

including all operating rights, royalty interests, mineral interests, and working interest heretofore held by JEM Resources, Inc., Diamondback Petroleum, Dalton Bell and Doris Bell, and Arapaho Oil & Gas, Inc. in such property.

At the sale, the property was sold to Marks & Garner Production Ltd. Co., which made the highest bid received by the Special Master. The Special Master thereafter made his report of sale to the Court, which as been approved and confirmed by the Court.

The Order Approving Special Master's Report and Confirming Foreclosure Sale ordered the Special Master to deliver his Special Master's Deed to Marks & Garner Production Ltd. Co.

Therefore, Henry M. Saunders, Special Master, GRANTS and CONVEYS to Marks & Garner Production Ltd. Co. without warranties, the following described property located in Eddy County, New Mexico, to-wit:

	<u>Working Interest</u>	<u>Net Revenue Interest (Working) - As of the Date of Sale</u>
<u>Lease No. 1</u>		
U.S. LC-037777(a) - surface to 2600' subsurface under T-16-S, R-29-E, N.M.P.M.		
Section 33:		
NE/4, E/2NW/4, NE/2SW/4, SE/4SW/4	100%	.75
Section 33:		
NW/4SW/4 and SW/4SW/4	98%	.735

Lease No. 2

U.S. LC-058594-A - all debts
(without limitation): T-16-S,
R-29-E, N.M.P.M.

Section 33:

NW/4NW/4 and N/2SE/4 100% .80*

* Subject to 5% of 8/8 ORRI below 4000 feet to
Wilbur L. Shackelford

Lease No. 3

U.S. LC-058594-C
Surface to 2,656' subsurface:
T-16-S, R-29-E, N.M.P.M.

Section 33:

S/2SE/4 100% .76

U.S. LC-058594-C
2656' to 3675'
T-16-S, R-29-E, N.M.P.M.

Section 33:

SW/4SE/4 100% .75

U.S. LC-058594-C
2656' to 3650'
T-16-S, R-29-E, N.M.P.M.

Section 33:

SE/4SE/4 100% .75

Lease No. 4

U.S. NM-011331 - surface to
3000' subsurface: T-17-S,
R-29-E, N.M.P.M.

Section 5:

Lot 1 (NE/4NE/4) and
Lot 2 (NW/4NE/4) 100% .875*

* Subject to 2% of working interest owned by
Dale Rogers from surface to 2450' subsurface
in Lot 1 (NE/4NE/4) of Section 5, EXCEPT in
the unitized formation of CAVE POOL UNIT, in
which Dale Rogers has no interest.

Lease No. 5

U.S. L.C. 028480(b) Limited to
the CAVE POOL UNIT only:
T-17-S, R-29-E, N.M.P.M.

Section 5: W/2SW/4;	100%	.825
Section 7: SE/4NE/4	100%	.825

Lease 6

State B-7071 - no depth
limitation: T-17-S,
R-29-E, N.M.P.M.

Section 4: SE/4NW/4, SE/4SW/4	100%	.75
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Lease No. 7

State B-7596 - surface to
3000' subsurface;
T-17-S, R-29-E, N.M.P.M.

Section 4: Lot 2 (NW/4NE/4), SW/4NE/4 and SW/4NW/4; Section 5: NE/4SE/4 and SW/4SE/4	100%	.875
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State B-7596 3000' to 3500'
subsurface
T-17-S, R-29-E

Section 5: NE/4SE/4 and SW/4SE/4	100%	.75
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Lease No. 8

State B-8569 surface to 3000'
subsurface
T-17-S, R-29-E, N.M.P.M.

Section 5: SE/4SW/4	100%	.875
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Lease No. 9

State B-11662 - surface
to 3000' subsurface
T-17-S, R-29-E, N.M.P.M.

Section 4:

Lot 3 (NE/4NW/4), Lot 4
 (NW/4NW/4) NE/4SW/4,
 SW/4SW/4, W/2SE/4 100% .75 *

* Lots 3 and 4, are subject to a 2% working interest owned by Dale Rogers from surface to 2450' subsurface, except Dale Rogers has no interest in the unitized formation known as the CAVE POOL UNIT, hereinafter described.

Lease No. 10

State B-11662 surface to
 2800' subsurface
 T-17-S, R-29-E, N.M.P.M.

Section 4:

Lot 1 (NE/4NE/4), E/2SE/4,
 and

Section 3:

SW/4NW/4 100% .73828
 (including all operating rights under Operating Agreement dated June 23, 1958 from Gulf Oil to Bill Shelton and Jess L. Warren)

Lease No. 11

State E-950 - surface to
 3000' subsurface
 T-17-S, R-29-E, N.M.P.M.

Section 9:

NW/4NW/4 100% .875

Lease No. 12

State E-950 - surface to
 2550' T-17-S, R-29-E,
 N.M.P.M.

Section 9:

SE/4NE/4 100% .875

Lease No. 13

State E-4200 - surface to
3000' subsurface under:
T-17-S, R-29-E, N.M.P.M.

Section 4:
SE/4NE/4;

Section 5:
SE/4NE/4 and NW/4SE/4;

Section 8:
S/2NE/4;

Section 9:
NE/4SE/4 and N/2NE/4 100% .875

State E-4200 - 3000' subsurface
to 3451' subsurface
T-17-S, R-29-E, N.M.P.M.

Section 4:
SE/4NE/4 100% .75

Lease No. 14

State 3-7639 -surface to
3000' subsurface under:
T-17-S, R-29-E, N.M.P.M.

Section 8:
N/2NE/4 100% .875

Lease No. 15

State 3-10163 - surface to
3000' subsurface
T-17-S, R-29-E, N.M.P.M.

Section 5:
SW/4NE/4, SE/4NW/4,
NE/4SW/4 and SE/4SE/4 100% .875

State E-10163 - 3000'
subsurface to 3500'
subsurface T-17-S, R-29-E,
N.M.P.M.

Section 5:
NE/4SW/4 100% .75

Lease No. 13

State E-4200 - surface to
3000' subsurface under:
T-17-S, R-29-E, N.M.P.M.

Section 4:
SE/4NE/4;

Section 5:
SE/4NE/4 and NW/4SE/4;

Section 8:
S/2NE/4;

Section 9:
NE/4SE/4 and N/2NE/4 100% .875

State E-4200 - 3000' subsurface
to 3451' subsurface
T-17-S, R-29-E, N.M.P.M.

Section 4:
SE/4NE/4 100% .75

Lease No. 14

State 3-7639 -surface to
3000' subsurface under:
T-17-S, R-29-E, N.M.P.M.

Section 8:
N/2NE/4 100% .875

Lease No. 15

State 3-10163 - surface to
3000' subsurface
T-17-S, R-29-E, N.M.P.M.

Section 5:
SW/4NE/4, SE/4NW/4,
NE/4SW/4 and SE/4SE/4 100% .875

State E-10163 - 3000'
subsurface to 3500'
subsurface T-17-S, R-29-E,
N.M.P.M.

Section 5:
NE/4SW/4 100% .75

Lease No. 16

State E6353 - the rights under this lease are limited to only the unitized formation of the CAVE POOL UNIT T-17-S, R-29-E, N.M.P.M.

Section 8:

N/2SW/4, SE/4SW/4 and NW/4SE/4 67.5%

.485156
(together with an overriding royalty interest of .15625)

Lease No. 17

State E-741 - the rights under this lease are limited only to the unitized formation of the CAVE POOL UNIT T-17-S, R-29-E, N.M.P.M.

Section 7: N/2NE/4; and

Section 8: N/2NW/4, SE/4NW/4 50%

.40625

Lease No. 18

State E-134 - the rights under this lease are limited only to the unitized formation of the CAVE POOL UNIT T-17-S, R-29-E, N.M.P.M.

Section 4: NW/4SW/4 100%

.875

The defined "CAVE POOL UNIT" (CPU) is used herein was established by that certain unit agreement dated July 1, 1962, recorded in Book 133 Page 326, et seq. MISC. REC. of Eddy County, New Mexico and was affective as of May 1, 1963. It was approved by the New Mexico Oil Conservation Division on July 25, 1963 and by the United States Geological Survey on April 16, 1963.

The CAVE POOL UNIT covers a unit of area of approximately 1,959.678 acres of land, and the unit agreement covers the "unitized substances", including oil and gas, within the "UNITIZED FORMATION", which is defined as:

"The Premier Sand of the Grayburg Formation in the Guadalupe Series, as found between the subsurface depths of 2374' and 2005', measured from the Kelly Bushing in Continental Oil Company Well State P-4#1 located 1980' from the North line and 660' from the West line of Section 4, T-17-S, R-29-E, N.M.P.M.

The CAVE POOL UNIT exist, as defined above, in the following tracts: T-16-S, R-29-E or that

Section 33: S/2SE4; T-17-S, R-29-E, N.M.P.M.;

Section 3: SW/4NW/4;

Section 5: NE/4, SE/4NW/4, S/2;

Section 9: E/2NE/4, NW/4NE/4, NW/4NW/4, NE/4SE/4;

Section 8: N/2, N/2SW/4, SE/4SW/4, NW/4SE/4; and,

Section 7: E/2NE/4, NW/4NE/4.

The entire CAVE POOL UNIT, as defined above acreage, in the above-described leases is subject to a working interest held by Loury Grieg of .00871178.

TOGETHER with all wells, operating rights, appurtenances and hydrocarbons produced after the effective date.

Lease No. 2 is subject to a 5% of 8/8ths ORRI below 4000 ft. owned by Wilbur L. Shackelford.

Lease Nos. 4 and 9 are subject to a working interest held by Dale Rogers as provided above.

SUBJECT TO all leases, assignments, rights of way and assignments of operating rights of records, and the terms and conditions thereof.

EXECUTED this 28th day of November, 1994, but effective for all purposes December 1, 1994, at 7:00 a.m.

Henry M. Saunders
HENRY M. SAUNDERS
SPECIAL MASTER

STATE OF NEW MEXICO)
)ss.
COUNTY OF CHAVES)

On this 28 day of November, 1994, personally appeared before me HENRY M. SAUNDERS, Special Master, who acknowledged this instrument for the purposes and considerations therein expressed in his capacity as Special Master.

Marilyn J. Craig
Notary Public

My Commission Expires:
7:15 - 7:5



STATE OF NEW MEXICO
County of Eddy

FILED **NOV 30 1994** FOR RECORD
at 1:58 P. M. and was duly
recorded in BOOK **204** PAGE **656**
of the Records of Eddy County
Karen Davis, County Clerk
By: [Signature] Deputy