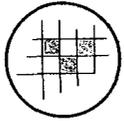


RECEIVED MARCH 30, 1984
JPG



Gary-Williams Oil Producer

Four Inverness Court East • Englewood, Colorado 80112-5599 • (303) 799-3800

March 29, 1984

FEDERAL EXPRESS DELIVERY

Mr. Gilbert Quintana
New Mexico Oil Conservation Commission
Box 2088
Santa Fe, New Mexico 87501

NSL-#1931
~~SPECIAL Rule 3 ORDER No. R-7471~~
RULE 104 FI
RELEASE ~~APRIL 19, 1984~~
IMMEDIATELY
Federal lease

Re: NSL
#11-16 San Isidro
~~SE-1581~~ (Sec. 11-T20N-R3W 600' FSL & 630' FEL
Sandoval County, New Mexico
Order No. R-7471

Dear Mr. Quintana:

W/2 OF SECTION 11 DEDICATED
RIO PUERCO - MANCOS OIL POOL

Request is hereby made for approval for non-standard location of the #11-16 San Isidro well located 600 feet from the South line and 630 feet from the East line in Section 1, Township 20 North, Range 3 West. This well was drilled prior to approval of Order No. R-7471 effective April 1, 1984.

Said Order, creating special rules and regulations for the Rio Puerco - Mancos Oil Pool, requires per Rule 3 that location be no nearer than 660 feet to the outer boundary of the proration unit.

Approval of this non-standard location is respectfully requested at your earliest convenience.

Very truly yours,

GARY-WILLIAMS OIL PRODUCER, INC.

Joyce Engelbrecht
Joyce Engelbrecht
Landman

JE:sf

Talked with Ernie Busch on
Nov. 1, 1984. GAVE DISTRICT OK

OIL CONSERVATION DIVISION

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 2088
SANTA FE, NEW MEXICO 87501

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the Section.

Operator Gary-Williams Oil Producer, Inc.			Lease San Isidro			Well No. 11, #16		
Unit Letter P	Section 11	Township 20N	Range 3W	County Sandoval				

Actual Footage Location of Well:
600 feet from the South line and 630 feet from the East line

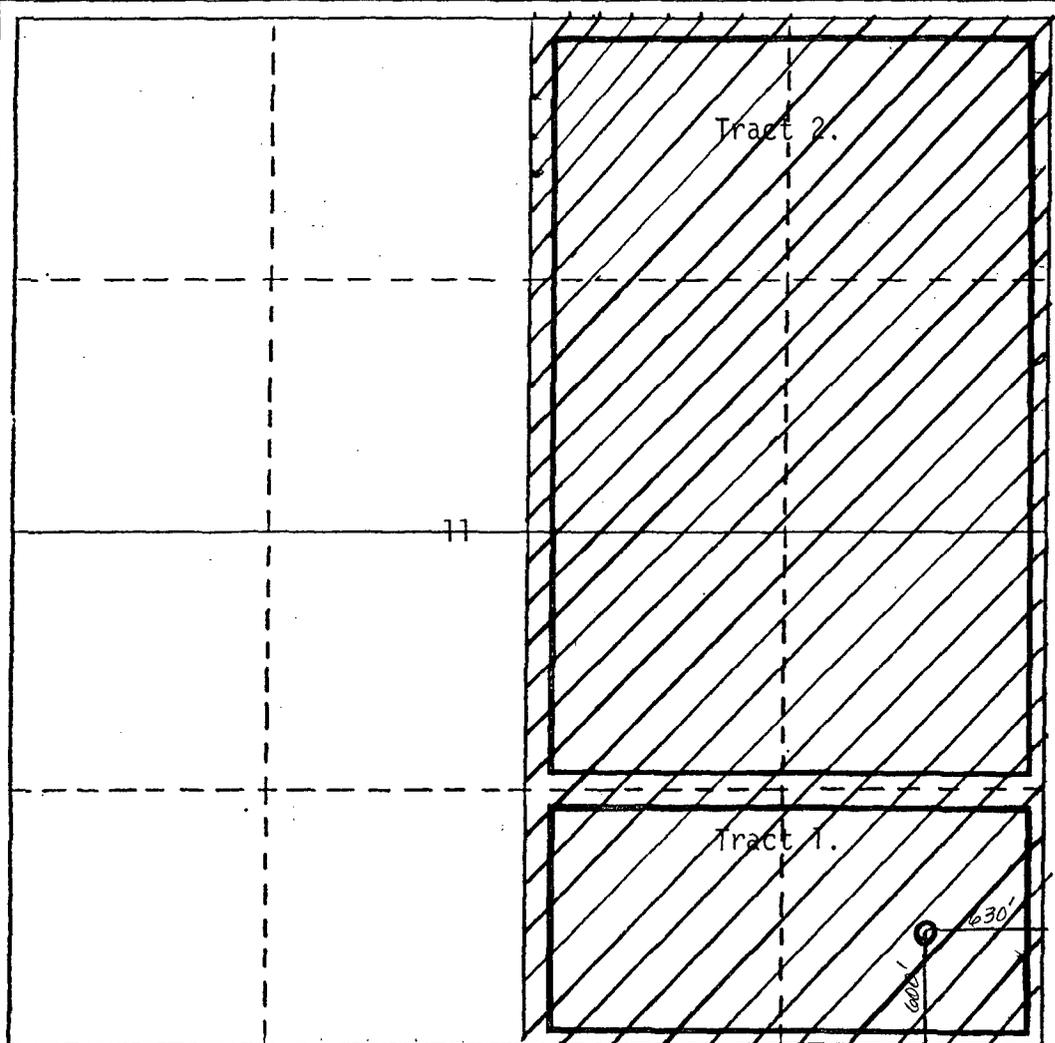
Ground Level Elev. 6911	Producing Formation MANCOS	Pool RIO PUERCO - MANCOS OIL	Dedicated Acreage: 320 Acres
----------------------------	-------------------------------	---------------------------------	---------------------------------

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty). Refer to reverse side.
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc.?

Yes No If answer is "yes," type of consolidation Communitization

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.) _____

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division.



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Name
W. P. Marx

Position
Operations Manager

Company
Gary-Williams Oil Producer, Inc.

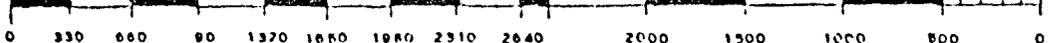
Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief.

Date Surveyed

Registered Professional Engineer and/or Land Surveyor

Certificate No.

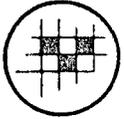


Tract 1: USA NM-19150

W.I. :	Gary-Williams	39.58500
	AAEC	39.58500
	ICG Petroleum Inc.	12.50000
	Carlyle Petroleum Inc.	8.33000
ORRI :	Howell Spear	2.00000
	Celsius Energy Company	10.50000
	Wm. E. Chittum	.39585

Tract 2: USA NM-44456

W.I. :	Gary-Williams Oil	39.58500
	AAEC	39.58500
	ICG Petroleum Inc.	12.50000
	Carlyle Petroleum Inc.	8.33000
ORRI :	Yellow Ribbon, Inc.	5.00000
	Wm. E. Chittum	.79170
	Baraldi as Nominees under Nominee Agreement dated 1/1/83	1.5834



Gary-Williams Oil Producer

Four Inverness Court East • Englewood, Colorado 80112-5599 • (303) 799-3800

March 28, 1984

FEDERAL EXPRESS DELIVERY

AA Energy Corporation
1500 Fidelity Union Tower
Dallas, Texas 75201
Attention: Mr. Thomas E. Davis

ICG Petroleum Inc.
2700-140 Fourth Avenue, S.W.
Calgary, Alberta, Canada T2P 3S3
Attention: Mr. Raymond P. Masniuk

Carlyle Petroleum Inc.
Suite 300, 1021 Tenth Avenue, S.W.
Calgary, Alberta, Canada T2R 0B7
Attention: Mr. D. L. Beavers

Re: Communitization Agreement
#11-16 San Isidro Well
E $\frac{1}{2}$ Sec. 11, T20N-R3W
Sandoval County, New Mexico

COPY

Gentlemen:

Enclosed please find the referenced agreement, in duplicate, unitizing leases in the 320-acre spaced area around the #11-16 San Isidro well. This agreement is required, BY APRIL 1, by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico.

This agreement must be on file in the State of New Mexico by April 1, 1984 or the referenced well will be shut-in on that date. You are urged to execute the document immediately and return one copy to me by Express Mail at once.

Call me to discuss any questions you may have.

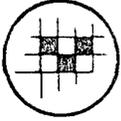
Very truly yours,

GARY-WILLIAMS OIL PRODUCER, INC.

Joyce Engelbrecht
Joyce Engelbrecht
Landman

JE:sf

Enclosure: Communitization Agreement



Gary-Williams Oil Producer

Four Inverness Court East • Englewood, Colorado 80112-5599 • (303) 799-3800

March 28, 1984

Celsius Energy Company
P. O. Box 11070
Salt Lake City, Utah 84147

Attention: Mr. Robert Pittam

Re: Lease NM-19150 (MF NM-100)
Communitization of S $\frac{1}{2}$ NE $\frac{1}{4}$ of Sec. 1-T20N-R3W, and
Communitization of S $\frac{1}{2}$ SE $\frac{1}{4}$ of Sec. 11-T20N-R3W

Sandoval County, New Mexico

Gentlemen:

Enclosed herewith for your execution are duplicate originals of Communitization Agreements whereby Gary-Williams Oil Producer, Inc. is communitizing the east one-half of Section 1, Township 20 North, Range 3 West and the E $\frac{1}{2}$ of Section 11, Township 20 North, Range 3 West in order to comply with the 320-acre spacing rule recently established for the Rio Puerco - Mancos Oil Field in Sandoval County, New Mexico.

Celsius Energy Company has been included as a signatory party to these Communitization Agreements inasmuch as the assignment from Celsius into Gary-Williams Oil Producer, Inc. has not as yet been approved by the Bureau of Land Management. Further, in accordance with the provisions of paragraph 12 contained in Exhibit "IV" to that certain Farmout Option Agreement dated July 11, 1983 between our two companies, Celsius must give its written consent before its retained overriding royalty interest can be subjected to such a unitizing agreement. The execution by Celsius of the enclosed Communitization Agreement shall serve as such written consent.

For your immediate response, a copy of Order No. R-7471 is enclosed. In accordance with the statements of the spacing order the Communitization Agreements must be on file with the Bureau of Land Management by April 1, 1984 or the #1-16 San Isidro and the #11-16 San Isidro wells will be shut-in on that date. It would be greatly appreciated if you would give this matter your immediate attention, returning one executed copy of each agreement to me by Express Mail.

Thank you for your attention to this request. Do not hesitate to call if you have any questions.

Very truly yours,

GARY-WILLIAMS OIL PRODUCER, INC.

Joyce Engelbrecht
Joyce Engelbrecht
Landman

JE:sf

Enclosure: Communitization Agreements

COPY

APPROVAL—CERTIFICATION—DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under Section 17(j) of the Mineral Leasing Act of 1920, as amended (74 Stat. 784; 30 U.S.C. 226(j)), and delegated to the Deputy Minerals Managers, Oil & Gas, Minerals Management Service, I do hereby:

- A. Approve the attached communitization agreement covering the E $\frac{1}{2}$ Sec. 11, Township 20 North, Range 3 West, N.M.P.M., Sandoval County, New Mexico, as to ~~(natural gas and associated liquid hydrocarbons)~~ (crude oil and associated natural gas) producible from the Mancos 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 lease or leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of the agreement.

Approved: _____

Effective: _____

Contract No.: _____

COMMUNITIZATION AGREEMENT

Contract No. _____

THIS AGREEMENT entered into as of the 30th day of March, 1984, by and between the parties subscribing, ratifying, or consenting hereto, such parties being hereinafter 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 and supplemented 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 or 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 communitized substances 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 "communitized area") are described as follows:

E $\frac{1}{2}$ Sec. 11, Township 20 North, Range 3 West, N.M.P.M.,
Sandoval County, New Mexico

Containing 320.00 acres, more or less, and this agreement shall include only the Mancos formation underlying said lands and the crude oil and associated natural gas, hereinafter referred to as "communitized substances," producible from such formation.

2. Attached hereto, and made a part of this agreement for all purposes is Exhibit B, designating the operator of the communitized area and 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 within 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 interest 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 well drilled on the communitized area, monthly reports of operations, statements of oil and gas sales 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.
5. The communitized area shall be developed and operated as an entirety, with the understanding and agreement between 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. 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. Payments 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.

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 noncommunitized 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 a lease plus any noncommunitized 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 said 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 production pursuant to this agreement shall be deemed to be operations or production as to each lease committed hereto.
9. 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 and 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 if such failure results from, compliance with any such laws, orders, rules or regulations.

10. This agreement is effective _____, _____, _____
(Month) (Day) (Year)
upon execution by the necessary parties, notwithstanding the date of execution, and upon approval by the Secretary of the Interior or by his duly authorized representative, and shall remain in force and effect for a period of two (2) years and for so long as communitized substances are, or can be, produced from the communitized area in paying quantities; 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 nonproduction. 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. The covenants herein shall be construed to be 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 any such land or interest subject hereto, whether voluntary or not, shall be and hereby is conditioned upon the assumption of all obligations hereunder by the grantee, transferee, or other successor in interest, and as to Federal land shall be subject to approval by the Secretary of the Interior.
12. It is agreed 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.

13. 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.
14. 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 a counterpart, ratification or consent hereto with the same force and effect as if all parties has signed the same document.
15. 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 F.R. 12319), as amended which are hereby incorporated by reference in this agreement.

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

GARY-WILLIAMS OIL PRODUCER, INC.

Attest:

By: John A. Moul
 Title: Vice President of Exploration

Beverly M. Green
 Corporate Secretary

AA ENERGY CORPORATION

Attest:

By: _____
 Title: _____

ICG PETROLEUM INC.

Attest:

By: _____
 Title: _____

CARLYLE PETROLEUM INC.

Attest:

By: _____
 Title: _____

13. 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.

14. 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 a counterpart, ratification or consent hereto with the same force and effect as if all parties has signed the same document.

15. 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 F.R. 12319), as amended which are hereby incorporated by reference in this agreement.

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GARY-WILLIAMS OIL PRODUCER, INC.

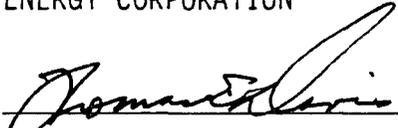
Attest:

By: _____

Title: _____

AA ENERGY CORPORATION

Attest:

By: 



Title: Senior Vice President Exploration

Kathryn K. Winsor, Secretary

ICG PETROLEUM INC.

Attest:

By: _____

Title: _____

CARLYLE PETROLEUM INC.

Attest:

By: _____

Title: _____

13. 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.
14. 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 a counterpart, ratification or consent hereto with the same force and effect as if all parties has signed the same document.
15. 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 F.R. 12319), as amended which are hereby incorporated by reference in this agreement.

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

GARY-WILLIAMS OIL PRODUCER, INC.

Attest:

By: _____

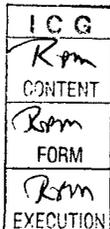
Title: _____

AA ENERGY CORPORATION

Attest:

By: _____

Title: _____



ICG PETROLEUM INC.

Attest:

By: 



Title: _____ Vice-President

_____ Vice-President

CARLYLE PETROLEUM INC.

Attest:

By: _____

Title: _____

13. 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.
14. 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 a counterpart, ratification or consent hereto with the same force and effect as if all parties has signed the same document.
15. 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 F.R. 12319), as amended which are hereby incorporated by reference in this agreement.

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

GARY-WILLIAMS OIL PRODUCER, INC.

Attest:

By: _____

Title: _____

AA ENERGY CORPORATION

Attest:

By: _____

Title: _____

ICG PETROLEUM INC.

Attest:

By: _____

Title: _____

CARLYLE PETROLEUM INC.

Attest:

By: W. J. Whelan

Al Beaman

Title: President

ASSISTANT SECRETARY

CELSIUS ENERGY COMPANY

By: 
Title: President

Attest:

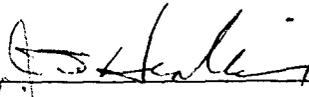

Assistant Secretary

EXHIBIT A

Plat of communitized area covering E/2 of Section 11, T. 20 N., R. 3 W.,
N.M.P.M., Rio Puerco-Mancos Oil Field, Sandoval County, New Mexico.

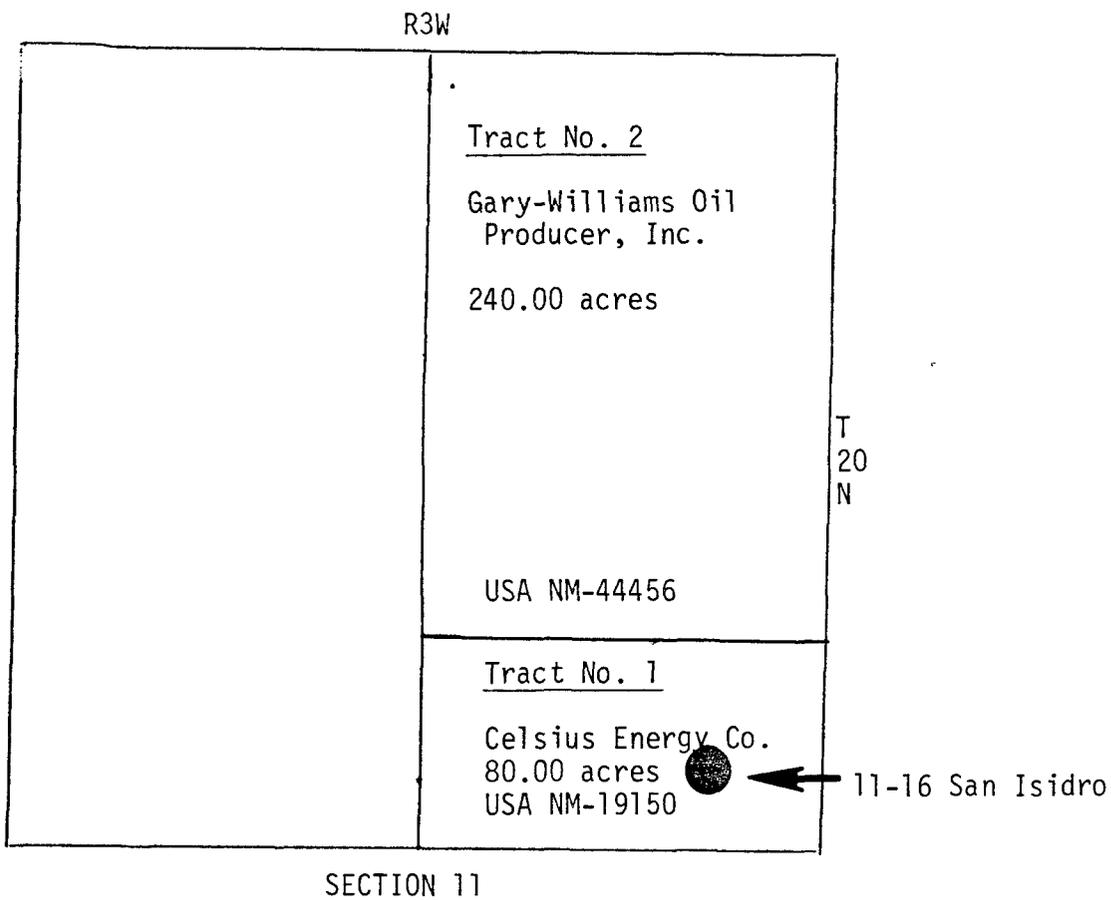


EXHIBIT B

To Communitization Agreement dated March 30, 1984 embracing the E/2 of Section 11, T. 20 N., R. 3 W., N.M.P.M., Sandoval County, New Mexico.

Operator of Communitized Area: Gary-Williams Oil Producer, Inc.

DESCRIPTION OF LEASES COMMITTED

Tract No. 1

Lease Serial No.: NM-19150

Lease Date: October 1, 1973

Lease Term: Ten Years

Lessor: United States of America

Original Lessee: Ernie Combrink

Present Lessee: Celsius Energy Company

Description of Land Committed:

Township 20 North, Range 3 West, N.M.P.M.
Section 11: S/2 SE/4

Number of Acres: 80.00

Royalty Rate: 12.5%

Name and Percent ORRI Owners: Howell Spear - 2.0%
Celsius Energy Company - 10.5%
William E. Chittum - .39585%

Name and Percent WI Owners: Gary-Williams Oil Producer, Inc. - 39.585%
AA Energy Corporation - 39.585%
ICG Petroleum Inc. - 12.500%
Carlyle Petroleum, Inc. - 8.330%

Tract No. 2

Lease Serial No.: NM-44456

Lease Date: September 1, 1981

Lease Term: Ten Years

Lessor: United States of America

Original Lessee: Robert P. Kunkel

Present Lessee: Samuel Gary Oil Producer, Inc.

Description of Land Committed:

Township 20 North, Range 3 West, N.M.P.M.
Section 11: NE/4; N/2 SE/4

Number of Acres: 240.00

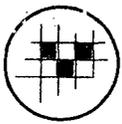
Royalty Rate: 12.5%

Name and Percent ORRI Owners: Yellow Ribbon, Inc. - 5.0%
William E. Chittum - .7917%
Ronald W. Williams and Vic Baraldi,
as Nominees under Nominee Agreement
dated January 1, 1983 - 1.5834%

Name and Percent WI Owners: Gary-Williams Oil Producer, Inc. - 39.585%
AA Energy Corporation - 39.585%
ICG Petroleum Inc. - 12.500%
Carlyle Petroleum, Inc. - 8.330%

R E C A P I T U L A T I O N

<u>Tract No.</u>	<u>No. of Acres Committed</u>	<u>Percentage of Interest in Communitized Area</u>
1	80.00	25.0%
2	240.00	75.0%



Gary-Williams Oil Producer

Four Inverness Court East • Englewood, Colorado 80112-5599 • (303) 799-3800

April 2, 1984

FEDERAL EXPRESS DELIVERY

BUREAU OF LAND MANAGEMENT
505 Marquette Northwest/Suite 113-A
Albuquerque, NM 87198

Attn: Ms. Susan Unshler

Re: Communitization Agreement
11-16 San Isidro Well
USA NM-19150 and
USA NM-44456
Sandoval County, NM

Gentlemen:

Enclosed is fully executed Communitization Agreement plus three copies for the referenced two leases covering the E1/2 of Sec 11 of T20N, R3W. Per Oil Conservation Division Order of the Commission No. R-7471, 320.00 acres is determined to be the standard spacing unit for this area. I trust the form is in order and all required signatures are in proper form. Please advise if there is any irregularity.

Approval is respectfully requested at your earliest convenience. Please return one copy upon approval.

Very truly yours,


Joyce Engelbrecht
Landman

JE/jv

Enclosure

→ cc: Gilbert Quintate, State Oil Conservation Division
AAEC
ICG
Carlyle

Dollar Services

Oil & Gas Consulting
Site Security, Gas Measurement, Witness Testing

RECEIVED
SEP 12 1984

OIL CONSERVATION DIVISION

P.O. Box 399
Aztec, N.M. 87410
505-334-9547

September 10, 1984

Mr. Gilbert Quintana
Oil Conservation Division
State Land Office Bldg.
P. O. Box 2088
Santa Fe, NM 87501

Dear Sir:

Gary-Williams Oil Producer, Inc. hereby applies for a non-standard pro-ration unit on the well San Isidro 3 #16 located (660' FSL & 660' FEL) section 3, township 20N., range 3W., lease NM-23733, Sandoval County, due to section, there being a short section. Thank you.

Sincerely,



Ned Dollar, Agent
Gary-Williams Oil Producer, Inc.

ND/dd

cc: Gary-Williams Oil Producer, Inc.