

Application for Approval of
the Dona Unit,
Oil Conservation Division
Department of Energy and Minerals,
State of New Mexico

EXHIBIT
SYNOPSIS OF NEGOTIATIONS
DONA UNIT
DONA ANA COUNTY
NEW MEXICO

INTERESTED PARTY: Louisiana Land & Exploration Company

NATURE OF INTEREST: Working Interest

1, 2, 3, 4, 5, (7.829.74 net acres -
31.3927% of the Unit)

SUMMARY:

Discussions regarding the Mason Draw and Dona Units between LL&E and Exxon began in late 1982. LL&E has executed a formal Trade Letter with Exxon agreeing to the Dona Unit and has approved the form of the proposed Unit Agreement and Unit Operating Agreement. In support of this contention, we submit:

- 1) A copy of the first and last pages of the formal Trade Letter dated August 1, 1983.
- 2) A copy of a letter dated December 10, 1983 transmitting the Dona Unit Agreement, Unit Operating Agreement and ratifications to LL&E.

We are advised LL&E is currently circulating the ratifications for execution. We transmitted the ratifications prior to receiving preliminary approval of the BLM and State of New Mexico because the form of these Agreements is the same as that used for the Mason Draw Unit. We do not anticipate any revision by either the BLM or the State.

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| BEFORE EXAMINER STAMETS OIL CONSERVATION DIVISION |
| EXXON EXHIBIT NO. <u>D</u> |
| CASE NO. <u>8035</u> |
| Submitted by <u>EXXON</u> |
| Revised Date <u>1/4/84</u> |

THE LOUISIANA LAND AND EXPLORATION COMPANY
WESTERN DIVISION

Suite 2100, Great West Life Tower
1675 Broadway
Denver, Colorado 80202

August 1, 1983

Area Code 303
623-5759

Exxon Corporation
P. O. Box 1600
Midland, Texas 79702

Attention: Mr. H. Jack Naumann

Re: Farmout
Proposed Dona Unit
Orogrande Basin Area
Dona Ana County, New Mexico
Federal Leases Nos. NM-41816,
NM-41820 and NM-41831

Gentlemen:

This will evidence our agreement to assign to you the interests set forth below out of our present right, title and interest in and to the lease(s) numbered above, subject to the limitations and reservations herein contained, insofar as said lease(s) cover(s) oil and gas only in and under the following described lands:

T-23-S, R-3-W

Section 31: Lots 1, 2, 3, E/2 W/2, E/2
Section 33: Lots 1, 2, 3, 4, 5, 6, 7, 8, S/2
Section 34: Lots 1, 2, 3, 4, NE/4, W/2

T-24-S, R-3-W

Section 3: Lots 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, S/2 N/2
Section 5: Lots 1, 2, S/2 NE/4, SE/4
Section 6: Lots 1, 2, 3, 4, 5, 6, 7, S/2 NE/4, SE/4
Section 7: Lots 1, 2, 3, 4, E/2 W/2, E/2
Section 8: E/2
Section 9: All
Section 10: Lots 1, 2, 3, 4, NE/4, S/2
Section 15: All
Section 17: E/2
Section 18: Lots 1, 4, NE/4 NW/4, E/2 SW/4, E/2

T-24-S, R-3-W

Section 3: Lot 4
Section 4: Lots 1, 2, 3, 4, S/2 N/2, S/2

Dona Ana County, New Mexico, containing 7,829.74 acres, more or less

continued...

As used in this Paragraph, the term "operator" shall refer to the actual party charged with the responsibility of operating the well or wells, whether that party is you or any of your assignees, and if more than one party owns a portion of any interest assigned to you by us under the terms of this letter, the notice to us required at payout shall be made by the actual operator.

Notwithstanding anything herein to the contrary, if either party desires to drill any additional well(s) on lands earned by you prior to "payout" of the earning well, such operations thenceforth shall be pursuant to the terms of the form of Operating Agreement attached hereto as Exhibit "A", with the interest of the parties as to such additional operations deemed to be the same as if "payout" had occurred and we had exchanged our overriding royalty for the above leasehold working interest.

12. The terms and Conditions hereof shall extend to and be binding upon the parties hereto, their respective heirs, successors, legal representatives and assigns, provided, however, that neither this agreement nor any rights hereunder shall be assigned by you to a third party without our written consent.

In the event you contemplate an assignment of rights to another party or parties, you shall give prompt notice to us of such proposed assignment. If we consent to such assignment, it shall not be effective until we have received, in writing, an instrument or letter executed by you and your assignee evidencing that such assignment has occurred and that your assignee has assumed all the obligations of this agreement.

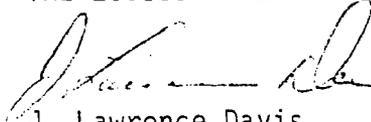
13. All of your operations hereunder shall be conducted as would a reasonably prudent operator, and you shall make a proper restoration of the surface of any land damaged by your operations. You shall have the responsibility for settling or otherwise disposing of any claim or cause of action by third parties arising out of your operations, and you shall indemnify and hold us harmless from and against any such claim or cause of action.

14. In the event you are successful in earning an assignment under the terms of this agreement, the parties agree to execute and be bound by the Operating Agreement set forth in Exhibit "A" which is attached hereto.

If the foregoing paragraphs correctly set forth your understanding of our agreement, please evidence your acceptance by returning within ten (10) days from the date hereof two (2) copies of this agreement properly executed by you or on your behalf by your duly authorized officer in the space provided. If we fail to receive such accepted copies within ten (10) days, we may, at our option, terminate the offer or grant you additional time in which to accept.

Very truly yours,

THE LOUISIANA LAND AND EXPLORATION CO.


J. Lawrence Davis
Vice President

ACCEPTED this 25th day of August, 1983.

EXXON CORPORATION

By: 
H. Jack Naumann, Division Landman

EXXON COMPANY, U.S.A.

POST OFFICE BOX 1600 • MIDLAND, TEXAS 79702

EXPLORATION DEPARTMENT
SOUTHWESTERN DIVISION

December 10, 1983

Re: Dona Federal Explortory Unit
Dona Ana County, New Mexico

Louisiana Land and Exploration Company
1675 Broadway - Suite 2100
Denver, Colorado 80202

Attention: Ms. Marylin Landers

Dear Ms. Landers:

Pursuant to that Farmout Agreement dated August 1, 1983, enclosed are copies of the Unit Agreement and Unit Operating Agreement for the captioned Federal Unit, both dated November 15, 1983, together with ten Working Interest Ratifications. The form for each of these agreements is the same as those forms utilized in the Mason Draw. Please have the appropriate personnel execute and notarize these Ratifications and return them to this office. A copy of Exxon's signatures will be forwarded in the near future.

Thank you for your attention hereto. Should you have any questions or concerns, please feel free to contact me.

Very truly yours,



Joe Pope
(915) 686-4508

JP:h1

Enclosures