RALPH LEA, JR.
P.O. BOX 56
MIDLAND, TEXAS 79702
915/682-1005

February 4, 1997

<u>2.0000 Net Acres</u> being a
1/80 Mineral Interest in
N/2SE/4, SE/4SE/4 Section 3 and
SW/4SW/4 Section 2
T-16-S, R-35-E
Lea County, New Mexico
160 Gross Acres
Plat Attached

Mr. Kenneth G. Cone
400 West Illinois
Midland, Texas 79701

Dear Mr. Cone:

I have been authorized by Amerind Oil Company of Midland, Texas to extend the following offer to you for an oil and gas lease on the captioned acreage:

Bonus:	$100.00 per Acre
Royalty:	1/5
Term:	Three Years (Paid-Up)

Amerind is planning to commence a well on the N/2SE/4 of Section 3 by June 1, 1997.

Thank you for your consideration of our offer; I look forward to hearing from you.

Sincerely,

R. Lea

Ralph Lea, Jr., CPL

Attachment

BEFORE THE
OIL CONSERVATION DIVISION
Case No. 11754 Exhibit No. 4
Submitted By:
Amerind Oil Company
Hearing Date: April 3, 1997

RALPH LEA, JR.
P.O. BOX 56
MIDLAND, TEXAS 79702
915/682-1005
February 6, 1997

Lavena Howard, a widow, Individually
and as Independent Executrix of the
Estate of L. A. Howard, Deceased;
Joan Garrison; and Mary A. Irwinski,
Independent Administrator of the
Estate of Rieta Schnaubert, Deceased
owning 0.1600 Net Acres being a
1/960 mineral interest in
N/2SE/4, SE/4SE/4 Section 3 and
SW/4SW/4 Section 2
T-16-S, R-35-E
Lea County, New Mexico
160 Gross Acres
Plat Attached

Mary A. Irwinski
3912 8th Avenue
Fort Worth, Texas 76110

Dear Ms. Irwinski:

I have been authorized by Amerind Oil Company of Midland, Texas to extend the following offer to you and the above listed parties for an Oil and Gas Lease on the captioned acreage:

Bonus:	$100.00 per Acre
Royalty:	3/16
Term:	Three Years (Paid-Up)

Amerind is planning to commence a well on the N/2SE/4 of Section 3 by June 1, 1997.

Thank you for your consideration of our offer; I look forward to hearing from you.

Sincerely,

R Lea

Ralph Lea, Jr., CPL

Attachment

RALPH LEA, JR.
P.O. BOX 56
MIDLAND, TEXAS 79702
915/682-1005
February 11, 1997

2.500 Net Acres being a
1/64 mineral interest in
N/2SE/4, SE/4SE/4 Section 3 and
SW/4SW/4 Section 2
T-16-S, R-35-E
Lea County, New Mexico
160 Gross Acres
Plat Attached

Mr. Larry Petree
A. L. Cone Partnership
Post Office Box 3457
Lubbock, Texas 79452

Dear Mr. Petree:

I have been authorized by Amerind Oil Company of Midland, Texas to extend the following offer to you and the above listed parties for an Oil and Gas Lease on the captioned acreage:

Bonus:	$150.00 per Acre
Royalty:	1/4
Term:	One Year (Paid-Up)

Amerind is planning to commence a well on the N/2SE/4 of Section 3 by June 1, 1997. Should you choose to participate in the drilling of this well as a working interest owner, please find attached a copy of Amerind's AFE dated January 30, 1997. Please direct any geologic questions regarding this prospect to Robert C. Leibrock (915-682-8217).

Thank you for your consideration of our offer; I look forward to hearing from you.

Sincerely,

Ralph Lea

Ralph Lea, Jr., CPL

Attachment

RALPH LEA, JR.
P.O. BOX 56
MIDLAND, TEXAS 79702
915/682-1005
February 14, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: **WELL PROPOSAL**
Amerind Oil Company's Field Well No. 1
N/2SE/4 of Irregular Section 3
T-16-S, R-35-E
Lea County, New Mexico

Ms. Mary A. Irwinski
3912 8th Avenue
Fort Worth, Texas 76110

Dear Ms. Irwinski:

On behalf of Amerind Oil Company, Ltd. ("Amerind"), I wish to provide you with a final opportunity to participate on a voluntary basis in the referenced well which I first proposed to you on February 6, 1997.

Please find enclosed a copy of Amerind's AFE which sets forth its estimate of the cost of drilling and completing this well. The well is to be located at a standard oil well location in the NE/4SE/4 of Irregular Section 3 and will be dedicated to a standard 80-acre oil proration and spacing unit consisting of the N/2SE/4 of said Irregular Section 3.

At this point, Amerind has obtained the control of 82.5% of the spacing unit. Please consider participating in the well, or in the alternative, we are willing to lease your interest upon the following terms: $150 per acre, 1/4 royalty, one-year term.

We believe we have provided you adequate time in which to resolve this matter. Amerind has leases which are due to expire in May, 1997. In order to "save" those leases by timely commencing the drilling of this well, please be advised that unless you agree to participate in the well as proposed, we will file an application and ask the New Mexico Oil Conservation Division to issue a compulsory pooling order to pool your interest at a hearing to be held on March 20, 1997.

Please call me if you wish to discuss this matter.

Sincerely,

Ralph Lea, Jr., CPL

Enclosure

RALPH LEA, JR.
P.O. BOX 56
MIDLAND, TEXAS 79702
915/682-1005
February 14, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: **WELL PROPOSAL**
Amerind Oil Company's Field Well No. 1
N/2SE/4 of Irregular Section 3
T-16-S, R-35-E
Lea County, New Mexico

Mr. Kenneth G. Cone
400 West Illinois
Midland, Texas 79701

Dear Mr. Cone:

On behalf of Amerind Oil Company, Ltd. ("Amerind"), I wish to provide you with a final opportunity to participate on a voluntary basis in the referenced well which I first proposed to you on February 4, 1997.

Please find enclosed a copy of Amerind's AFE which sets forth its estimate of the cost of drilling and completing this well. The well is to be located at a standard oil well location in the NE/4SE/4 of Irregular Section 3 and will be dedicated to a standard 80-acre oil proration and spacing unit consisting of the N/2SE/4 of said Irregular Section 3.

At this point, Amerind has obtained the control of 82.5% of the spacing unit. Please consider participating in the well, or in the alternative, we are willing to lease your interest upon the following terms: $150 per acre, 1/4 royalty, one-year term.

We believe we have provided you adequate time in which to resolve this matter. Amerind has leases which are due to expire in May, 1997. In order to "save" those leases by timely commencing the drilling of this well, please be advised that unless you agree to participate in the well as proposed, we will file an application and ask the New Mexico Oil Conservation Division to issue a compulsory pooling order to pool your interest at a hearing to be held on March 20, 1997.

Please call me if you wish to discuss this matter.

Sincerely,

R. Lea

Ralph Lea, Jr., CPL

Enclosure

RALPH LEA, JR.
P.O. BOX 56
MIDLAND, TEXAS 79702
915/682-1005
February 14, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: **WELL PROPOSAL**
Amerind Oil Company's Field Well No. 1
N/2SE/4 of Irregular Section 3
T-16-S, R-35-E
Lea County, New Mexico

Mr. Larry Petree
A. L. Cone Partnership
Post Office Box 3457
Lubbock, Texas 79452

Dear Mr. Petree:

On behalf of Amerind Oil Company, Ltd. ("Amerind"), I wish to provide you with a final opportunity to participate on a voluntary basis in the referenced well which I first proposed to you on February 11, 1997.

Please find enclosed a copy of Amerind's AFE which sets forth its estimate of the cost of drilling and completing this well. The well is to be located at a standard oil well location in the NE/4SE/4 of Irregular Section 3 and will be dedicated to a standard 80-acre oil proration and spacing unit consisting of the N/2SE/4 of said Irregular Section 3.

At this point, Amerind has obtained the control of 82.5% of the spacing unit. Please consider participating in the well, or in the alternative, we are willing to lease your interest upon the following terms: $150 per acre, 1/4 royalty, one-year term.

We believe we have provided you adequate time in which to resolve this matter. Amerind has leases which are due to expire in May, 1997. In order to "save" those leases by timely commencing the drilling of this well, please be advised that unless you agree to participate in the well as proposed, we will file an application and ask the New Mexico Oil Conservation Division to issue a compulsory pooling order to pool your interest at a hearing to be held on March 20, 1997.

Please call me if you wish to discuss this matter.

Sincerely,

R. Lea

Ralph Lea, Jr., CPL

Enclosure

RALPH LEA, JR.
P.O. BOX 56
MIDLAND, TEXAS 79702
915/682-1005

February 14, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Re: **WELL PROPOSAL**
Amerind Oil Company's Field Well No. 1
N/2SE/4 of Irregular Section 3
T-16-S, R-35-E
Lea County, New Mexico

Ms. Elva Moad
Box 456
Crosbyton, Texas 79322

Dear Ms. Moad:

On behalf of Amerind Oil Company, Ltd. ("Amerind"), I wish to provide you with a final opportunity to participate on a voluntary basis in the referenced well.

Please find enclosed a copy of Amerind's AFE which sets forth its estimate of the cost of drilling and completing this well. The well is to be located at a standard oil well location in the NE/4SE/4 of Irregular Section 3 and will be dedicated to a standard 80-acre oil proration and spacing unit consisting of the N/2SE/4 of said Irregular Section 3.

At this point, Amerind has obtained the control of 82.5% of the spacing unit. Please consider participating in the well, or in the alternative, we are willing to lease your interest upon the following terms: $100 per acre bonus, 3/16 royalty, three-year term (paid-up).

We believe we have provided you adequate time in which to resolve this matter. Amerind has leases which are due to expire in May, 1997. In order to "save" those leases by timely commencing the drilling of this well, please be advised that unless you agree to participate in the well as proposed, we will file an application and ask the New Mexico Oil Conservation Division to issue a compulsory pooling order to pool your interest at a hearing to be held on March 20, 1997.

Please call me if you wish to discuss this matter.

Sincerely,

R Lea

Ralph Lea, Jr., CPL

Enclosure

RALPH LEA, JR.
P.O. BOX 56
MIDLAND, TEXAS 79702
915/682-1005
February 20, 1997

7.77778 Net Acres being a
3/64 plus a 1/576 mineral interest
in N/2SE/4, SE/4SE/4 Section 3 and
SW/4SW/4 Section 2
T-16-S, R-35-E
Lea County, New Mexico
160 Gross Acres

Mr. Mark Nearburg
Ameristate Oil & Gas, Inc.
1211 West Texas
Midland, Texas 79701

Dear Mr. Nearburg:

Our records indicate that you and your partners currently hold leases from Roy Barton and Carl A. Schellinger covering the captioned interest. Amerind Oil Company, Ltd. would be interested in negotiating with you for an assignment to them of these leases.

Amerind is planning to commence a well on the N/2SE/4 of Section 3 by June 1, 1997. Should you choose to participate in the drilling of this well as a working interest owner, please find attached a copy of Amerind's AFE dated January 30, 1997. Please direct any geologic questions regarding this project to Robert C. Leibrock (915-682-8217).

Thank you for your consideration; I look forward to hearing from you.

Sincerely,

R. Lea

Ralph Lea, Jr., CPL

Attachments

93575

Producer's 88—Producer's Revised 1994 New Mexico Form 342P, Paid-up

Printed and for sale by Hall-Poorbaugh Press, Roswell, N.M.

OIL & GAS LEASE

THIS AGREEMENT made this 22nd day of May, 19 96 between Roy G. Barton, Jr., Trustee of the Roy G. Barton, Sr., and Opal Barton Revocable Trust under agreement dated January 28, 1982, P.O. Box 978 Hobbs, New Mexico 88240 of (Post Office Address) herein called lessor (whether one or more) and Mearburg Exploration Company, L.L.C., 3300 North A Street, Bldg. 2, Suite 120, Midland, Texas 79705 lessee

1. Lessor in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 16 South, Range 35 East, NMPM
Section 2: SW¼SW¼
Section 3: N½SE¼, SE¼SE¼

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Said land is estimated to comprise 160.00 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of two (2) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 1/4 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 1/4 of the gas used, provided that on gas sold on or off the premises, the royalties shall be 1/4 of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to $1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. ~~In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises), or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.~~ RGB Jr

4. This is a paid up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term, however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

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

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee, and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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

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

Producer's 88—Producer's Revised 1994 New Mexico Form 342P, Paid-up

Printed and for sale by Hall-Poorbaugh Press, Roswell, N.M.

OIL & GAS LEASE

THIS AGREEMENT made this 23rd day of May, 19 96, between

Carl A. Schellinger and his wife, Gloria Schellinger,

P.O. Box 447

Roswell, New Mexico 88202 of (Post Office Address)

herein called lessor (whether one or more) and Nearburg Exploration Company, L.L.C., 3300 North A Street, Bldg. 2, Ste. 120, Midland, TX 79705, lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata laying pipelines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 16 South, Range 35 East, NMPM
Section 2: SW¼SW¼
Section 3: N½SE¼, SE¼SE¼

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

Said land is estimated to comprise 160.00 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of two (2) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 1/4 of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 1/4 of the gas used, provided that on gas sold on or off the premises, the royalties shall be 1/4 of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to $1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. [redacted]

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

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

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

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

10. Lessor hereby [redacted] agrees that lessee at its option may discharge any tax, mortgage or other lien upon said land, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. [redacted] If this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is [illegible]

RALPH LEA, JR.
P.O. BOX 56
MIDLAND, TEXAS 79702
915/682-1005

March 12, 1997

0.1600 Net Acres being a
1/960 Mineral Interest in
N/2SE/4, SE/4SE/4 Section 3 and
SW/4SW/4 Section 2
T-16-S, R-35-E
Lea County, New Mexico
160.00 Gross Acres

Mrs. Mary A. Irwinsky
4404 Odessa Avenue
Fort Worth, Texas 76133-1128

Dear Mrs. Irwinsky:

Per your letter of February 19, 1997, please find enclosed an Oil and Gas Lease and corresponding draft on the captioned interest.

Please have all parties execute the lease, have it notarized, and place both the lease and draft in the Collection Department of your bank for processing. We will also need for you to fill in the name of your depository bank (paragraph 5) to facilitate payment of any shut-in gas royalties that might accrue.

As proposed in our letter to you of February 6, 1997, terms for this lease are as follows:

Bonus:	$100.00 per Acre
Royalty:	3/16
Term:	Three Years (Paid-Up)

Thank you for your cooperation in this matter; please call if I can be of any further assistance.

Sincerely,

Ralph Lea, Jr., CPL

Enclosures