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.
7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or productions pursuant to this agreement shall be deemed to be

operations or productions as to each lease committed hereto.

9. The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.
10. This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitized formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

12. The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successors in interests, and shall be subject to approval by the Secretary of the Interior.
13. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.
14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
16. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: K.V. Jenell
Attorney-In-Fact

Handwritten:
JMM
TSM
K

EXHIBIT "A"

PLAT OF COMMUNITIZED AREA COVERING
N/2 SECTION 6, T-25-S, R-37-E N.M.P.M.
LEA COUNTY, NEW MEXICO

LC 055546 Tr. No. 1A 38.16 Ac. El Paso Natural Gas Company	Tr. No. 3 79.90 Ac. Getty Oil Company <i>Fee</i>	LC 055546 Tr. No. 1B 39.91 Ac. Santa Fe Energy Company
Tr. No. 2 38.22 Ac. Phillips Petroleum Company <i>Fee</i>	LC 055546 Tr. No. 1 80.00 Ac. Atlantic Richfield Company	Tr. No. 2A 40.00 Ac. Phillips Petroleum Company <i>Fee</i>
6		

WELL TO BE LOCATED 1810' FNL AND 2164'
FWL, WHICH IS IN Tr. No. 1.
TOTAL ACREAGE WITHIN COMMUNITIZED AREA
316.19 ACRES, MORE OR LESS.

EXHIBIT "B"

To Communitization Agreement dated February 2, 1981,
embracing the North Half (N/2) Section 6, Township 25 South,
Range 37 East, N.M.P.M., Lea County, New Mexico, containing
317.19 acres, more or less.

Operator of Communitized Area: Atlantic Richfield Company

Description of Leases Committed

Tract No. 1

Lease Serial No.: LC 055546
Lease Date: January 4, 1935
Lease Term: 20 years
Lessor: United States of America
Original Lessee: E. J. Wells
Present Lessee: Atlantic Richfield Company
Description of Lands Committed: Township 25 South, Range 37 East, N.M.P.M.,
SW/4 NE/4 and SE/4 NW/4 Section 6
Number of Acres: 80.00
Royalty Rate: On Gas and Casing-Head Gasoline:
12½ when average daily production is less
than 3,000,000 cubic feet; 16 2/3 when
average daily production is 3,000,000
cubic feet or more on oil:
12½ to 33 1/3 sliding Scale
Name and Percent ORRI Owners: 5% owned as follows:
Terra Resources, Inc.----- .036705
Robert Bivens----- .00022375
The Marbet Company----- .000446
Marguerite B. Poynter----- .00022375
Red Feather Oil Company----- .003125
Virginia B. Bryan----- .00022375
Douglas O. Williams----- .00022375
J. Reuel Armstrong----- .001319
Helen H. Benedict----- .00019600
Leland Stanford Jr. University--- .000446
Ruby C. Bower----- .001319
Clyde C. Dawson----- .000196
Alice H. Fox----- .000049
Elizabeth G. Henry----- .000049
S. Arthur Henry, Jr.----- .000049
Pauson Oil Company----- .000446
Diane Rene Stewart, Conservator
for Elizabeth O. Tucker----- .001319
Helen H. Utter----- .000049
Jean Wells Klaasse, Guardian of
the Person & Property of
Martha Noel Wells----- .003392
Name and Percent WI Owners: Atlantic Richfield Company----- 100%

Tract No. 1A

Lease Serial No.: LC 055546 (Same as Tract No. 1)
Lease Date: January 4, 1935
Lease Term: 20 years
Lessor: United States of America
Lessee: E. J. Wells
Present Lessee: El Paso Natural Gas Company
Description of Lands Committed: Township 25 South, Range 37 East, N.M.P.M.,
Lot 4, being NW/4 NW/4, Section 6
Number of Acres: 38.16
Royalty Rate: Same as Tract No. 1
Name and Percent ORRI Owners: 1.667687% owned as follows:
J. Ruel Armstrong----- .014663
L. E. Armstrong, Jr.----- .014664
Mary E. Baker----- .005956
Helen H. Benedict----- .006542

Robert Bivens-----	.005956
Leland Stanford Jr. University----	.014889
Ruby C. Bowen-----	.043990
Colorado National Bank Personal Representative of The Estate of Clyde C. Dawson, Deceased-----	.006542
Alice H. Fox-----	.001090
S. Arthur Henry, Jr.-----	.001090
Elizabeth G. Henry-----	.003271
Pauson Oil Company-----	.014889
The Marbet Company-----	.014889
Mary E. Bivens Poeggel-----	.005956
Marguerite Bivens Poynter-----	.005956
Red Feather Oil Company-----	.104230
Terra Resources, Inc.-----	1.224252
Diane Rene Stewart, Conservator Of Elizabeth O. Tucker-----	.043990
Helen H. Utter-----	.001090
Jean Wells Klaasse, Guardian of The Estate of Martha Noel Wells-----	.113163
Douglas O. Williams-----	.005955
Mrs. Ann Young-----	.014664
El Paso Natural Gas Company-----	100%

Name and Present Working
Interest Owners:

Tract No. 1B

Lease Serial No.:	LC055546 (Same as Tract No. 1)
Lease Date:	January 4, 1935
Lease Term:	20 years
Lessor:	United States of America
Lessee:	E. J. Wells
Present Lessee:	Santa Fe Energy Company
Description of Lands Committed:	Township 25 South, Range 37 East, N.M.P.M. Lot 1, being NE/4 NE/4, Section 6
Number of Acres:	39.91
Royalty Rate:	Same as Tract No. 1
Name and Present ORRI Owners:	5% owned as follows:
	L. E. Armstrong, Jr.----- .0004400
	Ann Young----- .0004400
	Ruby C. Bowen----- .0013200
	Mrs. Fred E. Tucker, Jr.----- .0013200
	Robert Bivens----- .0008900
	The Marbet Co.----- .0004500
	Pauson Oil Co.----- .0004500
	J. Reuel Armstrong----- .0004400
	Board of Trustees of the Leland Stanford, Jr., University----- .0004500
	Red Feather Oil Co.----- .0031200
	Jean Wells Klaasse, Guardian For Martha Noel Wells----- .0033900
	Terra Resources, Inc.----- .0367051
	Helen Benedict----- .0001965
	Clyde C. Dawson----- .0001966
	Elizabeth G. Henry----- .0000982
	Alice H. Fox----- .0000329
	Helen H. Utter----- .0000329
	Santa Fe Energy Company----- .0000329
Name and Present Working Interest Owners:	Santa Fe Energy Company----- 100%

Tract No. 2 - 2A

Lease Dated: November 27, 1925
Recorded: Book 3, Page 247, Records of
Lea County, New Mexico
Lessor: C. D. Woolworth, et al
Lessee: The Pure Oil Company
Land Covered: SW/4 NW/4, SE/4 NE/4, and other lands
not included within said communitized
area, Section 6, T-25-S, R-37-E, N.M.P.M.
Primary Term: 10 years
Royalty: 1/8 on oil and gas
Record Title to Lease: Phillips Petroleum Company
Name and Percent of Royalty Owners:

T. J. Horsley-----	.0004883
Atlantic Richfield Company-----	.0074218
Atlantic Richfield Company-----	.0003907
Cathie Auvenshine-----	.0000976
Virginia L. Barnes-----	.0003472
Jane C. Balckford-----	.001770
W. C. Stroube & William J. Collins, Independent Exec. Of the Estate of J. L. Collins-----	.0010417
Clifford Cone-----	.0000977
Douglas Cone-----	.0000977
Kathleen Cone-----	.0004883
Kenneth G. Cone-----	.0000976
Maurice G. Stuffman, Kathrine Cone, and Tom Sealy, Trustees of S. E. Cone, Deceased-----	.0003255
Tom R. Cone-----	.0000977
Mrs. Martha Watkins Harris-----	.0012206
Winona C. Jones-----	.0003472
Marjorie Cone Kastman-----	.0001628
Mrs. Clyde Watkins Miller-----	.0004612
Trustees of the Jal Public Library Fund-----	.0026313
Andrew S. Pearson, Jr.-----	.0003472
H. Dillard Schenck-----	.0004883
The First National Bank of Corsicana, Texas and H. R. Stroube, Jr., Ancillary Co-Executors of Estate of H. R. Stroube, Deceased-----	.0010417
Joseph Edward Stroube, Ancillary Executor of the Estate of W. C. Stroube-----	.0010417
Myrtis D. Watkins-----	.0012206
Robert L. Wheelock, Jr. and Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock-----	.0005208
First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust-----	.0003438
Bank of Oklahoma and Rita L. Willis, Co-Trustees of the Rita L. Willis Trust-----	.0004883

Tract No. 3

Lease #1 Dated: November 4, 1936
Recorded: Book 28, Page 388, Records of
Lea County, New Mexico
Lessor: George D. Key and Bertha Key
Lessee: F. J. Danglade

Land Covered:	NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area
Primary Term:	10 years
Royalty:	1/8 on oil and gas
Record Title to Lease:	Getty Oil Company
Lease #2 Dated:	Same as #1
Recorded:	Book 28, Page 389, Records of Lea County, New Mexico
Lessor:	Elizabeth Hudson Penn
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #3 Dated:	Same as #1
Recorded:	Book 28, Page 387, Records of Lea County, New Mexico
Lessor:	The North Central Texas Oil Company, Inc.
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #4 Dated:	November 4, 1937
Recorded:	Book 34, Page 553, Records of Lea County, New Mexico
Lessor:	C. Schnurr
Lessee:	Skelly Oil Company
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #5 Dated:	May 25, 1939
Recorded:	Book 40, Page 534, Records of Lea County, New Mexico
Lessor:	W. B. Skirvin
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #6 Dated:	June 7, 1939
Recorded:	Book 40, Page 547, Records of Lea County, New Mexico
Lessor:	Tidewater Associated Oil Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #7 Dated:	June 6, 1939
Recorded:	Book 40, Page 555, Records of Lea County, New Mexico
Lessor:	S. M. Gloyd and Onez Norman Gloyd
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #8 Dated:	August 14, 1939
Recorded:	Book 41, Page 17, Records of Lea County, New Mexico
Lessor:	Peerless Oil and Gas Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #9 Dated:	 July 1, 1939
Recorded:	Book 40, Page 620, Records of Lea County, New Mexico
Lessor:	J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #10 Dated:	 December 6, 1936
Recorded:	Book 28, Page 393, Records of Lea County, New Mexico
Lessor:	ARGO Oil Corporation
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #11 Dated:	 November 4, 1936
Recorded:	Book 28, Page 392, Records of Lea County, New Mexico
Lessor:	R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	5 years
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #12 Dated:	 November 4, 1936
Recorded:	Book 28, Page 391, Records of Lea County, New Mexico
Lessor:	Robert C. Sharp and Josephine P. Sharp
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #13 Dated:	 November 4, 1936
Recorded:	Book 28, Page 390, Records of Lea County, New Mexico
Lessor:	L. C. Ritts and Gladys C. Ritts
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #14 Dated:
Recorded:

Lessor:
Lessee:
Land Covered:
Primary Term:
Royalty:
Record Title to Lease:

November 4, 1936
Book 28, Page 397, Records of
Lea County, New Mexico
F. D. Bearly and Cora Bearly
Same as #1
Same as #1
Same as #11
Same as #1
Same as #1

Lease #15 Dated:
Recorded:

Lessor:

Lessee:
Land Covered:
Primary Term:
Royalty:
Record Title to Lease:
Name and Percent of Royalty
Owners Under Lease #1 thru #15:

November 4, 1936
Book 28, Page 471, Records of
Lea County, New Mexico
Roger B. Owings and
Lucy P. Owings
Same as #1
Same as #1
Same as #11
Same as #1
Same as #1

John Dwire Atkins-----	.0002388
Atlantic Richfield Company-----	.0101273
Roy G. Barton, Jr.-----	.0078125
James Henry Bearly-----	.0002387
Chas. Francis Bedford-----	.0003125
Henry De Graffenried Bedford-----	.0003125
Helen Learmont Bedford-----	.0003125
Rachel Bedford Bowen-----	.0003125
Mary Smith Bowers-----	.0001033
Joe and Jessie Crump Fund-----	.0048828
Estate of Pauline Cromartie-----	.0001033
Richard L. Cromartie, Jr.-----	.0000517
The First National Bank of Midland and Jessie Blevins Crump, Co-Trustees-----	.0048828
Elizabeth Bearly Dudley-----	.0002387
Fluor Oil and Gas Corporation-----	.0078125
Getty Oil Company-----	.0234375
Eva W. Graham-----	.0001033
Bernice J. Gross-----	.0039063
Katie Smith Hazlehurst-----	.0001033
Rosa Lee Smith Johnson-----	.0001099
George D. Key, Jr.-----	.0058593
J. M. Richardson Lyeth, Jr. and Munro Longyear Lyeth-----	.0070313
Judd Moore-----	.0002387
North Central Oil Corporation-----	.0039063
Roger B. Owings-----	.0039063
Nancy Elizabeth Penson-----	.0114612
William Y. Penn, Trustee Devisees under the will of George Pfouts, Deceased-----	.0038195
Mildred Smith Rawls-----	.0000056
Ritts Royalty Company-----	.0001033
Onez Norman Rooney-----	.0023149
Royalty Roundup, Inc.-----	.0070312
Ellis Rudy-----	.0000302
Magabel Smith Rule-----	.0003617
Frances Wooten Scott-----	.0001033
Elinor Campbell Shaughnessy-----	.0000517
Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate-----	.0003617
Richard J. Shaughnessy, Adm. Estate of Julie Underwood Erickson-----	.0010850
	.0003617

O. W. Skirvin-----	.0021701
Archie D. Smith, Trustee-----	.0023149
Cassius L. Smith-----	.0001162
David Lee Smith-----	.0000066
Dudley M. Smith-----	.0000056
Edmond D. Smith-----	.0001162
Eugene Smith-----	.0001033
Frank L. Smith-----	.0001033
Harry E. Smith-----	.0000517
H. Winfield Smith, Jr.-----	.0001033
Harry Eldon Smith-----	.0000066
Mary M. Smith-----	.0001033
Maud S. Smith-----	.0001033
Leon D. Smith-----	.0001162
R. P. Smith-----	.0001162
Robert H. Smith-----	.0000129
Gladys Flinchum, Adm. of Estate of Odella N. Spears-----	.0012152
Georgia A. Stieren, Ind. Exec. of Estate of Jack Stieren-----	.0001627
Tortuga Oil and Gas, Inc.-----	.0001402
Randall Mark Trainer-----	.0039062
Nora Walker-----	.0000056
Lillian Smith Ward-----	.0000517
Betty S. Warren-----	.0000129
Ellen Ann Wallace Williams-----	.0003125
Jane Cromartie Williams-----	.0000517
Jack Wooten-----	.0000517
Tom Wooten, Jr.-----	.0001033

PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

None, however ratifications are being obtained from all mineral interest owners,
and those not replying will be Forced Pooled.

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres</u>	<u>Percent of Pool</u>
1	80.00	25.3012429%
1A	38.16	12.0686929%
1B	39.91	12.6221576%
2	38.22	12.0876688%
2A	40.00	12.6506215%
3	79.90	25.2696163%
	<u>316.19</u>	<u>100.0000000%</u>

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared
K. V. TERRELL, Attorney-in-Fact for ATLANTIC RICHFIELD
COMPANY, a corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said Atlantic Richfield Company, for the purposes and
considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of
February, 1981.

Yvonne Brooks Yvonne Brooks
Notary Public

My Commission Expires

July 3, 1984

INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS
(New Mexico Properties)

The attached instruments should be executed pursuant to the following instructions:

1. Married Persons (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
2. Married Persons (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
3. Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.
4. Single Women. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
5. Corporations. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-in-fact, a copy of his power of attorney should be furnished.
6. Partnerships. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
7. Trustees. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
8. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approving the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
9. Capacity Not Covered. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
10. Acknowledgments. The acknowledgment must be taken by a Notary Public whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not useable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.

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

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas Com-
pany for compulsory pooling, Lea
County, New Mexico.

CASE
7164

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

1 MR. NUTTER: Call Case Number 7164.

2 MR. PADILLA: Application of ARCO Oil
3 and Gas Company for compulsory pooling, Lea County, New
4 Mexico.

5 MR. NUTTER: Applicant has requested
6 continuance of Case Number 7164.

7 The case will be continued to the
8 Examiner Hearing scheduled to be held at this same place at
9 9:00 o'clock a. m. March 11th, 1981.

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

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

Sally W. Boyd C.S.R.

SALLY W. BOYD, C.S.R.

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

I do hereby certify that the foregoing is a complete record of the proceedings in the Examiner hearing of Case No. 7164, heard by me on 2/25 1981.

[Signature], Examiner
Oil Conservation Division

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

EXAMINER HEARING

IN THE MATTER OF:

Application of ARCO Oil and Gas Com-
pany for compulsory pooling, Lea
County, New Mexico.

CASE
7164

BEFORE: Daniel S. Nutter

TRANSCRIPT OF HEARING

A P P E A R A N C E S

For the Oil Conservation
Division:

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

For the Applicant:

MR. NUTTER: Call Case Number 7164.

MR. PADILLA: Application of ARCO Oil
and Gas Company for compulsory pooling, Lea County, New
Mexico.

MR. NUTTER: Applicant has requested
continuance of Case Number 7164.

The case will be continued to the
Examiner Hearing scheduled to be held at this same place at
9:00 o'clock a. m. March 11th, 1981.

(Hearing concluded.)

C E R T I F I C A T E

I, SALLY W. BOYD, C.S.R., DO HEREBY CERTIFY that
the foregoing Transcript of Hearing before the Oil Conserva-
tion 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.

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

I do hereby certify that the foregoing is
a complete record of the proceedings in
the Examiner hearing of Case No. 7162,
heard by me on 2/25 1981.

[Signature], Examiner
Oil Conservation Division

Dockets Nos. 12-81 and 13-81 are tentatively set for March 25 and April 8, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - MARCH 11, 1981

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

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

ALLOWABLE: (1) Consideration of the allowable production of gas for April, 1981, from fifteen prorated pools in Lea, Eddy, and Chaves Counties, New Mexico.

(2) Consideration of the allowable production of gas for April, 1981, from four prorated pools in San Juan, Rio Arriba, and Sandoval Counties, New Mexico.

CASE 7176: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Marjory N. Grier, U. S. Casualty Company of New York, and all other interested parties to appear and show cause why the Red Mountain Wells Nos. 6, 7, and 10, all located in Unit B of Section 29, Township 20 North, Range 9 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7177: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Henry S. Birdseye and all other interested parties to appear and show cause why the State Well No. 10-2 in Unit C of Section 10, Township 19 North, Range 10 West, McKinley County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7178: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Noland and Wells and all other interested parties to appear and show cause why the Reinhardt Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7179: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit "26" Oil Company and all other interested parties to appear and show cause why the Jackson Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7180: In the matter of the hearing called by the Oil Conservation Division on its own motion to permit Vincent and Goodrum and all other interested parties to appear and show cause why the Refinery Hare Well No. 1 in Unit A of Section 21, Township 29 North, Range 11 West, San Juan County, should not be plugged and abandoned in accordance with a Division-approved plugging program.

CASE 7181: Application of Read & Stevens, Inc. for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Hernandez Draw Unit Area, comprising 2,560 acres, more or less, of Federal, State, and Fee lands in Townships 4 and 5 South, Ranges 26 and 27 East.

CASE 7182: Application of Wiser Oil Company for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of its Downes A Well No. 5 to be drilled in the approximate center of the SW/4 of Section 32, Township 21 South, Range 37 East, Penrose Skelly Pool.

CASE 7183: Application of Flag-Redfern Oil Company for an unorthodox gas well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to drill its Osudo St. Com Well No. 2 at an unorthodox location 990 feet from the North and East lines of Section 18, Township 20 South, Range 36 East, North Osudo-Morrow Gas Pool.

CASE 7147: (Readvertised)

Application of Yates Petroleum Corporation for an unorthodox gas well location and simultaneous dedication, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to test all Pennsylvanian formations to be drilled 1650 feet from the South line and 660 feet from the East line of Section 35, Township 18 South, Range 25 East, the S/2 of said Section 35 to be dedicated to said well to applicant's "JX" Well No. 2 located in Unit N.

CASE 7184: Application of Harvey E. Yates Company for compulsory pooling, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Morrow formation underlying the E/2 of Section 13, Township 17 South, Range 28 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7185: Application of El Paso Exploration Company for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Blanco Mesaverde and Basin-Dakota production in the wellbore of its Turner Hughes Well No. 17 located in Unit II of Section 10, Township 27 North, Range 9 West.

CASE 7161: (Continued from February 25, 1981, Examiner Hearing)

Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

CASE 7164: (Continued from February 25, 1981, Examiner Hearing)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7165: (Continued from February 25, 1981, Examiner Hearing)

Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Ellenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.

CASE 7175: (Continued from February 25, 1981, Examiner Hearing)

Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. 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 7186: Application of Sun Texas Company for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the interval from 10,856 feet to 11,370 feet in its State C Account 1 Well No. 3 in Unit L of Section 2, Township 12 South, Range 33 East, Bagley Siluro-Devonian Pool.

CASE 7187: Application of Blackwood & Nichols Co., Ltd. for four non-standard proration units, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval of the following four Fruitland and Pictured Cliffs non-standard gas proration units: a 185.68-acre unit comprising the SW/4 of Section 1, Township 31 North, Range 7 West; a 181.4-acre unit comprising the SE/4 of said Section 1; a 176.68-acre unit comprising the SW/4 of Section 6, Township 31 North, Range 6 West; and a 175.21-acre unit comprising the SE/4 of said Section 6. All units are to be dedicated to wells drilled at standard locations thereon.

CASE 7188: Application of Blackwood & Nichols Co., Ltd. for directional drilling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks authority to directionally drill its Northeast Blanco Unit Well No. 26-A, the surface location of which is 1750 feet from the North line and 50 feet from the West line of Section 8, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1190 feet from the North line and 790 feet from the West line of said Section 8, the W/2 of the section to be dedicated to the well; applicant further seeks authority to drill its Northeast Blanco Unit Well No. 32-A, the surface location of which is 1450 feet from the North line and 990 feet from the East line of Section 7, Township 30 North, Range 7 West, and directionally drill said well in such a manner as to bottom it in the Mesaverde formation within 100 feet of a point 1850 feet from the South line and 990 feet from the East line of said Section 7, the E/2 of the section to be dedicated to the well.

CASE 7170: (Continued from February 25, 1981, Examiner Hearing)

Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

CASE 7189: Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Conoco 7 State Well No. 1 in Unit N of Section 7, Township 19 South, Range 29 East.

CASE 7190: Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka formation for its Conoco 10 State Com. Well No. 1 in Unit I of Section 10, Township 19 South, Range 29 East.

CASE 7191: Application of Southland Royalty Company for an unorthodox well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location in the Potash-Oil Area of its State "14-A" Com. Well No. 1 1325 feet from the North line and 2303 feet from the East line of Section 14, Township 19 South, Range 29 East, Turkey Track Field.

CASE 7192: Application of Southland Royalty Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway A State Com. Well No. 1 in Unit H of Section 15, Township 19 South, Range 29 East.

CASE 7193: Application of Southland Royalty Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its State 14 Com. Well No. 1 in Unit E of Section 14, Township 19 South, Range 29 East.

CASE 7194: Application of Southland Royalty Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Morrow formation for its Parkway State Well No. 1 located in Unit K of Section 15, Township 19 South, Range 29 East.

CASE 7195: Application of Southland Royalty Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its State 14 Well No. 1-A in Unit B of Section 14, Township 19 South, Range 29 East.

CASE 7196: Application of Dinero Operating Company for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox location 1980 feet from the North line and 660 feet from the West line of Section 15, Township 22 South, Range 28 East, Pennsylvanian formation, the N/2 of said Section 15 to be dedicated to the well.

CASE 7153: (Readadvertised)

Application of C & E Operators, Inc. for compulsory pooling and a non-standard proration unit, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Mesaverde formation underlying a 158.54-acre non-standard gas proration unit comprising the SW/4 of Section 8, Township 30 North, Range 11 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 7197: In the matter of the hearing called by the Oil Conservation Division on its own motion for an order creating and extending vertical and horizontal limits of certain pools in Chaves, Eddy, and Lea Counties, New Mexico:

(a) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Bilbrey-Morrow Gas Pool. The discovery well is Getty Oil Company Getty 32 State Com Well No. 1 located in Unit G of Section 32, Township 21 South, Range 32 East, NMPM. Said pool would comprise:

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

(b) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Strawn production and designated as the East Grama Ridge-Strawn Gas Pool. The discovery well is Minerals, Inc. Llano "3" State Com Well No. 1 located in Unit II of Section 3, Township 22 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 3: E/2

(c) CREATE a new pool in Lea County, New Mexico, classified as a gas pool for Morrow production and designated as the Lera-Morrow Gas Pool. The discovery well is John L. Cox Procter Well No. 1 located in Unit D of Section 7, Township 11 South, Range 32 East, NMPM. Said pool would comprise:

TOWNSHIP 11 SOUTH, RANGE 32 EAST, NMPM
Section 7: W/2

(d) CREATE a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the East Triste Draw-Wolfcamp Pool. The discovery well is Getty Oil Company State 29 J Well No. 1 located in Unit J of Section 29, Township 24 South, Range 33 East, NMPM. Said pool would comprise:

TOWNSHIP 24 SOUTH, RANGE 33 EAST, NMPM
Section 29: SE/4

(e) EXTEND the Airstrip-Wolfcamp Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 34 EAST, NMPM
Section 36: NW/4

(f) EXTEND the Arkansas Junction-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 18 SOUTH, RANGE 37 EAST, NMPM
Section 30: NW/4

(g) EXTEND the Bull's Eye-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 1: SE/4 SW/4

(h) EXTEND the Bunker Hill-Penrose Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 31 EAST, NMPM
Section 13: SW/4 SW/4

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

TOWNSHIP 8 SOUTH, RANGE 32 EAST, NMPM
Section 10: NE/4

(j) EXTEND the vertical limits of the Comanche Stateline Tansill-Yates-Seven Rivers Pool in Lea County, New Mexico, to include the Queen formation and redesignate said pool to Comanche Stateline Tansill-Yates-Seven Rivers-Queen Pool, and extend the horizontal limits of said pool to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
Section 27: SW/4

(k) EXTEND the South Culebra Bluff-Bone Spring Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 28 EAST, NMPM
Section 26: NW/4
Section 27: S/2 NE/4

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

TOWNSHIP 10 SOUTH, RANGE 27 EAST, NMPM
Section 22: W/2 SW/4 and SW/4 NW/4
Section 27: NW/4 NW/4

(m) EXTEND the Diamond Mound-Atoka Gas Pool in Eddy and Chaves Counties, New Mexico, to include therein:

TOWNSHIP 15 SOUTH, RANGE 27 EAST, NMPM
Section 34: S/2

TOWNSHIP 16 SOUTH, RANGE 27 EAST, NMPM
Section 15: N/2
Section 16: N/2

(n) EXTEND the Diamond Mound-Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 28 EAST, NMPM
Section 6: Lots 1, 2, 7, 8, 9, 10,
15 and 16

(o) EXTEND the Dublin Ranch-Atoka Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 28 EAST, NMPM
Section 21: E/2
Section 28: All

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

TOWNSHIP 22 SOUTH, RANGE 26 EAST, NMPM
Section 8: E/2
Section 9: W/2
Section 16: W/2
Section 17: All

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

TOWNSHIP 16 SOUTH, RANGE 34 EAST, NMPM
Section 23: W/2

(r) EXTEND the L.E. Ranch-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 10 SOUTH, RANGE 28 EAST, NMPM
Section 29: S/2 NW/4
Section 30: S/2 NE/4

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

TOWNSHIP 6 SOUTH, RANGE 26 EAST, NMPM
Section 30: NW/4 SE/4 and SW/4 NE/4

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

TOWNSHIP 17 SOUTH, RANGE 33 EAST, NMPM
Section 24: S/2

(u) EXTEND the East Millman-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 28 EAST, NMPM
Section 22: W/2 SE/4
Section 27: NW/4 NE/4 and NE/4 NW/4

(v) EXTEND the Ojo Chiso-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 22 SOUTH, RANGE 34 EAST, NMPM
Section 14: All

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

TOWNSHIP 18 SOUTH, RANGE 25 EAST, NMPM
Section 30: S/2
Section 31: All

(x) EXTEND the Penasco Draw Permo-Pennsylvanian Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 24 EAST, NMPM
Section 2: E/2

(y) EXTEND the Railroad Mountain-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 28 EAST, NMPM
Section 35: SW/4, SW/4

TOWNSHIP 8 SOUTH, RANGE 28 EAST, NMPM
Section 2: W/2 NE/4

(z) EXTEND the East Siete-San Andres Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 31 EAST, NMPM
Section 10: SE/4
Section 11: SW/4

(aa) EXTEND the Twin Lakes-San Andres Associated Pool in Chaves County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 29 EAST, NMPM
Section 32: W/2 SW/4

TOWNSHIP 9 SOUTH, RANGE 28 EAST, NMPM
Section 12: N/2 NE/4

TOWNSHIP 9 SOUTH, RANGE 29 EAST, NMPM
Section 6: N/2 N/2

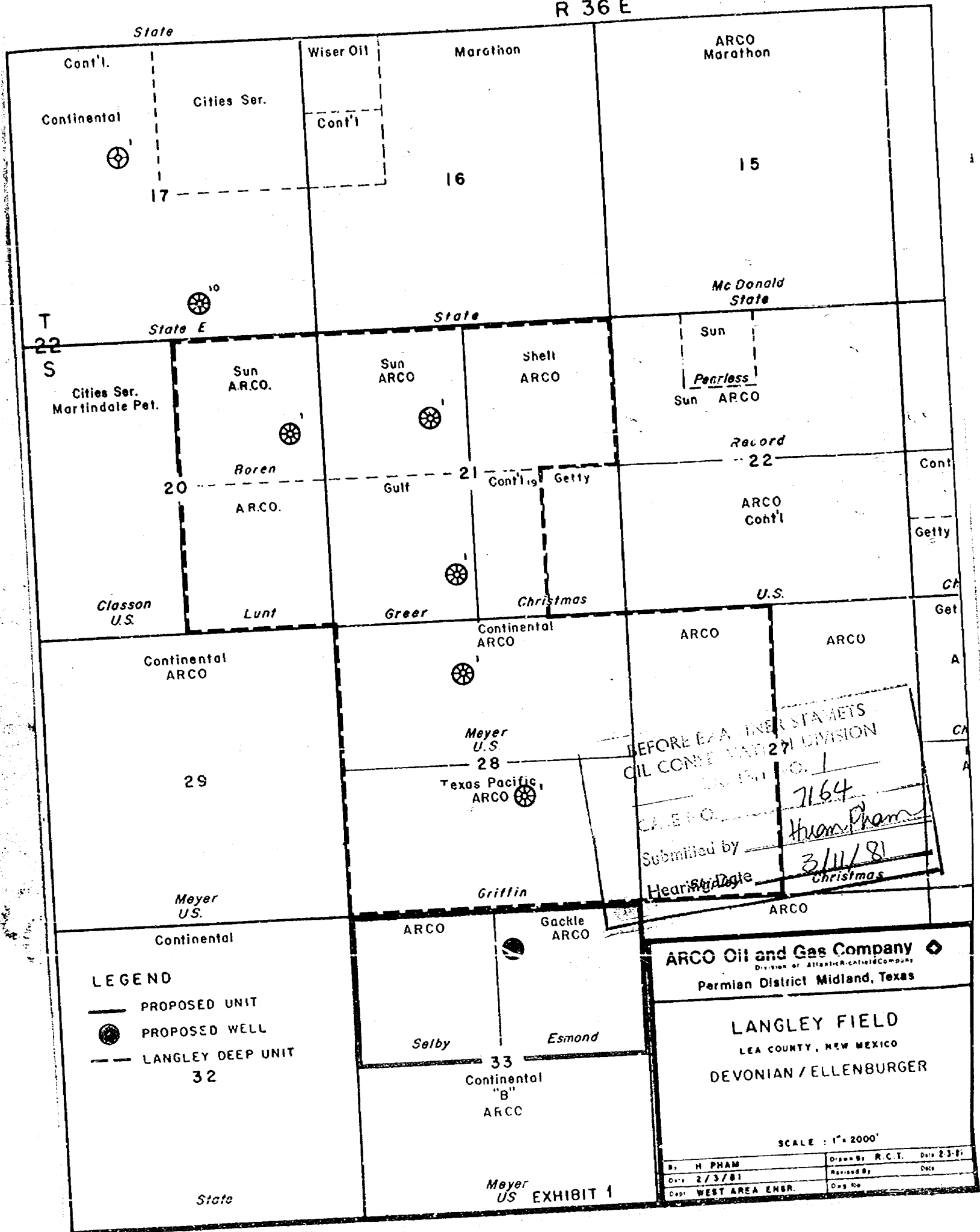
(bb) EXTEND the Warren-Drinkard Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
Section 29: SE/4
Section 32: E/2

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

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

R 36 E



LEGEND

- PROPOSED UNIT
- PROPOSED WELL
- - - LANGLEY DEEP UNIT 32

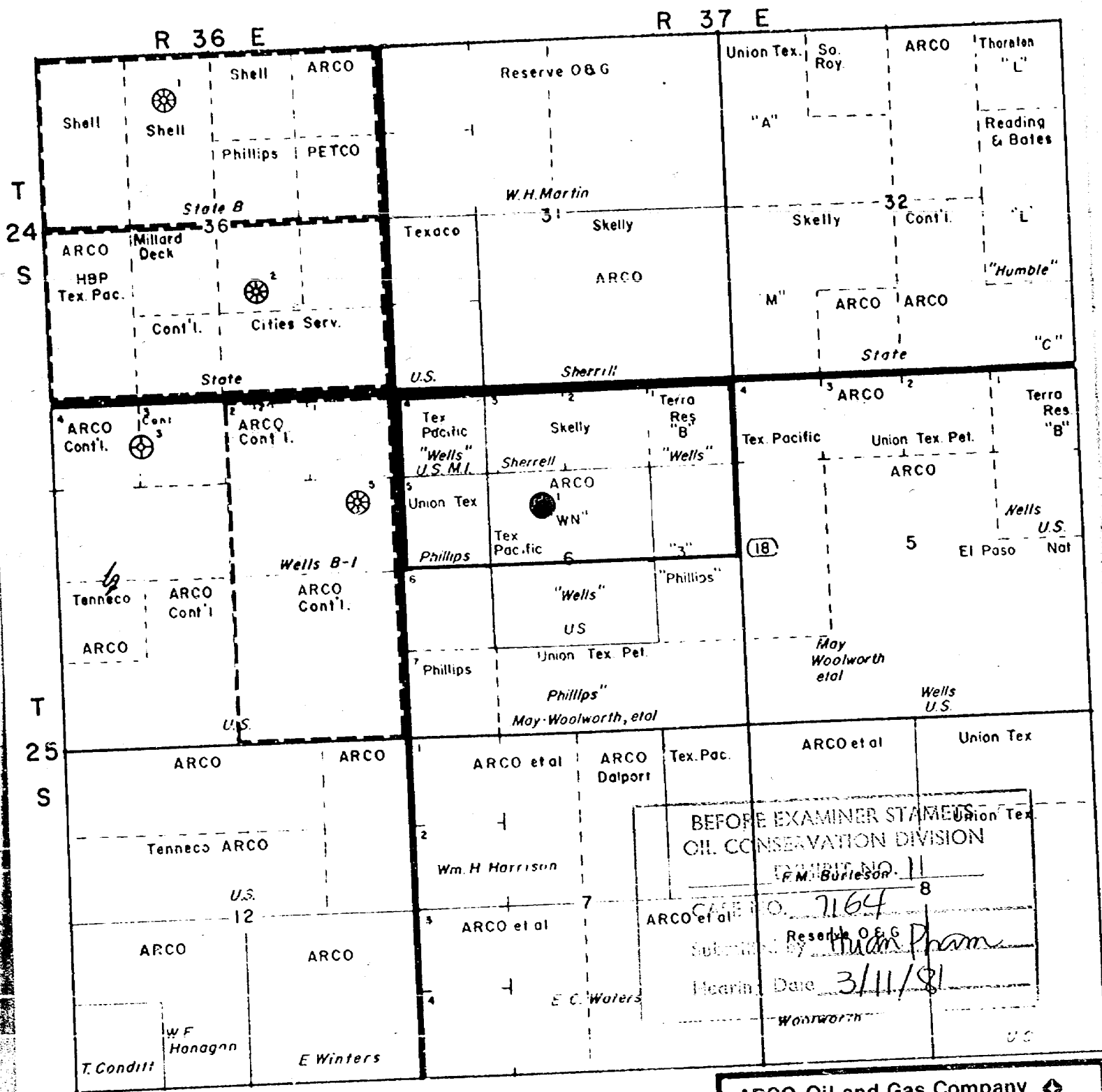
ARCO Oil and Gas Company
Division of Atlantic Richfield Company
Permian District Midland, Texas

LANGLEY FIELD
LEA COUNTY, NEW MEXICO
DEVONIAN / ELLENBURGER

SCALE : 1" = 2000'

By: H. PHAM	Drawn By: R.C.T.	Date: 2-3-81
Date: 2/3/81	Revised By:	Date:
Dept: WEST AREA ENGR.	Eng. No:	

Meyer US EXHIBIT 1



LEGEND

- PROPOSED UNIT
- ⊙ PROPOSED WELL
- - - EXISTING UNIT

EXHIBIT 1

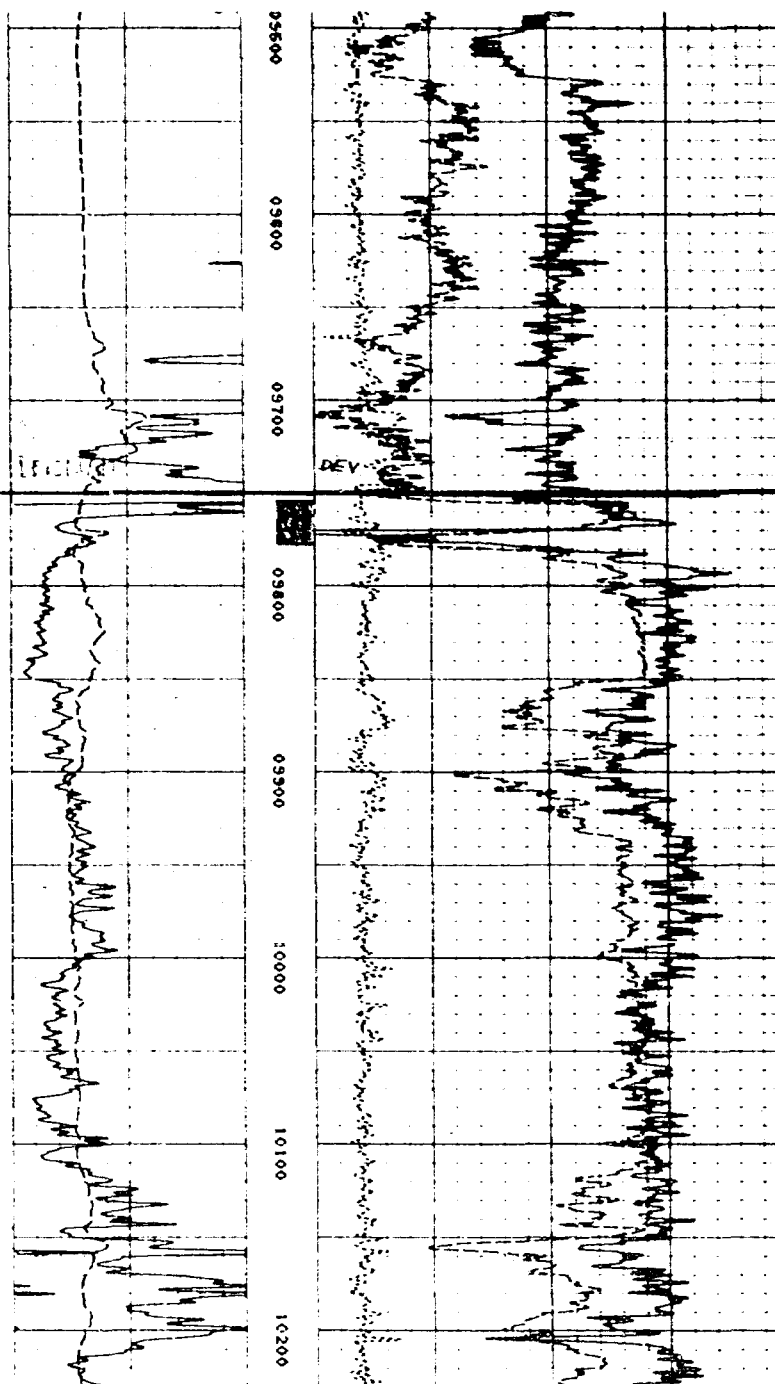
ARCO Oil and Gas Company Division of Atlantic Richfield Company Permian District Midland, Texas	
CUSTER FIELD LEA COUNTY, NEW MEXICO DEVONIAN/ELLENBURGER	
SCALE: 1" = 2000'	
By: H. PHAM Date: 2/3/81 Dept: WEST AREA ENGR.	Drawn By: R.C.T. Date: 2-3-81 Revised By: Date: Dwg No:

EXHIBIT 2

CONOCO INC
WELLS B-1 NO.5

1650' FNL & 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253

DEVONIAN



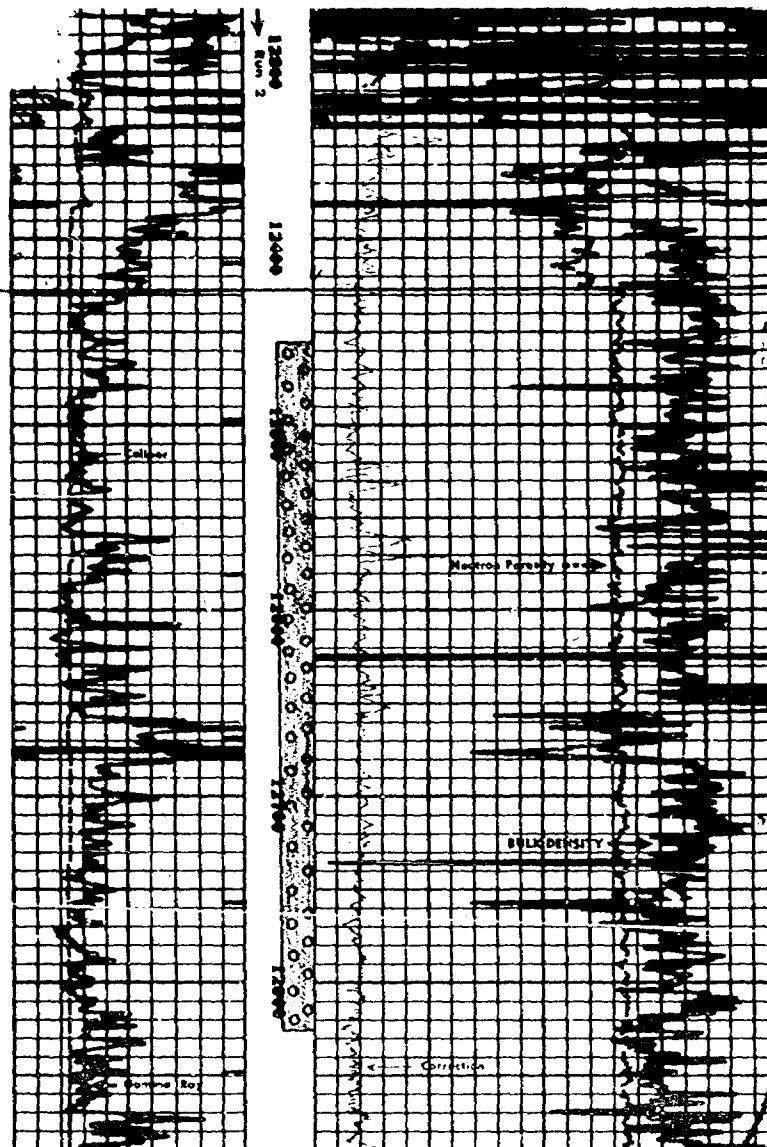
7164
Huan Pham
3/11/81

EXHIBIT 3

CONOCO INC
WELLS B-1 NO. 5

1650' FNL & 660' FEL
SEC. 1, T-25-S, R-36-E
LEA COUNTY, NEW MEXICO
EL. KB 3253

ELLENBURGER



BEFORE ELLIOTT JAMES
OIL COMPANY DIVISION
WELL NO. 3
CUT NO. 7164
SIGNED BY: *Huan Pham*
Reading Date: *3/11/12*

CUSTER WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Renewal number	
Location 1650' FNL & 1980' FWL, Section 6, T-25-S, R-37-E, Lea County, New Mexico			
APPR TD 12,800 Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019 Capital Instabudget dated 10/9/79 <input type="checkbox"/> Named on Instabudget 10/9/79 Amount capital differs from Instabudget \$ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ Over/(under) <input type="checkbox"/> Addition to Instabudget Current year capital differs from Instabudget current year by \$ Over/(under)	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Exp. group) Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service		Originated by Huan Pham District Permian West Field name Custer Lease record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. 064410 Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).	
Component AFE No(s) Description and justification Account codes Amounts in whole dollars only			
On hand Capital Expense Total			
614459	Attached		
	Tangible	031	607,000
	Intangible	037	1,250,000
	Total Drilling Cost		1,857,000
614467	Production equipment	038	170,000
Gross totals			2,027,000
Operating			
ARCO Oil & Gas Co.			584,483
Atlantic Richfield ownership decimal			Lower Upper
Range requested			
Payoff (years) (AFR)	Payoff (years) (AFR)	Start date	Completion date
		1/81	6/82
Technical audits (check those required)		Procedural audits	
<input checked="" type="checkbox"/> Engineering <input checked="" type="checkbox"/> Exploration <input type="checkbox"/> Dallas budget <input type="checkbox"/> Evaluation		<input checked="" type="checkbox"/> Procedural audits	
Approvals (check highest level required)		Authorized expenditure limit table No. 105	
<input checked="" type="checkbox"/> President C. E. Landwehr Jr. Date 8/19/80		<input type="checkbox"/> Executive vice-president NOTE: : UNDERSIGNED APPROVAL IS SUBJECT TO EXECUTION OF MUTUALLY ACCEPTABLE OPERATING AGREEMENT. <input type="checkbox"/> President/Chairman PHILLIPS PETROLEUM COMPANY BY: E. E. CLARK, AREA MANAGER DATE: 2-28-81	
<input type="checkbox"/> Other		Date	
<input type="checkbox"/> Regional		Date	
<input type="checkbox"/> Senior vice-president		Date	

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This agreement may be executed by a number of counterparts, each of which shall be an original
original for all purposes.

IN WITNESS WHEREOF, this agreement was made and signed on the 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By:
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By:

Phillips Petroleum Company

By: *[Signature]*
Cliff Ohr, Attorney-In-Fact

Santa Fe Energy Company

By:

El Paso Natural Gas Company

By:

BEFORE EXAMINER STATES
OIL CONSERVATION DIVISION
EXHIBIT NO. 4

CASE NO. 7164

Submitted by ARCO

Hearing Date 3/11/81

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS }
COUNTY OF MIDLAND }

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

1980. GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF TEXAS }
COUNTY OF HARRIS }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Cliff Ohr
Attorney-In-Fact, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said PHILLIPS PETROLEUM COMPANY, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 5th day of March A.D., 19 81.
My Commission Expires:
August 25, 1984

Kent Crawford
NOTARY PUBLIC
Notary Public in and for
Harris County, Texas
KENT CRAWFORD

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ he _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19 _____.

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____
_____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that _____ he _____ executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19 _____.

NOTARY PUBLIC

Atlantic Richfield Company 7/3/80

RECEIVED For Expenditure

CUSTER-WELLS No. 1: Drill & Equip

MAR 9 1981

☒ Original authorization
☐ Revision number

Location

1650' FNL & 1980' FNL, Section 6, T-25-S, R-37-E, New Mexico, New Mexico

ARCO OIL AND GAS CO.

NORTH & WEST LAND DEPT.

APPR TD 12,800
Purpose of authorization
☒ Drilling - New ☐ Recompletion ☐ Workover ☐ Other
☐ Drill old well deeper
☒ Development 100%
☐ Exploratory %
* Show percent of total cost applicable to each.
☐ Single ☒ Dual ☐ Three or more

65 Form
Ellenburger
Devonian

Budget information
Budget (1) 103 Amt. 535,564
Item (2) 423 Amt. 49,619

Capital instabudget dated 10/9/79

☐ Named on instabudget 10/9/79

Amount capital differs from

Instabudget \$ Over/(under)

☒ Substituted for Item (2)

Amount capital differs from PWDA

Instabudget \$ Over/(under)

☐ Addition to instabudget

Current year capital differs from instabudget

current year

by \$ Over/(under)

Originated by

Huan Phan

District

Permian West

Field name

Custer

Less record number NM-97, NM-MD-67

NM-MD-85, SOC 5031-01

Expt. project No.

Field code

064410

Subject to production

payment?

☐ Yes ☐ No

Has well plan been

prepared?

☐ Yes ☐ No

Co-owner operator AFE No(s).

Primary objective of drilling

☐ Oil only ☒ Gas only ☐ Oil and/or gas

Signed (Dist. Eng. and/or Expt. group)

Reason for drilling

☒ Develop reserves☐ Secondary recovery☐ Rate☐ Replacement☐ Comb. reserve & rate
% rate☐ Service

Component

AFE No(s)

Description and justification

Attached

Account

codes

Amounts—in whole dollars only

On hand

Capital

Expense

Total

614459

Tangible

031

607,000

607,000

"

Intangible

037

1,250,000

1,250,000

"

Total Drilling Cost

1,857,000

1,857,000

614467

Production Equipment

038

170,000

170,000

Gross

totals

2,027,000

2,027,000

Operator

ARCO Oil & Gas Co.

Net Atlantic

Richfield

share

584,483

584,483

Atlantic Richfield

ownership decimal

0 2 8 8 3 4 9

Range requested

Payout (years)

(AFIT)

Return (AFIT)

PW

Start date

1/81

Completion date

6/81

\$ Prior year

Capital

\$ Curr. year

Capital 584,483

\$ Thereafter

Capital

Expense

Expense

Technical audits (check those required)

☒ Engineering☒ Exploration☐ Dallas budget☐ Evaluation☐ Other☒ Procedural audits

\$ Co-owner

Signature

Company

Oil Company

Approvals (check highest level required)

Authorized expenditure limit table No.

103

☒ Director

Date

☐ Other

Date

☐ Regional

Date

☐ Senior vice-president

Date

☐ Executive vice-president

Date

☐ President-Chairman

Date

☐ For Board of Directors

Date

W.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made part of Operating Agreement dated August 23, 1980,
by and between Atlantic Richfield Company, Operator, and Getty Oil
Company, et.al., Non-Operators.

ARTICLE XVI
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors, and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
as original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, this agreement shall be signed as of 23rd day of August
1980.

OPERATOR

Atlantic Richfield Company

By: _____
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

Getty Oil Company

By: _____
J. A. MORRIS, AGENT

Phillips Petroleum Company

By: _____

Santa Fe Energy Company

By: _____

El Paso Natural Gas Company

By: _____

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Getty Oil Company, et al,
Non-Operators.

STATE OF OKLAHOMA)
) SS.
COUNTY OF TULSA)

BEFORE ME, the undersigned, a Notary Public in and for said County and
State, on this day personally appeared J. A. MORRIS, AGENT for GETTY OIL COMPANY,
a Delaware corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said GETTY OIL COMPANY, for the purposes and considerations
and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 2nd day of March, 1981.

My commission expires:

June 28, 1981

Hester A. Romine
Notary Public

AR3B-282-G

Atlantic Richfield Company

☒ Original
☐ Supplement

Drilling Cost Estimate - Page 1

Well name
Custer Wells No. 1

Location

1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

T.O.

12,800

Region

Western

District

Permian West

Field

Objective

- ☒ Development ☐ Single
☐ Exploratory ☒ Dual
☐ Completion ☐ Multiple

Trans. Ident.
1 2 3 4
A F E E

Data Processing Information

A.F.E. Number
8 7 8 9 10 11Update code
1 = Delete
3 = AddOriginal/Revision Indicator
1 = Original
2 = Revision

Tangible costs

1. Tubular goods
20" OD from 0' to 30' 1,000
13-3/8" OD from 0' to 1200 28,000
9-5/8" OD from 0' to 6450 110,000
7" OD from 0' to 12800
2-3/8" OD from 0' to 12300
2-3/8" OD from 0' to 9550
" OD from ' to
" OD from ' to

Dry hole

Completion costs

Detail code

Total gross dollars

Major account

2. Casinghead and Christmas tree
3. Tubing accessories
4. Artificial lift accessories
5. Unclassified materials

Total tangibles

Intangible costs

6. Testing tubular goods
7. Trucking tubular goods
8. Casing accessories
9. Site preparation, maint., clean up
10. Permits, insurance, damages
11. Moving expense
12. Boat & barge rental
13. Camp & catering
14. Boiler
15. Roads, airstrips & maintenance
16. Air freight & air transportation
17. Contract footage drilling

Contract daywork (items 18 through 24)

18. Drilling 60 days @ \$5000/day 300,000
19. Casing 7 days @ \$5000/day 15,000
20. Fishing 3 days @ \$5000/day 15,000
21. Lost circ. & flows 3 days @ \$5000/day 15,000
22. Log test & core days @ \$/day
23. Shut down time days @ \$/day
24. Completion or plugging days @ \$/day
25. Completion unit daywork 50 days @ \$100/day 50,000
26. Rental: DP, DC, & related tools
27. Well control equipment
28. Drill bits # 2 size 17-1/2" 20,000
6 size 12-1/4" 5,000
25 size 8-3/4" 25,000
1 size 6" 37,000

1,000

AR38-153-C

Well name Custer Wells No. 1		Data Processing Information																																																											
Estimated by S. A. Haktanir Date 6/30/80		<table border="1" style="width: 100%; text-align: center;"> <tr><td colspan="5">Tran. Ident.</td></tr> <tr><td>1</td><td>2</td><td>3</td><td>4</td><td>5</td></tr> <tr><td>A</td><td>F</td><td>E</td><td>E</td><td></td></tr> </table>					Tran. Ident.					1	2	3	4	5	A	F	E	E		<table border="1" style="width: 100%; text-align: center;"> <tr><td colspan="5">A.F.E. number</td></tr> <tr><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td></tr> </table>					A.F.E. number					6	7	8	9	10	11							Up te code 1 = delete 3 = add Original/revision indicator 1 = Original 2 = Revision																	
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Intangible cost (continued)		Dry hole		Completion costs		Detail code			Total gross dollars														Major account																																						
									12	13	14	15	16	17	18	19	20	21	22	23	24	25	26																																						
29. Fuel, fresh water & drayage		40,000		5,000					5	4	9																																																		
30. Drilling mud materials & drayage		110,000							5	5	1																																																		
31. Drilling mud equipment									5	5	2																																																		
32. Air compressor rental or gas cost									5	5	3																																																		
33. Air or gas drlg. accessories & drayage									5	5	4																																																		
34. Open hole surveys		40,000							5	5	7																																																		
35. Data recording services									5	5	8																																																		
36. Wireline formation tester									5	5	9																																																		
37. Mud log		20,000							5	6	0																																																		
38. Cased hole surveys				16,000					5	6	1																																																		
39. Perforating fees				10,000					5	6	2																																																		
40. Sidewall coring									5	6	3																																																		
41. Conv. diamond or wireline coring ft.									5	6	8																																																		
42. Drill stem tests = 2		15,000							5	7	2																																																		
43. <input type="checkbox"/> Acidize <input checked="" type="checkbox"/> Fracture gal. lbs				120,000					5	7	7																																																		
44. Cement & fees for casing																																																													
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45. Cement & fees for squeezes or plugs				15,000					5	7	9																																																		
46. Fishing tool rental & drayage		10,000		10,000					5	8	0																																																		
47. Directional drlg. tool rental & drayage									5	8	1																																																		
48. Operations - prorata									5	9	0																																																		
49. Unclassified tool rental & drayage		15,000		12,000					5	8	7																																																		
50. Unclassified drayage & supplies		10,000		10,000					5	9	4																																																		
51. Unclassified services & material losses		20,000		20,000					5	8	9																																																		
52. Overhead		10,000		7,000					5	9	2																																																		
53. Supervision by contract personnel									1	0	5																																																		
54. Supervision by A.R.Co. personnel		24,000		10,000					1	0	6																																																		

AtlanticRichfieldCompany

Drilling Prognosis

Subject ARCO Custer Wells No. 1: Drill & Equip Date July 9, 1980
Authorization number

District Permian West

Location 1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Project

To test Devonian and Ellenburger formation

Depth 12,800

Approved Contract footage Daywork depth

Casing program:

Surface casing

13-3/8" 54#/ft @ ±1200'

Protective string

9-5/8" 36#/ft @ ±6450'

Oil string

7" 26 & 29#/ft @ TD of 12800'

Liner

Casinghead

Estimated formation tops Est. El. 3250 DF

Rustler	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
Yates	2800	Barnett	8500	Silurian	9800	McKee	11650
Queen	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
Bone Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Mud program

0 - 1200' - Spud Mud
1200 - 6450' - Brine water - Lime for pH control
6450 - 8000' - Cut brine, use fresh water for volume
8000 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

Surveys @ 6450'

GR - CNL - FDC 6450' to 2500'
DLL - Rxo 6450' to 2500'

@ Total Depth

GR - CNL - FDC TD to intermediate
GR - DIL TD to intermediate

AR3B-1716-B

Coring

Core priority

Drill stem tests

DST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

Samples

10' samples from 4000' to total depth.

Fluid samples

2 quarts fluid recovered from DST's for analysis.

Mud logging

Mud log unit from 8500' to TD

Elevations

Est. elevation 3250 DF.

Type completion

Dual Devonian and Ellenburger.

Completion equipment

Signed (District Operations Superintendent)

[Signature]

Endorsed

District Operations Manager

[Signature] *[Signature]*

District Engineer

[Signature]

District Explorationist (Geologist)

[Signature]

Approved

District Manager

C.E. Cordwell Jr.

Date

8/18/80

Date

7-30-80

Date

8-18-80

Date

8/19/80

Atlantic Richfield Company

7/3/80

Authorization for Expenditure

Title CUSTER-WELLS No. 1: Drill & Equip		<input checked="" type="checkbox"/> Original authorization <input type="checkbox"/> Revision number	
Location 1650' FNL & 1980' FNL, Section 6, T-25-S, R-37-E, Lea County, New Mexico			
Obj Form APPR TD 12,800 Ellenburger		Budget information Budget (1) 103 Amt. 535,464 Item (2) 423 Amt. 49,019	
Purpose of authorization <input checked="" type="checkbox"/> Drilling - New <input type="checkbox"/> Recompletion <input type="checkbox"/> Workover <input type="checkbox"/> Other <input type="checkbox"/> Drill old well deeper <input checked="" type="checkbox"/> Development 100 % <input type="checkbox"/> Exploratory % * Show percent of total cost applicable to each. <input type="checkbox"/> Single <input checked="" type="checkbox"/> Dual <input type="checkbox"/> Three or more		Originated by Huan Pham District Permian West Field name Custer Lease record number NM-97, NM-MD-67 NM-MD-85, SOC 5031-01 Expl. project No. Field code 064410	
Primary objective of drilling <input type="checkbox"/> Oil only <input checked="" type="checkbox"/> Gas only <input type="checkbox"/> Oil and/or gas Signed (Dist. Eng. and/or Explor. group) J. J. J. J.		Capital Instabudget dated 10/9/79 <input type="checkbox"/> Named on Instabudget 10/9/79 Amount capital differs from Instabudget \$ Over/(under) <input checked="" type="checkbox"/> Substituted for Item (2) Amount capital differs from PWDA Instabudget \$ Over/(under) <input type="checkbox"/> Addition to Instabudget	
Reason for drilling <input checked="" type="checkbox"/> Develop reserves <input type="checkbox"/> Secondary recovery <input type="checkbox"/> Rate <input type="checkbox"/> Replacement <input type="checkbox"/> Comb. reserve & rate % rate <input type="checkbox"/> Service		Subject to production payment? <input type="checkbox"/> Yes <input type="checkbox"/> No Has well plan been prepared? <input type="checkbox"/> Yes <input type="checkbox"/> No Co-owner operator AFE No(s).	
Current year capital differs from Instabudget current year by \$ Over/(under)			
Component AFE No(s)	Description and justification	Account codes	Amounts—in whole dollars only
	Attached		On hand Capital Expense Total
614459	Tangible	031	607,000 607,000
"	Intangible	037	1,250,000 1,250,000
"	Total Drilling Cost		1,857,000 1,857,000
614467	Production Equipment	038	170,000 170,000
			2,027,000 2,027,000
Operator	ARCO Oil & Gas Co.	Net Atlantic Richfield share	584,483 584,483
Atlantic Richfield ownership decimal	0 1 2 3 4 5 6 7 8 9	Range requested	Lower Upper
Payout (years) (AFIT)	Return (AFIT) PV (AFIT) %	Start date	Completion date
		1/81	6/81
\$ Prior year Capital	\$ Curr. year Capital	\$ Prior year Expense	\$ Curr. year Expense
	584,483		
Technical audits (check those required)			
<input checked="" type="checkbox"/> Engineering	<input checked="" type="checkbox"/> Exploration	<input type="checkbox"/> Instabudget	<input type="checkbox"/> Evaluation
Other		Procedural audits	
1.1 J. J. J. J.		Signature Company Permian Nat. Gas	
Approvals (check highest level required)			
Director C. S. Landwehr Jr.		Authorized expenditure limit table No. 103	
Other		Executive vice-president	
Regional		President/Chairman	
Senior vice president		For Board of Directors	

AtlanticRichfieldCompany

☒ Original
☐ Supplement

Drilling Cost Estimate -- Page

Well name
Custer Wells No. 1T.D.
12,800

Location

1650' FNL & 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Region

Western

District

Permian West

Field

Objective

☒ Development☐ Single☐ Exploratory☒ Dual☐ Completion☐ Multiple

Data Processing Information

Trans. Ident.
1 2 3 4
A F E E

5

A.F.E. Number
6 7 8 9 10 11Update code
1 = Delete
3 = AddOriginal/Revision Indicator
1 = Original
2 = Revision

Tangible costs

1. Tubular goods

20" OD from 0' to 30' 1,000
13-3/8" OD from 0' to 1200' 28,000
9-5/8" OD from 0' to 6450' 110,000
7" OD from 0' to 12800' 245,000
2-3/8" OD from 0' to 12300' 60,000
2-3/8" OD from 0' to 9550' 50,000
" OD from ' to '
" OD from ' to '

Dry hole

Completion costs

Detail code

Total gross dollars

Major account

2. Casinghead and Christmas tree

18,000

60,000

5 0 4

3. Tubing accessories

25,000

5 0 6

4. Artificial lift accessories

5 0 7

5. Unclassified materials

5,000

5,000

5 0 8

Total tangibles

162,000

445,000

Intangible costs

6. Testing tubular goods

8,000

15,000

5 6 9

7. Trucking tubular goods

8,000

8,000

5 0 9

8. Casing accessories

5,000

5 1 2

9. Site preparation, maint., clean up

25,000

5 1 4

10. Permits, insurance, damages

2,000

5 1 5

11. Moving expense

50,000

5 1 7

12. Boat & barge rental

5 1 8

13. Camp & catering

5 2 2

14. Boiler

5 2 5

15. Roads, airstrips & maintenance

5 5 6

16. Air freight & air transportation

5 2 8

17. Contract footage drilling

ft @ \$ / ft.

5 3 2

Contract daywork (items 18 through 24)

18. Drilling 60 days @ \$5000 / day

300,000

5 3 3

19. Casing 7 days @ \$5000 / day

15,000

20,000

5 3 4

20. Fishing 3 days @ \$5000 / day

15,000

5 3 6

21. Lost circ. & flows 3 days @ \$5000 / day

15,000

5 3 7

22. Log test & core days @ \$ / day

5 3 8

23. Shut down time days @ \$ / day

5 3 9

24. Completion or plugging days @ \$ / day

5 4 1

25. Completion unit daywork 50 days @ 1000 / day

50,000

5 4 2

26. Rental: DP, DC, & related tools

5 4 3

27. Well control equipment

20,000

5 4 7

28. Drill bits # 2 size 17-1/2"

5,000

5 4 0

6 size 12-1/4"

25,000

25 size 8-3/4"

37,000

Custer Wells No. 1		Data Processing Information														
Created by S. A. Haktanir		Trans. Ident. 1 2 3 4 A F E E				5	A.F.E. number 6 7 8 9 10 11					Up is code 1 = delete 3 = add				
6/30/80		Original/revision indicator 1 = Original 2 = Revision														
Drilling cost (continued)	Dry hole	Completion costs	Detail code		Total gross dollars										Major account	
Fuel, fresh water & drayage	40,000	5,000	5	4	9											
Drilling mud materials & drayage	110,000		5	5	1											
Drilling mud equipment			5	5	2											
Air compressor rental or gas cost			5	5	3											
Air or gas drlg. accessories & drayage			5	5	4											
Open hole surveys	40,000		5	5	7											
Data recording services			5	5	8											
Wireline formation tester			5	5	9											
Mud log	20,000		5	6	0											
Cased hole surveys		16,000	5	6	1											
Perforating fees		10,000	5	6	2											
Wireline coring			5	6	3											
Conv. diamond or wireline coring	ft.		5	6	8											
Well stem tests = 2	15,000		5	7	2											
Acidize <input checked="" type="checkbox"/> Fracture gal. lbs		120,000	5	7	7											
Material & fees for casing																
20" " 00 circ sacks	1,000															
13-3/8" " 00 circ sacks	10,000															
11-5/8" " 00 circ sacks	30,000															
" " 00 sacks		35,000														
" " 00 sacks																
" " 00 sacks																
Material & fees for squeezes or plugs		15,000	5	7	9											
Drilling tool rental & drayage	10,000	10,000	5	8	0											
Exceptional drlg. tool rental & drayage			5	8	1											
Operations - prorated			5	9	0											
Classified tool rental & drayage	15,000	12,000	5	8	7											
Classified drayage & supplies	10,000	10,000	5	9	4											
Classified services & material losses	20,000	20,000	5	8	9											
Head	10,000	7,000	5	9	2											
Revision by contract personnel			1	0	5											
Revision by A.R.Co. personnel	24,000	10,000	1	0	6											
Tangibles																
	885,000	365,000														
Int (tangibles & intangibles)	1,047,000	810,000														
Dry well cost (dry hole & comp.)	1,857,000															

ARCO Custer Wells No. 1: Drill & Equip Date
July 9, 1980

Location number

Area

Permian West

Location

1650' FNL, 1980' FWL, Sec. 6, T25S, R37E, Lea County, New Mexico

Project

Test

Devonian and Ellenburger

Formation

Depth 12,800

Proved

Contract footage

Daywork depth

Drilling program:

Surface casing

13-3/8" 54#/ft @ ±1200'

Protective string

9-5/8" 36#/ft @ ±6450'

String

7" 26 & 29#/ft @ TD of 12800'

Per

Loghead

Estimated formation tops Est. El. 3250 DF

Stiller	1100	Wolfcamp	7700	Devonian	9550	Simpson	11300
tes	2800	Barnett	8500	Silurian	9800	McKee	11650
een	3400	Miss. Ls.	8650	Fusselman	10300	Ellenburger	12250
ne Spring	5000	Woodford	9050	Montoya	10900	TD	12800

Drilling program

0 - 1200' - Spud Mud
 00 - 6450' - Brine water - Lime for pH control
 50 - 8000' - Cut brine, use fresh water for volume
 00 - 12800' - Oil base mud w/ max weight of 8-8.4 ppg.

Revs @ 6450'

@ Total Depth

- CNL - FDC 6450' to 2500'
 L - Rxo 6450' to 2500'

GR - CNL - FDC TD to Intermediate
 GR - DIL TD to Intermediate

ore priority

ill stem tests

ST #1 - 10000-10200 (Silurian), DST #2 - 10400-10450 (Fusselman) Exact interval to be determined by well site geologist and engineer.

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quarts fluid recovered from DST's for analysis.

ud logging

ud log unit from 8500' to TD

evations

st. elevation 3250 DF.

ype completion

ual Devonian and Ellenburger.

ompletion equipment

ined (District Office Superintendent)

ndorsed

strict Operations Manager

strict engineer

strict Explorationist (geologist)

pproved

strict Manager

Date

5/18/80

Date

7-30-80

Date

8-18-80

Date

8/19/80

C.E. Candwell Jr.

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C. E. Cardwell Jr.
C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

GETTY OIL COMPANY

By: _____

EL PASO NATURAL GAS COMPANY

By: _____

SANTE FE ENERGY COMPANY

By: C. J. Berry, Jr.
C. J. Berry, Jr.
Executive Vice President

Attest: D. S. Conigall
Assistant Secretary

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, as Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators

THE STATE OF TEXAS }

COUNTY OF MIDLAND }

BEFORE ME, the undersigned authority, on this day personally appeared
C. E. CARDWELL, JR., Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a
corporation, known to me to be the person whose name is subscribed to the foregoing
instrument, and acknowledged to me that he executed same as the act and deed of said
ATLANTIC RICHFIELD COMPANY, for the purposes and considerations and in the capacity
therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 10th day of September,
1980.

Yvonne Brooks Yvonne Brooks
Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas }
COUNTY OF Potter }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared C.J. Berry, Jr.
Exec. Vice Pres., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said Santa Fe Energy Company, a corporation,
and that he has executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 21st day of November, A.D., 19 80.



KATHY J. CASILLAS
Notary Public, State of Texas
My Commission Expires 10-30-81

Kathy J. Casillas
NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____,
known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____.

NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____ }
COUNTY OF _____ }

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____,
known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged
to me that the same was the act of the said _____, a corporation,
and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in
the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____, A.D., 19 _____.

A.A.P.L. FORM 610 - MODEL FORM OPERATING AGREEMENT - 1977

Attached to and made a part of Operating Agreement dated August 23, 1980,
between Atlantic Richfield Company, Operator, and Texas Pacific Oil Company,
Inc., et al, Non-Operators.

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their
respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered
an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 23rd day of August,
1980.

OPERATOR

ATLANTIC RICHFIELD COMPANY

By: C. E. Cardwell, Jr.
Attorney-In-Fact

NON-OPERATORS

TEXAS PACIFIC OIL COMPANY, INC.

By: _____

PHILLIPS PETROLEUM COMPANY

By: _____

UNION TEXAS PETROLEUM CORPORATION

By: _____

GETTY OIL COMPANY

By: _____

TERRA RESOURCES, INC.

By: _____

EL PASO NATURAL GAS COMPANY

By: D. N. Canfield
D. N. CANFIELD
ATTORNEY-IN-FACT



THE STATE OF TEXAS) Attached to and made a part of Operating Agreement dated August 23,
COUNTY OF MIDLAND) 1980, between Atlantic Richfield Company, as Operator, and Texas
Pacific Oil Company, Inc., et al, Non-Operator,

BEFORE ME, the undersigned authority, on this day personally appeared _____, Attorney-in-Fact for ATLANTIC RICHFIELD COMPANY, a corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed same as the act and deed of said Atlantic Richfield Company, for the purposes and considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 1970.

Notary Public

CORPORATION ACKNOWLEDGMENT

STATE OF Texas
COUNTY OF El Paso

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared D. N. Canfield known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said El Paso Natural Gas Company, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 19th day of December A.D., 1980

ANNE F. GRIEP
Notary Public in and for STATE of TEXAS
My Commission Expires 09-30-84

Anne F. Griep
NOTARY PUBLIC

CORPORATION ACKNOWLEDGMENT

STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____ known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said _____, a corporation, and that he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19____

NOTARY PUBLIC

PERSONAL ACKNOWLEDGMENT

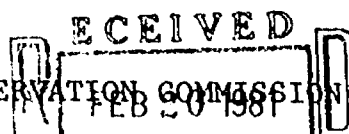
STATE OF _____
COUNTY OF _____

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____ known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the _____ day of _____ A.D., 19____

NOTARY PUBLIC

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION



APPLICATION OF ARCO OIL AND GAS
COMPANY FOR COMPULSORY POOLING IN
THE CUSTER-DEVONIAN AND THE CUSTER-
ELLENBURGER GAS POOLS IN SECTION
6, TOWNSHIP 25 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO.

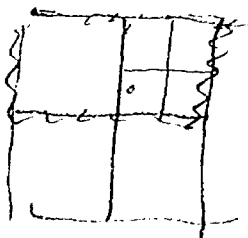
OIL CONSERVATION DIVISION
SANTA FE

No. 7164

AMENDED APPLICATION

COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Custer-Devonian Gas Pool and the Custer-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico.
2. Applicant has proposed to drill a well (Custer-Wells No. 1) on the aforesaid acreage, the well being located 1,810 feet from the north line and 2,164 from the east line of said Section 6, which well is presently projected from a depth of 6,000 feet to the base of the Ellenburger formation (approximately 12,200 feet) in the Custer-Devonian Gas Pool and Custer-Ellenburger Gas Pool.
3. Applicant proposes to dedicate the entire N. 1/2 of Section 6, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 6 for said purpose. Attached hereto is a list of the mineral interest owners, the percentage interest owned by each of them, and an indication as to whether they have executed the AFE, the joint operating agreement, or both.
4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well,



1980
1810
170
2640
2164
476

there are still some mineral interest owners who have refused to join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

By Gary R. Kilpatrick
Gary R. Kilpatrick
P.O. Box 2307
Santa Fe, New Mexico 87501

Attorneys for Applicant

TRACT PARTICIPANTS

	<u>AFE</u>	<u>JOA</u>	<u>Tract Participation %</u>
ARCO Oil and Gas Company	yes	yes	25.2215
Phillips Petroleum Company	no	no ✓	24.9755
Getty Oil Company	no	no ✓	25.1899
El Paso Natural Gas Company	yes	no ✓	12.0307
Santa Fe Energy Company	yes	yes	12.5824

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS
COMPANY FOR COMPULSORY POOLING IN
THE CUSTER-DEVONIAN AND THE CUSTER-
ELLENBURGER GAS POOLS IN SECTION
6, TOWNSHIP 25 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO.

FEB 20 1981
OIL CONSERVATION DIVISION
SANTA FE No. 7164

AMENDED APPLICATION

COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Custer-Devonian Gas Pool and the Custer-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico.
2. Applicant has proposed to drill a well (Custer-Wells No. 1) on the aforesaid acreage, the well being located 1,810 feet from the north line and 2,164 from the east line of said Section 6, which well is presently projected from a depth of 6,000 feet to the base of the Ellenburger formation (approximately 12,200 feet) in the Custer-Devonian Gas Pool and Custer-Ellenburger Gas Pool.
3. Applicant proposes to dedicate the entire N. 1/2 of Section 6, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 6 for said purpose. Attached hereto is a list of the mineral interest owners, the percentage interest owned by each of them, and an indication as to whether they have executed the AFE, the joint operating agreement, or both.
4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well,

there are still some mineral interest owners who have refused to join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

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MONTGOMERY & ANDREWS, P.A.

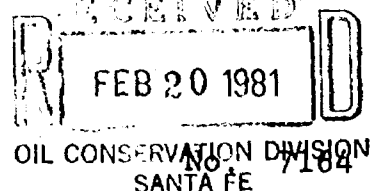
By Gary R. Kilpatrick
Gary R. Kilpatrick
P.O. Box 2307
Santa Fe, New Mexico 87501
Attorneys for Applicant

TRACT PARTICIPANTS

	<u>AFE</u>	<u>JOA</u>	<u>Tract Participation %</u>
ARCO Oil and Gas Company	yes	yes	25.2215
Phillips Petroleum Company	no	no	24.9755
Getty Oil Company	no	no	25.1899
El Paso Natural Gas Company	yes	no	12.0307
Santa Fe Energy Company	yes	yes	12.5824

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS
COMPANY FOR COMPULSORY POOLING IN
THE CUSTER-DEVONIAN AND THE CUSTER-
ELLENBURGER GAS POOLS IN SECTION
6, TOWNSHIP 25 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO.



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MONTGOMERY & ANDREWS, P.A.

By Gary R. Kilpatrick
Gary R. Kilpatrick
P.O. Box 2307
Santa Fe, New Mexico 87501
Attorneys for Applicant

TRACT PARTICIPANTS

	<u>AFE</u>	<u>JOA</u>	<u>Tract Participation %</u>
ARCO Oil and Gas Company	yes	yes	25.2215
Phillips Petroleum Company	no	no	24.9755
Getty Oil Company	no	no	25.1899
El Paso Natural Gas Company	yes	no	12.0307
Santa Fe Energy Company	yes	yes	12.5824

ARCO Oil and Gas Company
Permian District
Post Office Box 1610
Midland, Texas 79702
Telephone 915 684 0130
Curt Krehbiel
District Landman

BEFORE EXAMINER STAMETS
OIL CONSERVATION DIVISION

EXHIBIT NO. 5

CASE NO. 7164

Submitted by ARCO

Hearing Date 3/11/81



February 24, 1981

TO: All Royalty Owners and Other Owners
of Interest in Production

RE: Proposed Well and Working Interest Unit
Custer-Wells Federal Com. #1
N/2 Section 6, T-25-S, R-37-E
Lea County, New Mexico
SOC-5031

Dear Interest Owners:

Atlantic Richfield Company, as operator, has proposed to the Working Interest Owners the drilling of a well on a 320 acre spacing unit. The Custer-Wells Federal Com. #1 will be drilled as an Ellenburger test with a possible completion in the Devonian.

The New Mexico Oil Conservation Commission, in the interest of conservation, to avoid waste, and to prevent the drilling of unnecessary wells, designates 320 acre spacing for the drilling of wells in the Ellenburger and Devonian formations for the production of gas. As operator, to accomplish the pooling of gas rights in the above named formations and other formations, please find enclosed herewith a "Communitization Agreement," the purpose of which is to allow pooling of royalty and other interest in production throughout the N/2 of Section 6.

The effect of pooling in the N/2 of Section 6 will be that all owners thereunder will share on an acreage basis the royalties accruing therein irrespective of the location of the captioned well.

Also find herewith four (4) copies of the "Consent and Ratification to Communitization Agreement." Please sign, acknowledge, and return three (3) copies of said Ratification. The Communitization Agreement and remaining copy of the Ratification is for your files.

Please note that attached to each Ratification is an acknowledgment page which must be notarized. Instructions for execution

All Royalty Owners and Other Owners
of Interest in Production
February 24, 1981
Page 2

and acknowledgement of instruments for New Mexico properties
are enclosed for your information, as is a stamped self-
addressed envelope for your convenience.

If you have any questions, please feel free to call me
collect at (915) 684-0134.

Cordially Submitted,

Thomas S. Mutranowski

Thomas S. Mutranowski
Landman

TSM:mr

Enclosures: Communitization Agreement
Ratifications (4)
Instructions
Stamped Return Envelope

CONSENT AND RATIFICATION TO
COMMUNITIZATION AGREEMENT

In consideration of the execution of that certain Communitization Agreement covering the North half (N/2) of Section 6, Township 25 South, Range 37 East, N.M.P.M., Lea County, New Mexico, covering all formations individually between the top of the Wolfcamp Formation to the base of the Ellenburger Formation, dated February 2, 1981, (a copy of which has been delivered to the undersigned), the undersigned owners of lands or interests in lands or of royalties or other interests in production from lands, lying within the boundaries of the Communitized Area described and designated in said Communitization Agreement; hereby severally, and each to the extent of his, her or its particular ownership or interest, consent to commitment of said lands to said Communitization Agreement, adopt, ratify, and confirm the terms of said Communitization Agreement, and any modifications thereof approved by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements as applicable to their respective lands, royalties and interests in all things with the same force and effect as if the undersigned had duly executed said Communitization Agreement and said modifications, and specifically agree that the term of any lease, sublease, or contract relating to the operation and development for oil or gas from any lands within said Communitized Area, given or entered into by the undersigned or under which the undersigned claim an interest, is extended, modified, and amended to the extent necessary to make the same conform to the terms of said Communitization Agreement; that the drilling and development requirements of all leases, subleases, and other contracts in which their several rights and interests are created or defined shall, as to all lands lying within said Communitized Area, be deemed fully performed by performance of the provisions of said Communitization Agreement, and that payment for or delivery of (whichever may be required under prior agreements) oil and of the proceeds of gas duly made upon the basis of production, allocated under said Communitization Agreement to the particular lands to which such rights or interests apply, regardless of actual production therefrom, shall constitute full performance of all such obligations to the undersigned existing under such leases, subleases or

other contracts.

This Consent and Ratification shall become effective and be binding upon each party executing the same (regardless of whether or not it is executed by all or any of the other parties to said Communitization Agreement) upon the approval of said Communitization Agreement by the Director of the United States Geological Survey or other Federal officer authorized to approve Communitization Agreements.

With respect to and for the purposes of this agreement each of the undersigned hereby releases and waives any right of homestead.

EXECUTED the day and year hereinbelow set forth.

DATE: _____

APPROVAL - CERTIFICATION - DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior, under Section 17(j) of a Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the Regional Oil and Gas Supervisors of the Geological Survey by Order dated June 14, 1962 (27FR. 6395), I do hereby:

- A. Approve the attached Communitization Agreement covering the North Half (N/2) Section 6, T-25-S, R-37-E, N.M.P.M., Lea County, New Mexico, as to dry gas and associated liquid hydrocarbons producible from all formations individually between the top of the Wolfcamp formation and the base of the Ellenburger Formation.
- B. Determine that the Federal lease or leases as to the lands committed to the attached agreement cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located, and that consummation and approval of the agreement will be in the public interest.
- C. Certify and determine that the drilling, producing, rental, minimum royalty and royalty requirements of the Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of the agreement.

Regional Oil and Gas Supervisor
U. S. GEOLOGICAL SURVEY

DATED: _____

CONTRACT NO.: _____

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT, entered into as of the 2nd day of February, 1981, by and between the parties subscribing, ratifying or consenting hereto, such parties being referred to as "parties hereto",

W I T N E S S E T H:

WHEREAS, the Act of February 25, 1920, 41 Stat. 437, as amended by the Act of August 8, 1946, 60 Stat. 950, 30 U.S.C. Secs. 181 et seq., authorizes communitization or drilling agreements communitizing or pooling a Federal oil and gas lease, or any portion thereof, with other lands, whether or not owned by the United States, when separate tracts under such Federal lease cannot be independently developed and operated in conformity with an established well-spacing program for the field or area and such communitization or pooling is determined to be in the public interest; and

WHEREAS, the parties hereto own working, royalty and other leasehold interests or operating rights under the oil and gas leases and lands subject to this agreement which cannot be independently developed and operated in conformity with the well-spacing program established for the field or area in which said lands are located; and

WHEREAS, the parties hereto desire to communitize and pool their respective mineral interests in lands subject to this agreement for the purpose of developing and producing dry gas and associated liquid hydrocarbons in accordance with the terms and conditions of this agreement;

NOW, THEREFORE, in consideration of the premises and the mutual advantages to the parties hereto, it is mutually covenanted and agreed by and between the parties hereto as follows:

1. The lands covered by this agreement (hereinafter referred to as the "communitized area") are described as follows:

N/2 Section 6, T-25-S, R-37-E, N.M.P.M.,
Lea County, New Mexico,

containing 316.19 acres, more or less, and this agreement shall extend to and include only the depth between the top of the Wolfcamp Formation and the base of the Ellenburger Formation in the same manner as though a separate agreement for each formation had been entered into, underlying said lands and the dry gas and associated liquid hydrocarbons (hereinafter referred to as "communitized substances") producible from such formation or formations.

2. Attached hereto and made a part of this agreement for all purposes is Exhibit "A" showing the acreage, percentage and ownership of oil and gas interests in all lands within the communitized area, and the authorization, if any, for communitizing or pooling any patented or fee lands, if any, within the communitized area. In this connection, this agreement when recorded by the Operator shall be Lessee's recorded Declaration of Pooling or Unit Designation referred to in the leases covering the fee (patented) lands portion, if any, of the communitized area.
3. All matters of operation shall be governed by the Operator under and pursuant to the terms and provisions of this agreement. A successor operator may be designated by the owners of the working interests in the communitized area and four (4) executed copies of a Designation of Successor Operator shall be filed with the Area Oil and Gas Supervisor.
4. Operator shall furnish the Secretary of the Interior, or his authorized representative, with a log and history of any wells drilled on the communitized area, monthly reports of operations, statements of sales of gas and associated liquid hydrocarbons produced therewith, and royalties and such other reports as are deemed necessary to compute monthly the royalty due the United States as specified in the applicable oil and gas operating regulations of the United States.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement among the parties hereto that all communitized substances produced therefrom shall be allocated among the leaseholds comprising said area in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed to this agreement.

6. (a) The royalties payable on communitized substances allocated to the individual leases comprising the communitized area and the rentals provided for in said leases shall be determined and paid on the basis prescribed in each of the individual leases. Payment of rentals under the terms of leases subject to this agreement shall not be affected by this agreement except as provided for under the terms and provisions of said leases or as may herein be otherwise provided. Except as herein modified and changed, the oil and gas leases subject to this agreement shall remain in full force and effect as originally made and issued.
- (b) It is agreed that for any Federal lease bearing a sliding or step-scale rate of royalty, such rate shall be determined separately as to production from each communitization agreement to which such lease may be committed, and separately as to any non-communitized lease production provided, however, as to leases where the rate of royalty for gas is based on total lease production per day, such rate shall be determined by the sum of all communitized production allocated to such lease and any non-communitized lease production.
7. There shall be no obligation on the Lessees to offset any well or wells completed in the same formation as covered by this agreement on separate component tracts into which the communitized area is now or may hereafter be divided, nor shall any Lessee be required to measure separately communitized substances by reason of the diverse ownership thereof, but the Lessees hereto shall not be released from their obligation to protect such communitized area from drainage of communitized substances by a well or wells which may be drilled offsetting said area.
8. The commencement, completion, continued operation or production of a well or wells for communitized substances on the communitized area shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said communitized area, and operations or productions pursuant to this agreement shall be deemed to be

operations or productions as to each lease committed hereto.

9. The production of communitized substances and disposal thereof shall be in conformity with allocation, allotments and quotas made or fixed by any duly authorized person or regulatory body under applicable Federal or State statutes. This agreement shall be subject to all applicable Federal or State laws or executive orders, rules and regulations, and no party hereto shall suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this agreement if such compliance is prevented by, or such failure results from, compliance with any such laws, orders, rules or regulations.
10. This agreement shall be effective as of the date hereof, upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior, or his duly authorized representative, and shall remain in force and effect as to all formations individually between the top of the Wolfcamp Formation and the base of the Ellenburger Formation for a period of two (2) years and so long thereafter as communitized substances are, or can be, produced from the communitized areas in paying quantities, from communitized formations or formation, provided that, prior to production in paying quantities from the communitized area and upon fulfillment of all requirements of the Secretary of the Interior, or his duly authorized representative, with respect to any dry hole or abandoned well, this agreement may be terminated at any time by mutual agreement of the parties hereto. This agreement shall not terminate upon cessation of production if, within sixty (60) days thereafter, reworking or drilling operations on the communitized area are commenced and are thereafter conducted with reasonable diligence during the period of non-production. The two year term of this agreement will not in itself serve to extend the term of any Federal lease which would otherwise expire during said period.
11. It is agreed that between the parties hereto that the Secretary of the Interior, or his duly authorized representative, shall have the right of supervision over all operations within the communitized area to the same extent and degree as provided in the oil and gas leases under which the United States of America is Lessor and in the applicable oil and gas regulations of the Department of the Interior.

12. The covenants herein shall be construed as covenants running with the land with respect to the communitized interests of the parties hereto and their successors in interests until this agreement terminates, and any grant, transfer or conveyance of such lands or interests subject hereto whether voluntary or not, shall be and are hereby conditioned upon the assumption of all obligations hereunder by the grantee, transferee or other successors in interests, and shall be subject to approval by the Secretary of the Interior.
13. Nondiscrimination: In connection with the performance of work under this agreement, the operator agrees to comply with all of the provisions of Section 202 (1) to (7), inclusive, of Executive Order 11246 (30 FR. 12319), which are hereby incorporated by reference in this agreement.
14. This agreement shall be binding upon the parties hereto and shall extend to and be binding upon their respective heirs, executors, administrators, successors and assigns.
15. Atlantic Richfield Company shall be the Unit Operator of said communitized area, and all matters of operations shall be determined and performed by Atlantic Richfield Company.
16. This agreement may be executed in any number of counterparts, no one of which needs to be executed by all parties, or may be ratified or consented to by separate instrument, in writing, specifically referring hereto, and shall be binding upon all parties who have executed such counterpart, ratification or consent hereto with the same force and effect as if all parties had signed the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as to the day and year first above written and have set opposite their respective names, the dates of execution.

ATLANTIC RICHFIELD COMPANY

By: K.V. Snell
Attorney-In-Fact

Handwritten:
JNH
TSM CK

EXHIBIT "A"

PLAT OF COMMUNITIZED AREA COVERING
N/2 SECTION 6, T-25-S, R-37-E N.M.P.M.
LEA COUNTY, NEW MEXICO

LC 055546 Tr. No. 1A 38.16 Ac. El Paso Natural Gas Company	Tr. No. 3 79.90 Ac. Getty Oil Company <i>Fee</i>	LC 055546 Tr. No. 1a 39.91 Ac. Santa Fe Energy Company
Tr. No. 2 38.22 Ac. Phillips Petroleum Company <i>Fee</i>	LC 055546 Tr. No. 1 80.00 Ac. Atlantic Richfield Company	Tr. No. 2A 40.00 Ac. Phillips Petroleum Company <i>Fee</i>
6		

WELL TO BE LOCATED 1810' FNL AND 2164'
FWL, WHICH IS IN Tr. No. 1.
TOTAL ACREAGE WITHIN COMMUNITIZED AREA
316.19 ACRES, MORE OR LESS.

EXHIBIT "B"

To Communitization Agreement dated February 2, 1981,
embracing the North Half (N/2) Section 6, Township 25 South,
Range 37 East, N.M.P.M., Lea County, New Mexico, containing
317.19 acres, more or less.

Operator of Communitized Area: Atlantic Richfield Company

Description of Leases CommittedTract No. 1

Lease Serial No.: LC 055546
 Lease Date: January 4, 1935
 Lease Term: 20 years
 Lessor: United States of America
 Original Lessee: E. J. Wells
 Present Lessee: Atlantic Richfield Company
 Description of Lands Committed: Township 25 South, Range 37 East, N.M.P.M.,
 SW/4 NE/4 and SE/4 NW/4 Section 6
 Number of Acres: 80.00
 Royalty Rate: On Gas and Casing-Head Gasoline:
 12½ when average daily production is less
 than 3,000,000 cubic feet; 16 2/3 when
 average daily production is 3,000,000
 cubic feet or more on oil:
 12½ to 33 1/3 sliding Scale
 Name and Percent ORRI Owners: 5% owned as follows:
 Terra Resources, Inc.----- .036705
 Robert Bivens----- .00022375
 The Marbet Company----- .000446
 Marguerite B. Poynter----- .00022375
 Red Feather Oil Company----- .003125
 Virginia B. Bryan----- .00022375
 Douglas O. Williams----- .00022375
 J. Reuel Armstrong----- .001319
 Helen H. Benedict----- .00019600
 Leland Stanford Jr. University--- .000446
 Ruby C. Bowen----- .001319
 Clyde C. Dawson----- .000196
 Alice H. Fox----- .000049
 Elizabeth G. Henry----- .000049
 S. Arthur Henry, Jr.----- .000049
 Pauson Oil Company----- .000446
 Diane Rene Stewart, Conservator
 for Elizabeth O. Tucker----- .001319
 Helen H. Utter----- .000049
 Jean Wells Klaasse, Guardian of
 the Person & Property of
 Martha Noel Wells----- .003392
 Name and Percent WI Owners: Atlantic Richfield Company----- 100%

Tract No. 1A

Lease Serial No.: LC 055546 (Same as Tract No. 1)
 Lease Date: January 4, 1935
 Lease Term: 20 years
 Lessor: United States of America
 Lessee: E. J. Wells
 Present Lessee: El Paso Natural Gas Company
 Description of Lands Committed: Township 25 South, Range 37 East, N.M.P.M.,
 Lot 4, being NW/4 NW/4, Section 6
 Number of Acres: 38.16
 Royalty Rate: Same as Tract No. 1
 Name and Percent ORRI Owners: 1.667687% owned as follows:
 J. Ruel Armstrong----- .014663
 L. E. Armstrong, Jr.----- .014664
 Mary E. Baker----- .005956
 Helen H. Benedict----- .006542

Robert Bivens-----	.005956
Leland Stanford Jr. University----	.014889
Ruby C. Bowen-----	.043990
Colorado National Bank	
Personal Representative of	
The Estate of Clyde C.	
Dawson, Deceased-----	.006542
Alice H. Fox-----	.001090
S. Arthur Henry, Jr.-----	.001090
Elizabeth G. Henry-----	.003271
Pauson Oil Company-----	.014889
The Marbet Company-----	.014889
Mary E. Bivens Poeggel-----	.005956
Marguerite Bivens Poynter-----	.005956
Red Feather Oil Company-----	.104230
Terra Resources, Inc.-----	1.224252
Diane Rene Stewart, Conservator	
Of Elizabeth O. Tucker-----	.043990
Helen H. Utter-----	.001090
Jean Wells Klaasse, Guardian of	
The Estate of Martha	
Noel Wells-----	.113163
Douglas O. Williams-----	.005955
Mrs. Ann Young-----	.014664
El Paso Natural Gas Company-----	100%

Name and Present Working
Interest Owners:

Tract No. 1B

Lease Serial No.:	LC055546 (Same as Tract No. 1)
Lease Date:	January 4, 1935
Lease Term:	20 years
Lessor:	United States of America
Lessee:	E. J. Wells
Present Lessee:	Santa Fe Energy Company
Description of Lands Committed:	Township 25 South, Range 37 East, N.M.P.M. Lot 1, being NE/4 NE/4, Section 6
Number of Acres:	39.91
Royalty Rate:	Same as Tract No. 1
Name and Present ORRI Owners:	5% owned as follows:
	L. E. Armstrong, Jr.----- .0004400
	Ann Young----- .0004400
	Ruby C. Bowen----- .0013200
	Mrs. Fred E. Tucker, Jr.----- .0013200
	Robert Bivens----- .0008900
	The Marbet Co.----- .0004500
	Pauson Oil Co.----- .0004500
	J. Reuel Armstrong----- .0004400
	Board of Trustees of the
	Leland Stanford, Jr.,
	University----- .0004500
	Red Feather Oil Co.----- .0031200
	Jean Wells Klaasse, Guardian
	For Martha Noel Wells----- .0033900
	Terra Resources, Inc.----- .0367051
	Helen Benedict----- .0001965
	Clyde C. Dawson----- .0001966
	Elizabeth G. Henry----- .0000982
	Alice H. Fox----- .0000329
	Helen H. Utter----- .0000329
	Santa Fe Energy Company----- .0000329
Name and Present Working Interest Owners:	Santa Fe Energy Company----- 100%

Tract No. 2 - 2A

Lease Dated: November 27, 1925
Recorded: Book 3, Page 247, Records of
Lea County, New Mexico
Lessor: C. D. Woolworth, et al
Lessee: The Pure Oil Company
Land Covered: SW/4 NW/4, SE/4 NE/4, and other lands
not included within said communitized
area, Section 6, T-25-S, R-37-E, N.M.P.M.
Primary Term: 10 years
Royalty: 1/8 on oil and gas
Record Title to Lease: Phillips Petroleum Company
Name and Percent of Royalty Owners:

T. J. Horsley-----	.0004883
Atlantic Richfield Company-----	.0074218
Atlantic Richfield Company-----	.0003907
Cathie Auvenshine-----	.0000976
Virginia L. Barnes-----	.0003472
Jane C. Balckford-----	.001770
W. C. Stroube & William J. Collins, Independent Exec. Of the Estate of J. L. Collins-----	.0010417
Clifford Cone-----	.0000977
Douglas Cone-----	.0000977
Kathleen Cone-----	.0004883
Kenneth G. Cone-----	.0000976
Maurice G. Stuffman, Kathrine Cone, and Tom Sealy, Trustees of S. E. Cone, Deceased-----	.0003255
Tom R. Cone-----	.0000977
Mrs. Martha Watkins Harris-----	.0012206
Winona C. Jones-----	.0003472
Marjorie Cone Kastman-----	.0001628
Mrs. Clyde Watkins Miller-----	.0004612
Trustees of the Jal Public Library Fund-----	.0026313
Andrew S. Pearson, Jr.-----	.0003472
H. Dillard Schenck-----	.0004883
The First National Bank of Corsicana, Texas and H. R. Stroube, Jr., Ancillary Co-Executors of Estate of H. R. Stroube, Deceased-----	.0010417
Joseph Edward Stroube, Ancillary Executor of the Estate of W. C. Stroube-----	.0010417
Myrtis D. Watkins-----	.0012206
Robert L. Wheelock, Jr. and Betty Wheelock Kennaugh Co-Executors of the Estate Of Maure C. Wheelock-----	.0005208
First National Bank of Corsicana, Texas, Trustee of the Suzan Jane Wheelock Trust-----	.0003438
Bank of Oklahoma and Rita L. Willis, Co-Trustees of the Rita L. Willis Trust-----	.0004883

Tract No. 3

Lease #1 Dated: November 4, 1936
Recorded: Book 28, Page 388, Records of
Lea County, New Mexico
Lessor: George D. Key and Bertha Key
Lessee: F. J. Danglade

Land Covered:	NE/4 NW/4, NW/4 NE/4 Section 6, T-25-S, R-37-E, N.M.P.M., and other lands not included within said communitized area
Primary Term:	10 years
Royalty:	1/8 on oil and gas
Record Title to Lease:	Getty Oil Company
Lease #2 Dated:	Same as #1
Recorded:	Book 28, Page 389, Records of Lea County, New Mexico
Lessor:	Elizabeth Hudson Penn
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #3 Dated:	Same as #1
Recorded:	Book 28, Page 387, Records of Lea County, New Mexico
Lessor:	The North Central Texas Oil Company, Inc.
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #4 Dated:	November 4, 1937
Recorded:	Book 34, Page 553, Records of Lea County, New Mexico
Lessor:	C. Schnurr
Lessee:	Skelly Oil Company
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #5 Dated:	May 25, 1939
Recorded:	Book 40, Page 534, Records of Lea County, New Mexico
Lessor:	W. B. Skirvin
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #6 Dated:	June 7, 1939
Recorded:	Book 40, Page 547, Records of Lea County, New Mexico
Lessor:	Tidewater Associated Oil Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
Lease #7 Dated:	June 6, 1939
Recorded:	Book 40, Page 555, Records of Lea County, New Mexico
Lessor:	S. M. Gloyd and Onez Norman Gloyd
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #8 Dated:	August 14, 1939
Recorded:	Book 41, Page 17, Records of Lea County, New Mexico
Lessor:	Peerless Oil and Gas Company
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #9 Dated:	 July 1, 1939
Recorded:	Book 40, Page 620, Records of Lea County, New Mexico
Lessor:	J. L. Crump and Jessie B. Crump, and Edwin G. Bedford and Ellen M. Bedford
Lessee:	Same as #4
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #10 Dated:	 December 6, 1936
Recorded:	Book 28, Page 393, Records of Lea County, New Mexico
Lessor:	ARGO Oil Corporation
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #1
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #11 Dated:	 November 4, 1936
Recorded:	Book 28, Page 392, Records of Lea County, New Mexico
Lessor:	R. C. Allen and Lillian Allen, and I. J. Underwood and Marion T. Underwood
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	5 years
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #12 Dated:	 November 4, 1936
Recorded:	Book 28, Page 391, Records of Lea County, New Mexico
Lessor:	Robert C. Sharp and Josephine P. Sharp
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1
 Lease #13 Dated:	 November 4, 1936
Recorded:	Book 28, Page 390, Records of Lea County, New Mexico
Lessor:	L. C. Ritts and Gladys C. Ritts
Lessee:	Same as #1
Land Covered:	Same as #1
Primary Term:	Same as #11
Royalty:	Same as #1
Record Title to Lease:	Same as #1

Lease #14 Dated:
Recorded:

Lessor:
Lessee:
Land Covered:
Primary Term:
Royalty:
Record Title to Lease:

November 4, 1936
Book 28, Page 397, Records of
Lea County, New Mexico
F. D. Bearly and Cora Bearly
Same as #1
Same as #1
Same as #11
Same as #1
Same as #1

Lease #15 Dated:
Recorded:

Lessor:

Lessee:
Land Covered:
Primary Term:
Royalty:
Record Title to Lease:
Name and Percent of Royalty
Owners Under Lease #1 thru #15:

November 4, 1936
Book 28, Page 471, Records of
Lea County, New Mexico
Roger B. Owings and
Lucy P. Owings
Same as #1
Same as #1
Same as #11
Same as #1
Same as #1

John Dwire Atkins-----	.0002388
Atlantic Richfield Company-----	.0101273
Roy G. Barton, Jr.-----	.0078125
James Henry Bearly-----	.0002387
Chas. Francis Bedford-----	.0003125
Henry De Graffenried Bedford-----	.0003125
Helen Learmont Bedford-----	.0003125
Rachel Bedford Bowen-----	.0003125
Mary Smith Bowers-----	.0001033
Joe and Jessie Crump Fund-----	.0048828
Estate of Pauline Cromartie-----	.0001033
Richard L. Cromartie, Jr.-----	.0000517
The First National Bank of Midland and Jessie Blevins Crump, Co-Trustees-----	.0048828
Elizabeth Bearly Dudley-----	.0002387
Fluor Oil and Gas Corporation-----	.0078125
Getty Oil Company-----	.0234375
Eva W. Graham-----	.0001033
Bernice J. Gross-----	.0039063
Katie Smith Hazlehurst-----	.0001033
Rosa Lee Smith Johnson-----	.0001099
George D. Key, Jr.-----	.0058593
J. M. Richardson Lyeth, Jr. and Munro Longyear Lyeth-----	.0070313
Judd Moore-----	.0002387
North Central Oil Corporation-----	.0039063
Roger B. Owings-----	.0039063
Nancy Elizabeth Penson-----	.0114612
William Y. Penn, Trustee Devises under the will of George Pfouts, Deceased-----	.0038195
Mildred Smith Rawls-----	.0000056
Ritts Royalty Company-----	.0001033
Onez Norman Rooney-----	.0023149
Royalty Roundup, Inc.-----	.0070312
Ellis Rudy-----	.0000302
Magabel Smith Rule-----	.0003617
Frances Wooten Scott-----	.0001033
Elinor Campbell Shaughnessy-----	.0000517
Elinor Underwood Shaughnessy and Irvin Hood, Ancillary Co-Executors of Marion Taylor Underwood Estate-----	.0003617
Richard J. Shaughnessy, Adm. Estate of Julie Underwood Erickson-----	.0010850
	.0003617

O. W. Skirvin-----	.0021701
Archie D. Smith, Trustee-----	.0023149
Cassius L. Smith-----	.0001162
David Lee Smith-----	.0000066
Dudley M. Smith-----	.0000056
Edmond D. Smith-----	.0001162
Eugene Smith-----	.0001033
Frank L. Smith-----	.0001033
Harry E. Smith-----	.0000517
H. Winfield Smith, Jr.-----	.0001033
Harry Eldon Smith-----	.0000066
Mary M. Smith-----	.0001033
Maud S. Smith-----	.0001033
Leon D. Smith-----	.0001162
R. P. Smith-----	.0001162
Robert H. Smith-----	.0000129
Gladys Flinchum, Adm. of Estate of Odella N. Spears-----	.0012152
Georgia A. Stieren, Ind. Exec. of Estate of Jack Stieren-----	.0001627
Tortuga Oil and Gas, Inc.-----	.0001402
Randall Mark Trainer-----	.0039062
Nora Walker-----	.0000056
Lillian Smith Ward-----	.0000517
Betty S. Warren-----	.0000129
Ellen Ann Wallace Williams-----	.0003125
Jane Cromartie Williams-----	.0000517
Jack Wooten-----	.0000517
Tom Wooten, Jr.-----	.0001033

PROVISIONS OF FEE LEASES AUTHORIZING POOLING:

None, however ratifications are being obtained from all mineral interest owners, and those not replying will be Forced Pooled.

RECAPITULATION

<u>Tract No.</u>	<u>No. of Acres</u>	<u>Percent of Pool</u>
1	80.00	25.3012429%
1A	38.16	12.0686929%
1B	39.91	12.6221576%
2	38.22	12.0876688%
2A	40.00	12.6506215%
3	79.90	25.2696163%
	<hr/>	<hr/>
	316.19	100.0000000%

THE STATE OF TEXAS

COUNTY OF MIDLAND

BEFORE ME, the undersigned authority, on this day personally appeared
K. V. TERRELL, Attorney-in-Fact for ATLANTIC RICHFIELD
COMPANY, a corporation, known to me to be the person whose name is subscribed
to the foregoing instrument, and acknowledged to me that he executed the same
as the act and deed of said Atlantic Richfield Company, for the purposes and
considerations and in the capacity therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 25th day of
February, 1981.

Yvonne Brooks Yvonne Brooks
Notary Public

My Commission Expires

July 3, 1984

INSTRUCTIONS FOR EXECUTING AND ACKNOWLEDGING PAPERS
(New Mexico Properties)

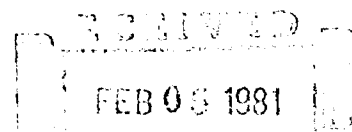
The attached instruments should be executed pursuant to the following instructions:

1. Married Persons (with the interest being community property). If you are a married man (or a married woman), the papers should be executed by both the husband and the wife. The acknowledgment should state the names of both parties expressly identifying them as husband and wife.
2. Married Persons (with the interest being either his or her separate property). For the purposes of these instructions, separate property shall mean property that has been inherited, received as a gift or acquired prior to the date of marriage. If the husband or wife is executing papers concerning either of their separate property, they should execute as follows: "John Doe, a married man dealing in his sole and separate property," or "Jane Doe, a married woman dealing in her sole and separate property." The acknowledgment should also contain the identical name and description.
3. Single Men. A single man should execute papers as follows: "John Doe, a single man." The acknowledgment should also contain the identical name and description.
4. Single Women. If a single woman is executing papers, she should execute as follows: "Jane Doe, a single woman," or "Jane Doe, a widow." The acknowledgment should also contain the identical name and description.
5. Corporations. If the entity executing the papers is a corporation, the execution should state: "XYZ Company, a corporation" beneath which should appear the signature of the president, vice-president or attorney-in-fact, his title appearing under his signature. In addition, a corporation's execution should be attested to by the secretary or the assistant secretary, his title appearing under his signature, and be sealed with the corporate seal, or a recital entered that the corporation has no seal. The acknowledgment should show the name of the company, that it is a corporation, the name of the executing officer and his capacity. If the execution is by an attorney-in-fact, a copy of his power of attorney should be furnished.
6. Partnerships. If the entity executing the instrument is a co-partnership, either general or limited, that fact should be stated as follows: "ABC Oil Producers, a co-partnership," and the papers should be executed by at least two partners or by at least one general partner if it is a limited partnership. Under each signature the word "partner" or "general partner" should appear. The acknowledgment should name the executing partners and state that they executed on behalf of ABC Oil Producers, a co-partnership. It is not necessary for the partners' wives to execute an instrument which affects only partnership property.
7. Trustees. If the execution is by a trustee, it should be signed by John Jones under which his capacity as trustee is stated. The acknowledgment likewise should reflect that the instrument was executed by John Jones, Trustee.
8. Executors, Administrators and Guardians. If the instrument is to be executed by an executor or by an administrator, an attempt should be made to have it jointly executed by the executor or administrator and also by the heirs and devisees of the deceased person. Most commonly this will appear in the following manner: "Jane Doe, a widow, Individually and as Executrix of the Estate of John Doe, deceased, and John Doe, Jr., as the sole heirs and devisees of John Doe, deceased." Guardians' executions are similar except no attempt should be made to secure the ward's execution. It is quite possible that additional material such as an affidavit of heirship or copies of probate proceedings will be required to be furnished for examination, and in some cases it might also be necessary to obtain a court order approving the execution. Every attempt will be made to keep such requirements within the bounds of reason and your cooperation and understanding are greatly appreciated.
9. Capacity Not Covered. If your capacity to execute papers is not covered above and you have any doubt about the procedure, you should address your inquiry to the party who sent you the papers for execution.
10. Acknowledgments. The acknowledgment must be taken by a Notary Public whose commission is presently in effect and must bear the impression of his seal of office. In foreign countries acknowledgments may be taken by a consular agent of the U.S., resident in the country where the acknowledgment is taken having a seal. Persons on active duty in the U.S. military service, inside or outside this country, may have their acknowledgment taken by a commissioned officer of at least the rank of second lieutenant or ensign, the acknowledgment containing the signature, rank and branch of service of such officer. It might be necessary to have more than one acknowledgment if the parties do not appear before the same notary public. Such additional acknowledgment may be typewritten on the instrument or on an additional page or taped or stapled over an acknowledgment form that is not useable. In any case, the acknowledgment should reflect the identity and capacity of the parties in exactly the same manner that they have executed the instrument.

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS
COMPANY FOR COMPULSORY POOLING IN
THE CUSTER-DEVONIAN AND THE CUSTER-
ELLENBURGER GAS POOLS IN SECTION
6, TOWNSHIP 25 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO.

No. 2164

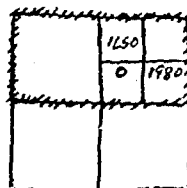


OIL CONSERVATION DIVISION
SANTA FE

APPLICATION

COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Custer-Devonian Gas Pool and the Custer-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico.
2. Applicant has proposed to drill a well (Custer-Wells No. 1) on the aforesaid acreage, the well being located 1,650 feet from the north line and 1,980 from the east line of said Section 6, which well is presently projected to a depth of 12,800 feet in the Custer-Devonian Gas Pool and Custer-Ellenburger Gas Pool.
3. Applicant proposes to dedicate the entire N. 1/2 of Section 6, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 6 for said purpose. Attached hereto is a list of the mineral interest owners and the percentage interest owned by each of them. *where?*
4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well, there are still some mineral interest owners who have refused to



join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

By Gary R Kilpatrick
Gary R. Kilpatrick
P.O. Box 2307
Santa Fe, New Mexico 87501

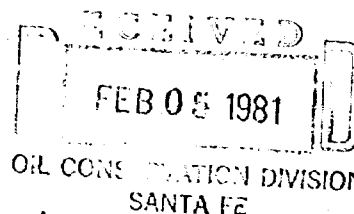
Attorneys for Applicant

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS
COMPANY FOR COMPULSORY POOLING IN
THE CUSTER-DEVONIAN AND THE CUSTER-
ELLENBURGER GAS POOLS IN SECTION
6, TOWNSHIP 25 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO.

No. 7164

APPLICATION



COMES NOW Arco Oil and Gas Company, by its attorneys, and applies for an order pooling all mineral interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico, for the purpose of forming a 320 acre proration and spacing unit in the Custer-Devonian Gas Pool and the Custer-Ellenburger Gas Pool in Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico.
2. Applicant has proposed to drill a well (Custer-Wells No. 1) on the aforesaid acreage, the well being located 1,650 feet from the north line and 1,980 from the east line of said Section 6, which well is presently projected to a depth of 12,800 feet in the Custer-Devonian Gas Pool and Custer-Ellenburger Gas Pool.
3. Applicant proposes to dedicate the entire N. 1/2 of Section 6, comprised of 320 acres, to the well and has sought joinder of all other mineral interest owners in the N. 1/2 of Section 6 for said purpose. Attached hereto is a list of the mineral interest owners and the percentage interest owned by each of them.
4. Although Applicant attempted to obtain voluntary agreements of all mineral interest owners in the drilling of the well, there are still some mineral interest owners who have refused to

join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

By Gary R. Kilpatrick
Gary R. Kilpatrick
P.O. Box 2307
Santa Fe, New Mexico 87501

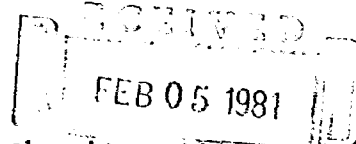
Attorneys for Applicant

BEFORE THE NEW MEXICO OIL CONSERVATION COMMISSION

APPLICATION OF ARCO OIL AND GAS
COMPANY FOR COMPULSORY POOLING IN
THE CUSTER-DEVONIAN AND THE CUSTER-
ELLENBURGER GAS POOLS IN SECTION
6, TOWNSHIP 25 SOUTH, RANGE 37 EAST,
LEA COUNTY, NEW MEXICO.

No. 7164

APPLICATION



COMES NOW Arco Oil and Gas Company, ~~by its attorneys,~~ and
applies for an order pooling all mineral interests in the N. 1/2
of Section 6, T. 25 S., R. 37 E., Lea County, New Mexico, for the
purpose of forming a 320 acre proration and spacing unit in the
Custer-Devonian Gas Pool and the Custer-Ellenburger Gas Pool in
Lea County, New Mexico, and in support of its application states:

1. Applicant is a working interest owner of certain
interests in the N. 1/2 of Section 6, T. 25 S., R. 37 E., Lea
County, New Mexico.
2. Applicant has proposed to drill a well (Custer-Wells
No. 1) on the aforesaid acreage, the well being located 1,650
feet from the north line and 1,980 from the east line of said
Section 6, which well is presently projected to a depth of 12,800
feet in the Custer-Devonian Gas Pool and Custer-Ellenburger Gas
Pool.
3. Applicant proposes to dedicate the entire N. 1/2 of
Section 6, comprised of 320 acres, to the well and has sought
joinder of all other mineral interest owners in the N. 1/2 of
Section 6 for said purpose. Attached hereto is a list of the
mineral interest owners and the percentage interest owned by each
of them.
4. Although Applicant attempted to obtain voluntary agree-
ments of all mineral interest owners in the drilling of the well,
there are still some mineral interest owners who have refused to

join in dedicating their acreage and Applicant seeks an order from the Commission pooling all mineral interests in the N. 1/2 of Section 33, pursuant to Section 70-2-17, N.M.S.A. 1978.

5. The Commissioners' order to be entered pursuant to this application should designate Applicant as operator of the proposed well and should provide a reasonable charge for supervision and for the risk involved in drilling this well. Applicant requests that 200% of the non-consenting working owners' pro-rata share of the cost of drilling and completing this well be fixed as the charge for the risk involved in its drilling.

6. Approval of this application will prevent the drilling of unnecessary wells, protect correlative rights and prevent waste.

MONTGOMERY & ANDREWS, P.A.

By Gary R Kilpatrick
Gary R. Kilpatrick
P.O. Box 2307
Santa Fe, New Mexico 87501

Attorneys for Applicant

Dockets Nos. 8-81 and 9-81 are tentatively set for March 11 and 25, 1981. Applications for hearing must be filed at least 22 days in advance of hearing date.

DOCKET: EXAMINER HEARING - WEDNESDAY - FEBRUARY 25, 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 7157: Application of Carl A. Schellinger for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Campbell Station Unit Area, comprising 3,841 acres, more or less, of State lands in Townships 8 and 9 South, Range 27 East.
- CASE 7158: Application of Grynberg & Associates for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Silman Lake Unit Area, comprising 13,743 acres, more or less, of State and fee lands in Townships 9 and 10 South, Ranges 26 and 27 East.
- CASE 7159: Application of Consolidated Oil & Gas, Inc. for downhole commingling, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the downhole commingling of Greenhorn and Dakota production in the wellbore of its Navajo Well No. 2-E located in Unit C of Section 11, Township 25 North, Range 10 West.
- CASE 7160: Application of Harlan Drilling Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 2370 feet from the North line and 1528 feet from the West line of Section 31, Township 29 North, Range 11 West, Fulcher Kutz-Pictured Cliffs Pool, the NW/4 of said Section 31 to be dedicated to the well.
- CASE 7148: (Continued from February 11, 1981, Examiner Hearing)
- Application of Twin Montana Oil Company for a non-standard oil proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of an 80-acre Vada-Pennsylvanian oil proration unit comprising the S/2 NE/4 of Section 3, Township 9 South, Range 35 East, to be dedicated to its Webb Federal Well No. 1 located in Unit C of said Section 3.
- CASE 7051: (Continued from January 28, 1981, 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 Blinbry and Drinkard production in the wellbore of its L. G. Warlick "B" Well No. 2 located in Unit C of Section 19, Township 21 South, Range 37 East.
- CASE 7140: (Continued from February 11, 1981, Examiner Hearing)
- 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 7149: (Continued from February 11, 1981, Examiner Hearing)
- Application of John H. Hendrix Corporation for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool to a depth of 3362 feet, subsurface, underlying Unit O of Section 19, Township 23 South, Range 37 East.
- CASE 7161: Application of John Yuronka for four compulsory poolings, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langlie Mattix Pool underlying the four 40-acre proration units comprising the SW/4 of Section 31, Township 22 South, Range 37 East, to be dedicated to wells to be drilled at standard locations thereon. Also to be considered will be the cost of drilling and completing said wells and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the wells, and a charge for risk involved in drilling said wells.

- CASE 7162: Application of McCulloch Oil & Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the McKee formation underlying the E/2 of Section 25, 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 7163: Application of ARCO Oil and Gas Company for the extension of the vertical limits of the Langlie Mattix Pool, Lea County, New Mexico. Applicant, in the above-styled cause, seeks the contraction of the vertical limits of the Jalmat Pool and the upward extension of the vertical limits of the Langlie Mattix Pool by 165 feet underlying the NE/4 SE/4 of Section 35, Township 23 South, Range 36 East.
- CASE 7164: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Devonian and Ellenburger formations, Custer Field, underlying the N/2 of Section 6, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7165: Application of ARCO Oil and Gas Company for compulsory pooling, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Langley-Allenburger Pool underlying the N/2 of Section 33, Township 22 South, Range 36 East, to be dedicated to a well to be drilled at a standard location thereon. Also to be considered will be the cost of drilling and completing said well and the allocation of the cost thereof as well as actual operating costs and charges for supervision, designation of applicant as operator of the well, and a charge for risk involved in drilling said well.
- CASE 7166: Application of Inexco Oil Company for a unit agreement, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Chosa Draw Unit Area, comprising 2,560 acres, more or less, of Federal and State lands in Townships 25 and 26 South, Range 25 East.
- CASE 7167: Application of Inexco Oil Company for a unit agreement, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for the Made Well Anticline Unit Area, comprising 39,238 acres, more or less, of State, Federal, and fee lands in Townships 12, 13, and 14 South, Ranges 21 and 22 East.
- CASE 7168: Application of Cavalcade Oil Corporation for an exception to Order No. R-3221, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221 to permit disposal of produced brine into an unlined surface pit located in Unit K or L of Section 33, Township 18 South, Range 30 East.
- CASE 7129: (Continued from February 11, 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 7169: 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 S/2 of Section 22, 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 7170: Application of Threshold Development Company for an NCPA determination, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks a new onshore reservoir determination in the Atoka and Morrow formations for its Conoco 10A State Well No. 1Y in Unit F of Section 10, Township 19 South, Range 29 East.

- CASE 7171: Application of Zia Energy Inc. for a non-standard gas proration unit, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval of a 120-acre non-standard proration unit in the Eumont Gas Pool comprising the SW/4 SE/4 of Section 27, and the N/2 NE/4 of Section 34, Township 20 South, Range 36 East, to be dedicated to its Elliott "A" State Well No. 1 located 660 feet from the South line and 1980 feet from the East line of said Section 27.
- CASE 7172: Application of Caulkins Oil Company for two unorthodox gas well locations, Rio Arriba County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of the following two wells on its Breech A Lease to be recompleted in the Chacra, Mesaverde, and Dakota formations: No. 157 located 1980 feet from the North line and 660 feet from the West line of Section 10 and No. 629 located 660 feet from the North line and 760 feet from the West line of Section 9, both in Township 26 North, Range 6 West.
- CASE 7173: Application of V-F Petroleum Inc. for an unorthodox well location, Lea County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 330 feet from the North line and 1150 feet from the East line of Section 5, Township 16 South, Range 38 East, South Denton-Devonian Pool, the NE/4 NE/4 of said Section 5 to be dedicated to the well.
- CASE 7174: Application of Jake L. Hamon for an unorthodox gas well location, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks approval for the unorthodox location of a well to be drilled 660 feet from the South and West lines of Section 36, Township 23 South, Range 26 East, South Carlsbad-Morrow Gas Pool, the S/2 of said Section 36 to be dedicated to the well.
- CASE 7175: Application of Conoco Inc. for compulsory pooling and a dual completion, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an order pooling all mineral interests in the Wolfcamp-Ellenburger formations underlying the S/2 of Section 19, Township 25 South, Range 37 East, to be dedicated to a well to be drilled at a standard location and dually completed in the Devonian and Ellenburger formations. 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.

DRAFT

dr/

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

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

CASE NO. 7164

Order No. R- 6626

APPLICATION OF ARCO OIL AND GAS
COMPANY 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 March 11
1981, at Santa Fe, New Mexico, before Examiner Richard L. Stamets.

NOW, on this _____ day of March, 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, ARCO Oil and Gas Company,
seeks an order pooling all mineral interests in the Devonian
and Ellenburger formations underlying the N/2
of Section 6, Township 25 South, Range 37 East
NMPM, Custer Field, Lea County, New
Mexico.

(3) That the applicant has the right to drill and proposes to drill a well _____ at a standard location thereon.

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

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

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

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

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

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

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

~~(11) That \$ _____ per month while drilling 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.~~

(7) ~~(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.

(8) ~~(13)~~ That upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before July 1, 1981, the order pooling said unit should become null and void and of no effect whatsoever.

IT IS THEREFORE ORDERED:

(1) That all mineral interests, whatever they may be, in the Devonian and Ellenburger formations underlying the N/2 of Section 6, Township 25 South, Range 37 East, NMPM, Custer Field, Lea County, New Mexico, are hereby pooled to form a standard 320 - acre gas spacing and proration unit to be dedicated to a well to be drilled at a standard location thereon

PROVIDED HOWEVER, that the operator of said unit shall commence the drilling of said well on or before the 15th day of July, 1981, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Ellenburger formation;

PROVIDED FURTHER, that in the event said operator does not commence the drilling of said well on or before the 15th day of July, 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 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 ARCO Oil and Gas Company is hereby designated the operator of the subject well and unit.

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

(4) That within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and that any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

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

(6) That within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided

above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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

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

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

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

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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.

(3) (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.

(4) (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.