COUNTY = CATRON

EXHIBIT "B"

ATTACHED TO AND MADE A PART OF JOINT VENTURE AGREEMENT BY AND
BETWEEN TRANSOCEAN OIL, INC. AND THE ESTATE OF WILLIAM G. HELIS,
A PARTNERSHIP, COVERING LANDS IN CATRON, SOCORRO AND VALENCIA COUNTIES, NEW MEXICO

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06163-00	ROSS A EAGAR ET AL	TRANSOCEAN OIL	6/27/74	120.00	62	763
LAND DESCRIPTION - W/2NE/4 SEC 30-1N-16W & SE/4SE/4 SEC 1-1N-17W						
NM-06164-00	ALVIN SIMPSON	TRANSOCEAN OIL	6/25/74	800.00	62	765
LAND DESCRIPTION - E/2SW/4 SEC 3 & E/2SE/4 & SE/4NE/4 SEC 8 & NE/4 & W/2SW/4 & SE/4SW/4 & SW/4NW/4 SEC 9 & N/2NW/4 SEC 10 & E/2E/2 & NW/4SE/4 SEC 17-1N-16W						
NM-06165-00	FRANK WILLIAMS, ET UX	TRANSOCEAN OIL	6/24/74	1,480.00	62	767
LAND DESCRIPTION - E/2NE/4 & SE/4 & E/2SW/4 SEC 20 & W/2NW/4 SEC 21 & NE/4 & N/2SE/4 & NE/4SW/4 & SW/4SE/4 SEC 29 & E/2E/2 & NW/4NE/4 & NW/4SE/4 SEC 32 & W/2 & W/2SE/4 & S/2NE/4 & NE/4NE/4 SEC 33-1N-16W						
NM-06166-01	ROBERT L MORRISS, ET UX	TRANSOCEAN OIL	6/26/74	1,220.00	62	769
LAND DESCRIPTION - 3/4THS INTEREST IN S/2SE/4 & S/2NW/4SE/4 SEC 11 & S/2SW/4 SEC 12 & N/2N/2 & S/2NW/4 & NW/4SW/4 SEC 14 & E/2SE/4 & SW/4SE/4 SEC 15 & N/2NE/4 SEC 21 & N/2NW/4 SEC 22 & S/2NW/4 & N/2SW/4 SEC 26 & S/2 SEC 27-1N-15W						
NM-06167-00	DORRIS W SIMPSON, ET UX	TRANSOCEAN OIL	6/25/74	560.00	62	771
LAND DESCRIPTION - S/2NW/4 & SW/4NE/4 SEC 8 & N/2NE/4 & SW/4NE/4 & SE/4NW/4 SEC 19 & W/2NW/4 & NW/4SW/4 SEC 29 & E/2E/2 SEC 30-1N-16W						
NM-06168-00	HEDEKIN WHITLEY, ET UX	TRANSOCEAN OIL	8/03/74	713.23	62	805
LAND DESCRIPTION - LOT 1 (36.56 ACRES) & LOT 2 (36.67 ACRES) SEC 30-3N-17W & ALL SEC 25-3N-18W						
NM-06169-00	ELLEN B DAVIS	TRANSOCEAN OIL	8/03/74	520.00	62	807
LAND DESCRIPTION - SW/4SE/4 SEC 17 & N/2 SEC 27 & NW/4SE/4 & SE/4NW/4 & SW/4NE/4 & NE/4SW/4 SEC 29-2N-20W						
NM-06170-00	HERMAN O CHAVEZ, ET UX	TRANSOCEAN OIL	7/10/74	440.00	62	809
LAND DESCRIPTION - SW/4NE/4 & NW/4SE/4 SEC 13 & E/2NE/4 & NE/4SE/4 SEC 20 & NW/4NW/4 SEC 21 & S/2SE/4 SEC 28 & N/2NE/4 SEC 33 & NW/4SW/4 SEC 35-2N-17W						

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE	
NM-06171-00	MARVIN ROSS FAGAR, ET UX	TRANSOCEAN OIL	6/27/74	681.41	62	811	
LAND DESCRIPTION - LOTS 6 (40.86 ACRES) & LOT 7 (40.55 ACRES) E/2SW/4 & SW/4SW/4 SEC 29 & E/2NE/4 SEC 30-2N-16W & NE/4SE/4							SEC 6-1N-16W & N/2N/2 & S/2SE/4 SEC 28 & W/2NW/4 & SE/4NW/4 & SEC 1-1N-17W
NM-06172-00	CLARA W HOGSETT	TRANSOCEAN OIL	7/16/74	320.00	62	813	
LAND DESCRIPTION - W/2 SEC 15-3N-14W							
NM-06173-00	ROSS A FAGAR, ET UX	TRANSOCEAN OIL	6/27/74	1,593.16	62	815	
LAND DESCRIPTION - W/2NE/4 & SE/4NE/4 & N/2SE/4 & NE/4SW/4 E/2NE/4 SEC 33-2N-16W & LOT 1 (37.90 ACRES) & LOT 2 (38.16 SEC 31-2N-17W & W/2 SEC 21 & S/2 SEC 35-1N-19W							SEC 19 & SW/4 SEC 20 & S/2NW/4 & NE/4SW/4 & NW/4SE/4 SEC 28 & ACRES) & LOT 3 (38.42 ACRES) & LOT 4 (38.68 ACRES) & E/2W/2
NM-06193-00	JAY I TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	1,080.00	62	817	
LAND DESCRIPTION - S/2 SEC 24 & S/2SE/4 & NE/4SE/4 SEC 34 &							ALL SEC 36-2N-9W
NM-06194-00	JAY I TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	1,922.20	62	819	
LAND DESCRIPTION - LOTS 1 & 2 & 3 & 4 & S/2N/2 & S/2 SEC 2 &							ALL SEC 11 & ALL SEC 12-1N-9W
NM-06195-00	JAY I TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	1,800.00	62	821	
LAND DESCRIPTION - E/2 & E/2SW/4 SEC 9 & ALL SEC 10 & ALL SEC							16 & E/2NE/4 & NE/4SE/4 SEC 17-1N-9W
NM-06196-00	JAY I TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,720.00	62	823	
LAND DESCRIPTION - ALL SEC 13 & ALL SEC 14 & ALL SEC 15 &							N/2N/2 SEC 22 & ALL SEC 23-1N-9W
NM-06197-00	JAY I TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,640.00	62	825	
LAND DESCRIPTION - ALL SEC 24 & ALL SEC 25 & ALL SEC 26 &							E/2NE/4 SEC 27 & NE/4 SEC 35 & NW/4 & E/2 SEC 36-1N-9W

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06437-01	ALPHA IRENE RINGER	TRANSOCEAN OIL	8/05/74	1,997.22	62	443
LAND DESCRIPTION - 3/8THS INTEREST IN SE/4 SEC 4-2N-9W & NW/4SE/4 & E/2SE/4 SEC 26 & LOT 3 & E/2NW/4 & NE/4SW/4 SEC E/2SW/4 & SW/4SE/4 & N/2SE/4 & S/2NE/4 SEC 6 & NW/4NE/4 & & SW/4NW/4 SEC 28-2N-9W & NW/4NE/4 & N/2NW/4 & SW/4NW/4 SEC 12				459/1827.11 INTEREST IN N/2NW/4 & NW/4NE/4 SEC 20 & SW/4NE/4 & 30-1N-10W & LOTS 2,3, S/2NW/4 SEC 2 & S/2SW/4 SEC 4 & LOTS 5,6, E/2NE/4 & NE/4SE/4 SEC 8 & SW/4NE/4 & NW/4SE/4 & E/2SE/4 SEC 20 & SE/4 SEC 18 & SE/4SE/4 SEC 22 & W/2NW/4 SEC 34-2N-10W-NMPM		
NM-06438-01	ROBERT L STOKES, ET UX	TRANSOCEAN OIL	9/03/74	480.00	63	16
LAND DESCRIPTION - 1/2 INTEREST IN SE/4SE/4 SEC 9 & W/2SW/4 &		SW/4NW/4 SEC 10-1N-20W & E/2 SEC 35-2N-20W				
NM-06438-02	HINES WHITMAN, ET UX	TRANSOCEAN OIL	9/03/74	.00	63	453
LAND DESCRIPTION - 1/2 INTEREST IN SE/4SE/4 SEC 9 & W/2SW/4 &		SW/4NW/4 SEC 10-1N-20W & E/2 SEC 35-2N-20W				
NM-06498-00	MARVEL M BUFORD	TRANSOCEAN OIL	8/26/74	640.00	63	466
LAND DESCRIPTION - SE/4SW/4 SEC 4 & NW/4 & NW/4SW/4 & SE/4SE/4 SEC 7 & E/2NW/4 & NE/4SW/4 SEC 9 & N/2NE/4 & NE/4NW/4 SEC 18-1N-16W & E/2SE/4 SEC 12 & NE/4NE/4 SEC 13-1N-17W						
NM-06499-00	ROGER CANDELARIA , ET UX	TRANSOCEAN OIL	7/23/74	598.76	63	464
LAND DESCRIPTION - LOTS 1 & 2 & 3 & 4 & W/2SE/4NW/4 & S/2NE/4 & N/2SE/4 & SE/4NW/4 SEC 2-1N-16W		W/2NE/4SW/4 & SW/4NW/4 & NW/4SW/4 SEC 1 & LOTS 1 & 2 & 3 &				
NM-06500-01	LYDIAN H WOODS ET AL	TRANSOCEAN OIL	8/14/74	4,989.64	63	500
LAND DESCRIPTION - 1/2 INTEREST IN LOTS 1-12, S/2 (ALL) SEC 1 & LOTS 1-12, S/2 (ALL) SEC 3 & LOTS 1-12, S/2 (ALL) SEC 5-4N-10W LOCATED IN VALENCIA COUNTY & 1/2 INTEREST IN ALL SECS 13, 15, 17& E/2 SEC 20 & ALL SEC 27-4N-10W-NMPM LOCATED IN CATRON COUNTY. RECORDED IN BOOK 44, PAGE 3746 IN OIL & GAS RECORDS OF VALENCIA CO. AND IN BOOK 63, PAGE 500 IN OIL & GAS RECORDS OF CATRON CO.						
NM-06500-02	BESS YORK ET AL	TRANSOCEAN OIL	11/25/74	.00	63	607
LAND DESCRIPTION - 1/2 INTEREST IN ALL OF SECS. 1,3, 5-4N-10W LOCATED IN VALENCIA CO. & 1/4 INTEREST IN ALL OF SECS 13,15, 17 & 271 E/2 SEC. 20-4N-10W LOCATED IN CATRON CO. RECORDED IN BOOK 44, PAGE 4852 OF RECORDS OF VALENCIA COMPANY						
NM-06502-00	WARREN T HUTCHERSON	TRANSOCEAN OIL	7/01/74	1,730.69	63	471
LAND DESCRIPTION - SE/4NW/4 & E/2SW/4 SEC 30 & LOTS 1 & 2 & 3 & S/2NE/4 & NE/4SE/4 SEC 4 & LOT 3 & NE/4SW/4 SEC 19-2N-18W & 31-3N-18W & SW/4SE/4 SEC 13 & NE/4 & SE/4NW/4 & N/2SE/4 & NW/4NW/4 SEC 35-2N-19W		E/2NW/4 SEC 31-1N-18W & LOTS 3 & 4 & S/2NW/4 SEC 3 & LOT 1 & S/2NW/4 & N/2SW/4 SEC 29 & LOT 3 & NE/4SW/4 & E/2E/2 SEC SW/4SE/4 SEC 24 & N/2NW/4 & NW/4NE/4 SEC 25 & N/2NE/4 SEC 34 &		

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06595-01	GEORGE L CRISWELL	TRANSOCEAN OIL	1/30/75	2,267.76	63	581

LAND DESCRIPTION - AN UNDIVIDED 1/32 INTEREST IN NE/4SW/4 SEC 4-2N-9W-NMPM; E/2 SEC 19; W/2 SEC 21; W/2 SEC 29; LOTS 1,2,3,4, E/2W/2 SEC 31; W/2 SEC 33-4N-9W-NMPM; W/2 SEC 25 & W/2 SEC 35-4N-10W-NMPM.

NM-06595-02	E J MCCARTT, JR., ET UX	TRANSOCEAN OIL	1/27/75	.00	63	649

LAND DESCRIPTION - 31/64 UNDIVIDED INTEREST IN NE/4SW/4 SEC 4-2N-9W; E/2 SEC 19; W/2 SEC 21; W/2 SEC 29; LOTS 1-4, E/2W/2 SEC 31; W/2 SEC 33-4N-9W; W/2 SEC 25; W/2 SEC 35-4N-10W-NMPM

NM-06595-03	R C CLINE	TRANSOCEAN OIL	2/12/75	.00	63	658

LAND DESCRIPTION - 31/64 UNDIVIDED INTEREST IN NE/4SW/4 SEC 4-2N-9W; E/2 SEC 19; W/2 SEC 21; W/2 SEC 29; LOTS 1-4, E/2W/2 SEC 31; W/2 SEC 33-4N-9W & W/2 SEC 25; W/2 SEC 35-4N-10W-NMPM

NM-06639-01	F E BROWN	TRANSOCEAN OIL	2/01/75	159.55	63	584

LAND DESCRIPTION - UNDIVIDED 1/2 INT. IN LOT 4 SEC 7-1N-17W; SE/4NE/4, E/2SE/4 SEC 12-1N-18W.

NM-06705-00	VIOLA L CHAVEZ OROKA	TRANSOCEAN OIL	1/25/75	680.90	63	643

LAND DESCRIPTION - LOT 2 SEC 4; LOTS 1,2, SW/4NE/4 SEC 5-2N-17W & S/2N/2, N/2S/2 SEC 29; E/2E/2, NW/4NE/4 SEC 32-3N-17W-NMPM

NM-06706-00	EMILIA T CHAVEZ, ET AL	TRANSOCEAN OIL	1/25/75	2,476.66	63	647

LAND DESCRIPTION - SW/4, SW/4SE/4 SEC 3; S/2N/2, SW/4, E/2SE/4 SEC 4; SE/4, SE/4NE/4, SW/4SW/4 SEC 5; S/2NE/4, N/2SE/4 SEC 7; W/2NW/4, N/2SW/4, SE/4SW/4 SEC 8; SW/4, W/2SE/4, SE/4SE/4, SW/4NE/4 SEC 11; W/2SE/4, E/2SW/4 SEC 15; W/2 SEC 17; LOT 1, E/2W/2, NE/4 SEC 18; NE/4NW/4 SEC 19-2N-17W; SE/4SE/4 SEC 12; NE/4NE/4 SEC 13-2N-18W-NMPM

NM-06707-00	EMILIA T CHAVEZ	TRANSOCEAN OIL	1/25/75	674.90	63	645

LAND DESCRIPTION - LOT 2, EXCEPT 5 ACRES DESCRIBED AS S/2SE/4SW/4NW/4 SEC 7-1N-15W & S/2NE/4, E/2SE/4NW/4, E/2NE/4SW/4 NW/4SE/4, S/2SE/4 SEC 1; E/2NE/4 SEC 11; N/2 SEC 12-1N-16W-NMPM

NM-06708-00	KATHARINE A BOWERS	TRANSOCEAN OIL	2/27/75	53.33	63	654

LAND DESCRIPTION - SW/4SW/4 SEC 3; MIDDLE 1/3 OF SE/4SE/4 SEC 4-1N-16W-NMPM

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06709-00	MARLIN M LIVERMORE,ETUX	TRANSOCEAN OIL	2/27/75	53.33	63	660
LAND DESCRIPTION - NW/4SW/4 SEC 31 NORTH 1/3 OF SE/4SE/4 SEC 4-1N-16W-NMPM						
NM-06710-00	FRED MELVIN EAGLE	TRANSOCEAN OIL	2/27/75	53.33	63	656
LAND DESCRIPTION - SW/4SE/4 & SOUTH 1/3 OF SE/4SE/4 SEC 4-1N-16WNMPM						
NM-06795-00	MABEL L WEST	TRANSOCEAN OIL	3/01/75	320.00	63	662
LAND DESCRIPTION - E/2 SEC 15-1N-17W-NMPM						
NM-06921-00	EVANS W FERM, ET UX	TRANSOCEAN OIL	4/10/75	160.00	63	682
LAND DESCRIPTION - W/2SW/4 SEC 28; SE/4NE/4, NE/4SE/4 SEC 29-2N-16W-NMPM						
NM-06955-00	SIDNEY U ARMSTRONG	TRANSOCEAN OIL	4/16/75	320.00	63	718
LAND DESCRIPTION - E/2 SEC 7-2N-15W-NMPM						
NM-06991-00	SUMMERS RANCH, INC.	TRANSOCEAN OIL	4/11/75	200.00	63	745
LAND DESCRIPTION - NW/4SW/4 SEC 31; SE/4 SEC 28-1N-21W-NMPM						
NM-06993-00	HENRY LEE SUMMERS, ETAL	TRANSOCEAN OIL	4/22/75	260.20	63	753
LAND DESCRIPTION - LOT 4, S/2NW/4, SW/4 SEC 5-3N-10W-NMPM						
NM-07011-00	PAUL R KINTZINGER, ETUX	TRANSOCEAN OIL	4/22/75	160.00	63	776
LAND DESCRIPTION - SE/4 SEC 5-3N-10W-NMPM						

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-07012-01	KING BROTHERS	TRANSOCEAN OIL	2/28/75	2,880.00	63	778

LAND DESCRIPTION - 1/4 INTEREST IN ALL SECS 13, 15, 17 & 27; E/2 SEC 20-4N-10W-NMPM

NM-09308-00	WAYNE C HICKEY, JR.	TRANSOCEAN OIL	6/02/75	320.00	63	833

LAND DESCRIPTION - T1N-R14W-NMPM - SEC 12: W/2E/2, E/2W/2

NM-09435-01	C.C. ROBERTSON	TRANSOCEAN OIL	8/25/75	160.00	63	916

LAND DESCRIPTION - T2N-R15W NMPM-SECTION 19: E/2E/2

NM-10036-00	O.E. MALMSTROM ET UX	TRANSOCEAN OIL	6/14/76	1,001.00	64	184

LAND DESCRIPTION - T1N-R12W: ALL OF SECTION 14, PORTIONS OF SECTIONS 21, 25, 26 & 27; T1N-R11W-SEC 30: ALL THAT PART OF THE SW/4SW/4 LYING ON THE NORTH SIDE OF THE NORTH RIGHT-OF-WAY OF U.S. HIGHWAY 60, CONTAINING 39 ACRES, MORE OR LESS.

NM-10037-01	O.E. MALMSTROM ET UX	TRANSOCEAN OIL	6/14/76	4,188.41	64	178

LAND DESCRIPTION - T1N-R11W: PORTIONS OF SECTIONS 19, 27, 30, & 34; T1N-R12W: ALL OF SECTIONS 22, 23, & 24; PORTIONS OF SECTIONS 21, 25, & 26. SEE LEASE FOR FULL DESCRIPTION.

NM-10037-02	F.A. HOUSTON ET UX	TRANSOCEAN OIL	6/17/76	.00	64	181

LAND DESCRIPTION - T1N-R11W: PORTIONS OF SECTIONS 19, 27, 30 & 34; T1N-R12W: ALL OF SECTIONS 22, 23 & 24, PORTIONS OF SECTIONS 21, 25, & 26. SEE LEASE FOR FULL DESCRIPTION.

NM-10075-01	ALPHA IRENE RINGER	TRANSOCEAN OIL	6/16/76	950.03	64	217

T1S - R 10W - SEC 17 - SW/4SW/4, SEC 18: LOTS 3 & 4, SE/4SE/4, SEC 19, LOT 1 NE/4 SEC 20 - N/2NW/4
T1S - R 11W - SEC 1 - LOTS 4, 5, 12 W/2SW/4 - SW/4SW/4 - SEC 2 - LOT 9 - SEC 12 - E/2NW/4, NE/4SW/4, W/2SE/4 SEC 13 N/2NE/4, SE/4NE/4, NE/4SE/4

COUNTY = SOCORRO

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06198-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,234.55	319	181
LAND DESCRIPTION - S/2 SEC 20 & ALL SEC 28 & LOTS 1 & 2 & 3 & 4 & E/2W/2 & E/2 SEC 30 & ALL SEC 32-2N-8W						
NM-06199-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,240.00	319	183
LAND DESCRIPTION - S/2 SEC 22 & ALL SECS 26, 34 & 36-2N-8W						
NM-06200-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,561.60	319	185
LAND DESCRIPTION - LOTS 1 & 2 & 3 & 4 & S/2N/2 & S/2 SEC 2 & ALLSECS 12, 14 & 24-1N-8W						
NM-06201-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,562.96	319	187
LAND DESCRIPTION - LOTS 1 & 2 & 3 & 4 & S/2N/2 & S/2 SEC 4 & ALLSECS 9, 10 & 15-1N-8W						
NM-06202-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,554.64	319	189
LAND DESCRIPTION - LOTS 1-7 & SE/4NW/4 & S/2NE/4 & E/2SW/4 & SE/4 SEC 6 & LOTS 1-4 & E/2W/2 & E/2 SEC 7 & ALL SECS 8 & 16-1N-8W						
NM-06203-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,557.28	319	191
LAND DESCRIPTION - ALL SEC 17 & LOTS 1-4 & E/2W/2 & E/2 SEC 18 &LOTS 1-4 & E/2W/2 & E/2 SEC 19 & ALL SEC 20-1N-8W						
NM-06204-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	1,920.56	319	193
LAND DESCRIPTION - ALL SEC 29 & LOTS 1 & 2 & 3 & 4 & E/2W/2 & E/2 SEC 30 & LOTS 1 & 2 & 3 & 4 & E/2W/2 & E/2 SEC 31-1N-8W						
NM-06205-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,243.52	319	195
LAND DESCRIPTION - LOTS 1 & 2 & 3 & 4 & 5 & 6 & 7 & SE/4NW/4 & S/2NE/4 & E/2SW/4 & SE/4 SEC 6 & S/2 SEC 8 & ALL SEC 16 & LOTS 1 & 2 & 3 & 4 & E/2W/2 & E/2 SEC 19-1N-7W						

COUNTY = SOCORRO

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06206-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,240.32	319	197
LAND DESCRIPTION - ALL SEC 20 & W/2 SEC 28 & LOTS 1 & 2 & 3 & 4 & E/2W/2 & E/2 SEC 30 & ALL SEC 32-1N-7W						
NM-06207-00	JAY L TAYLOR, ET UX	TRANSOCEAN OIL	7/01/74	2,240.00	319	199
LAND DESCRIPTION - ALL SEC 22 & E/2 SEC 28 & ALL SEC 26 & ALL SEC 34-1N-7W						
NM-06281-00	B L HENDERSON, ET UX	TRANSOCEAN OIL	8/19/74	26.84	319	285
LAND DESCRIPTION - PUNCH LODE SURVEY, BLOCK 1320 (16.277 AC) SEC 26 & DOVE SPRINGS LODE SURVEY, BLOCK 1321 (10.56 AC) SEC 27-1N-6W						
NM-06282-00	B L HENDERSON, ET UX	TRANSOCEAN OIL	8/19/74	11,108.36	319	287
LAND DESCRIPTION - PORTIONS OF SEC 18 & SE3 20 & SEC 28 & SEC 30 & SEC 32 & SEC 34-1N-5W & SEC 14 & SEC 18 & SEC 20 & SEC 22 & SEC 24 & SEC 26 & SEC 28 & SEC 30 & SEC 32 & SEC 34 & SEC 36-1N-6W & SEC 14 & SEC 24 & SEC 36-1N-7W. REFER TO LEASE FILE FOR COMPLETE DESCRIPTION OF SECTIONS.						
NM-06487-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	8/28/74	600.00	319	414
LAND DESCRIPTION - SE/4SW/4, SW/4SE/4 SEC 21 & S/2NW/4, W/2SW/4,& SW/4SW/4 SEC 22 & W/2NW/4, NE/4NW/4, NW/4NE/4 SEC 28 & S/2SE/4 SEC 30-3N-8W & W/2NE/4 SEC 32-4N-8W.						
NM-06488-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	8/28/74	1,914.95	319	416
LAND DESCRIPTION - LOTS 1, 2, 3, 4, S/2N/2, S/2 (ALL) SEC 4 & LOTS 1, 2, 3, 4, 5, 6, 7, SE/4NW/4, S/2NE/4, E/2SW/4, SE/4 (ALL) SEC 6 & ALL SEC 8-2N-8W						
NM-06489-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	8/28/74	1,921.28	319	418
LAND DESCRIPTION - LOTS 1, 2, 3, 4, S/2N/2, S/2 (ALL) SEC 2 & ALL SEC 10 AND ALL SEC 12-2N-8W.						
NM-06490-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	8/28/74	1,280.00	319	420
LAND DESCRIPTION - ALL SEC 16 & N/2 SEC 20 & N/2 SEC 22-2N-8W						

COUNTY = SOCORRO

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06491-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	8/28/74	1,280.00	319	422
LAND DESCRIPTION - ALL SEC 14 & ALL SEC 24-2N-8W.						
NM-06492-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	8/28/74	1,920.00	319	424
LAND DESCRIPTION - ALL SEC 8 & ALL SEC 10 & ALL SEC 16-2N-7W.						
NM-06493-00	DOUGLAS RISINGER, ETUX	TRANSOCEAN OIL	8/28/74	1,917.68	319	426
LAND DESCRIPTION - LOTS 1, 2, 3, 4, E/2W/2, E/2 (ALL) SEC 18 & ALL SEC 20 & LOTS 1, 2, 3, 4, E/2W/2, E/2 (ALL) SEC 30-2N-7W.						
NM-06494-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	8/28/74	1,920.00	319	428
LAND DESCRIPTION - ALL SEC 28 & ALL SEC 32 & ALL SEC 34-2N-7W						
NM-06495-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	9/28/74	1,600.00	319	430
LAND DESCRIPTION - E/2 SEC 22 & ALL SEC 26 & ALL SEC 36-2N-7W						
NM-06496-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	8/28/74	1,442.40	319	432
LAND DESCRIPTION - LOTS 1, 2, 3, 4, S/2N/2 & S/2 (ALL) SEC 2 & ALL SEC 12 & NW/4 SEC 14-1N-7W.						
NM-06497-00	DOUGLAS RISINGER, ET UX	TRANSOCEAN OIL	8/28/74	1,602.88	319	434
LAND DESCRIPTION - LOTS 1, 2, 3, 4, S/2N/2, S/2 (ALL) SEC 4 & N/2 SEC 8 & ALL SEC 10-1N-7W.						
NM-06510-00	ANDRES G ARMIJO, ET UX	TRANSOCEAN OIL	12/16/74	3,910.01	319	706
LAND DESCRIPTION - LOTS 3, 4, 5, E/2, SE/4SW/4 SEC 18-2N-4W NMPM AND LOTS 1, 2, 3, 4, S/2N/2, W/2SW/4, E/2SE/4 SEC 2 AND LOTS 1, 2, 3, 4, S/2N/2, S/2 (ALL) SEC 4 AND NE/4 SEC 8 AND ALL SEC 10 AND LOTS 4, 5, 6 AND 7 SEC 13 AND LOTS 1, 2, 3, 4, 5, 6, 7, 8 NE/4, N/2NW/4, SE/4NW/4, NW/4SW/4, S/2S/2 SEC 14 & LOT 8, SE/4SE/4 SEC 15 & ALL SEC 16, LOTS 1 & 2 (NORTH OF OLD CHAVES GRANT LINE) SEC 24-2N-SW NMPM						

COUNTY = SOCORRO

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06519-00	ANDRES G ARMIJO, ET UX	TRANSOCEAN OIL	12/16/74	1,119.95	319	708
LAND DESCRIPTION - W/2SE/4, E/2SW/4 SEC 6 AND S/2NW/4, SW/4NE/4, NW/4SW/4 SEC 8 AND LOT 1, E/2NW/4, NE/4SW/4 SEC 18-2N-4W-NMPM & E/2SW/4, W/2SE/4 SEC 2 AND S/2N/2, S/2 SEC 12-2N-5W-NMPM						
NM-06794-00	T 3 RANCH, INC.	TRANSOCEAN OIL	1/27/75	661.24	324	67
LAND DESCRIPTION - E/2SW/4, NW/4SE/4, SW/4NE/4 SEC 10; N/2SW/4 SEC 23; S/2NE/4, NW/4SE/4 SEC 25-1S-6W & S/2NE/4, NE/4SE/4 SEC 1; LOT 3 SEC 2; SE/4NE/4 SEC 3; LOT 4 SEC 4-2S-6W, NMPM & ALSO, THELLA LODE MINING CLAIM DESIGNATED BY THE SURVEYOR GENERAL AS SURVEY NO. 4464 BEING IN THE IRON MOUNTAIN MINING DISTRICT AND EMBRACING A PORTION OF SECTIONS 26 & 27-1S-6W, NMPM						
NM-06796-00	LUCY G CHAVEZ	TRANSOCEAN OIL	2/26/75	824.34	324	65
LAND DESCRIPTION - LOTS 3, 4, S/2NW/4 SEC 4; S/2SE/4 SEC 8-1N-5W& W/2 SEC 22; W/2SW/4, SE/4SW/4, SW/4SE/4 SEC 28; LOTS 2, 3, SE/4NW/4, NE/4SW/4 SEC 34-2N-5W, NMPM						
NM-09313-00	ANDRES ARMIJO ET UX	TRANSOCEAN OIL	12/16/75	360.00	327	433
LAND DESCRIPTION - T4N-R5W-NMPM-SEC 18: SE/4SE/4; SEC 28: E/2						

COUNTY = VALENCIA

LEASE NO.	LESSEE			GROSS ACRES		
NM-06434-01	M MERTZ CHILDRENS TR	TRANSOCEAN OIL	7/01/74	2,878.58	44	2864

LAND DESCRIPTION - 1/2 INTEREST IN LOTS 1 & 2 & 3 & 4 & S/2N/2 &S/2 SEC 1 (ALL) & LOTS 1 & 2 & 3 & 4 & S/2N/2 & S/2 SEC 5 (ALL) & LOT 7 & SE/4SW/4 & S/2SE/4 SEC 6 & N/2NW/4 & SW/4NW/4 & NW/4SW/4 SEC 10 & ALL SEC 17 & N/2 SEC 15-5N-9W & A TRACT OF LAND CONTAINING 316.9 ACRES, MORE OR LESS, ALL IN THE EAST PART OF SEC 12 & SEC 13-5N-10W, MORE FULLY DESCRIBED IN SAID LEASE

NM-06434-02	J MERTZ CHILDRENS TR	TRANSOCEAN OIL	7/01/74	.00	44	2867

LAND DESCRIPTION - 1/2 INTEREST IN LOTS 1 & 2 & 3 & 4 & S/2N/2 &S/2 SEC 1 (ALL) & LOTS 1 & 2 & 3 & 4 & S/2N/2 & S/2 SEC 5 (ALL) & LOT 7 & SE/4SW/4 & S/2SE/4 SEC 6 & N/2NW/4 & SW/4NW/4 & NW/4SW/4 SEC 10 & ALL SEC 17 & N/2 SEC 15-5N-9W & A TRACT OF LAND CONTAINING 316.9 ACRES, MORE OR LESS, ALL IN THE EAST PART OF SEC 12 & SEC 13-5N-10W, MORE FULLY DESCRIBED IN SAID LEASE.

NM-06435-01	M MERTZ CHILDRENS TR	TRANSOCEAN OIL	7/01/74	2,880.00	44	2870

LAND DESCRIPTION - 1/2 INTEREST IN ALL SEC 13 & S/2 SEC 15 & ALL SEC 25 & ALL SEC 27 & ALL SEC 29-5N-9W

NM-06435-02	J MERTZ CHILDRENS TR	TRANSOCEAN OIL	7/01/74	.00	44	2872

LAND DESCRIPTION - 1/2 INTEREST IN ALL SEC 13 & S/2 SEC 15 & ALLSEC 25 & ALL SEC 27 & ALL SEC 29-5N-9W

NM-06436-01	M MERTZ CHILDRENS TR	TRANSOCEAN OIL	7/01/74	3,465.68	44	2874

LAND DESCRIPTION - 1/2 INTEREST IN LOTS 1 & 2 & 3 & 4 & S/2N/2 &S/2 SEC 1 (ALL) & S/2NE/4 SEC 2 & LOTS 1 & 2 & 3 & 4 & S/2N/2 & S/2 SEC 3 (ALL) & LOTS 1 & 2 & 3 & 4 & S/2N/2 & S/2 SEC 5 (ALL) & NW/4NW/4 SEC 10-4N-9W IN VALENCIA COUNTY & ALL SEC 13 & ALL SEC 15-4N-9W IN CATRON COUNTY.

NM-06436-02	J MERTZ CHILDRENS TR	TRANSOCEAN OIL	7/01/74	.00	44	2876

LAND DESCRIPTION - 1/2 INTEREST IN LOTS 1 & 2 & 3 & 4 & S/2N/2 &S/2 SEC 1 (ALL) & S/2NE/4 SEC 2 & LOTS 1 & 2 & 3 & 4 & S/2N/2 & S/2 SEC 3 (ALL) & LOTS 1 & 2 & 3 & 4 & S/2N/2 & S/2 SEC 5 (ALL) & NW/4NW/4 SEC 10-4N-9W IN VALENCIA COUNTY & ALL SEC 13 & ALL SEC 15-4N-9W IN CATRON COUNTY.

NM-06501-01	LYDIAN H WOODS ET AL	TRANSOCEAN OIL	8/14/74	6,160.22	44	3743

LAND DESCRIPTION - 1/4 INTEREST IN SW/4 SEC 2 & LOTS 1,2,3,4, S/2N/2, S/2 SEC 3 (ALL) & LOTS 1,2,3, SE/4NW/4, S/2NE/4 SEC 4 & ALL SEC 12 & SEC 13, EXCEPT 316.9 ACRES, MORE FULLY DESCRIBED INSAID LEASE & ALL SEC 15 & ALL SEC 17 & W/2W/2 SEC 24 & ALL SEC 25 & NE/4 & W/2 SEC 26 & ALL SEC 27 & N/2 SEC 28 & ALL SEC 29-5N-10W-NMPM

NM-06501-02	BESS YORK ET AL	TRANSOCEAN OIL	11/25/74	.00	44	4851

LAND DESCRIPTION - UNDIVIDED 3/8 INTEREST IN SW/4 SEC 2 & LOTS 1,2,3,4, S/2N/2, S/2 SEC 3 (ALL) & LOTS 1,2,3, SE/4NW/4, S/2NE/4 SEC 4 & ALL SEC 12 & SEC 13, EXCEPT 316.9 ACRES, MORE FULLY DESCRIBED INSAID LEASE & ALL SEC 15 & ALL SEC 17 & W/2W/2 SEC 24 & ALL SEC 25 & NE/4 & W/2 SEC 26 & ALL SEC 27 & N/2 SEC 28 & ALL SEC 29-5N-10W-NMPM

COUNTY = VALENCIA

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06501-03	KING BROTHERS	TRANSOCEAN OIL	2/20/75	.00	244	5404

LAND DESCRIPTION - 3/8 INTEREST SW/4 SEC 2; LOTS 1, 2, 3, SE/4NW/4, S/2NE/4 SEC 4; ALL EXCEPT TRACT CONTAINING 316.90 ACRES AS DESCRIBED IN LEASE SEC 12 & 13; ALL SEC 15 & 17;W/2W/2 SEC 24; ALL SEC 25; NE/4, W/2 SEC 26; ALL SEC 27; N/2 SEC 28; ALL SEC 29-5N-10W-NMPM SEC 3 LOTS 1,2,3, & 4, S/2N/2, S/2 5N-10W

NM-06926-00	SUE SAVAGE, ET AL	TRANSOCEAN OIL	4/05/75	280.00	44	5054

LAND DESCRIPTION - W/2NW/4, SE/4NW/4, S/2NE/4, E/2SE/4 SEC 10-5N-10W, NMPM

NM-06954-00	BYRDIE OLLIFF	TRANSOCEAN OIL	4/01/75	160.00	44	5065

LAND DESCRIPTION - NE/4 SEC 8-4N-9W, NMPM

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-06643-00	USA-NM-22233	TRANSOCEAN OIL	4/01/75	2,234.34

LAND DESCRIPTION - LOTS 5-11 INCL SEC 18; LOTS 5-19 INCL SEC 19;LOTS 9-16 INCL SEC 29; ALL SEC 30; E/2 SEC 31-2N-17W-NMPM

NM-06644-00	USA-NM-22234	TRANSOCEAN OIL	4/01/75	2,453.42

LAND DESCRIPTION - W/2SE/4 SEC 4; W/2NE/4 SEC 9; LOTS 1-8 INCL SEC 17; LOTS 1-8 INCL, W/2E/2, SE/4SE/4 SEC 20; LOTS 1-4 INCL, S/2, E/2NW/4, SW/4NW/4 SEC 21; W/2, NE/4, N/2SE/4 SEC 28; LOTS 1-8 INCL SEC 29-2N-17W-NMPM

NM-06645-00	USA-NM-22235	TRANSOCEAN OIL	4/01/75	2,515.16

LAND DESCRIPTION - ALL SEC 22; LOTS 1-3 INCL SEC 23; ALL SEC 27;NW/4, S/2NE/4, S/2 SEC 33; LOTS 1,2, N/2SW/4, NW/4, E/2 SEC 34-2N-17W-NMPM

NM-06646-00	USA-NM-22236	TRANSOCEAN OIL	4/01/75	2,547.54

LAND DESCRIPTION - LOT 4, SE/4, N/2NW/4, SE/4NW/4, NE/4SW/4 SEC 23; S/2 SEC 24; ALL SEC 25; LOTS 1-6 INCL, NE/4, SW/4, E/2NW/4 SEC 26; LOTS 1-6 INCL, N/2NW/4, NE/4, NE/4SE/4, S/2SW/4 SEC 35-2N-17W-NMPM

NM-06647-00	USA-NM-22240	TRANSOCEAN OIL	4/01/75	2,540.65

LAND DESCRIPTION - LOTS 5-8 INCL, SE/4 SEC 1; LOTS 1-4 INCL, S/2N/2, N/2SE/4, SE/4SE/4 SEC 3; NE/4, N/2NW/4 SEC 10; S/2NW/4 SEC 11; LOTS 1-4 INCL, SW/4, E/2 SEC 12; NW/4, NW/4NE/4, E/2SE/4, SW/4SE/4 SEC 13; NE/4 SEC 23; N/2 SEC 24-2N-17W-NMPM

NM-06648-00	USA-NM-22241	TRANSOCEAN OIL	4/01/75	2,554.89

LAND DESCRIPTION - LOTS 1-4 INCL, SE/4 SEC 27; LOTS 1-8 INCL, NE/4, N/2SW/4, SE/4SW/4 SEC 28; ALL SEC 33; ALL SEC 34; W/2 SEC 35-2N-20W-NMPM

NM-06649-00	USA-NM-22242	TRANSOCEAN OIL	4/01/75	2,545.41

LAND DESCRIPTION - LOTS 1,2,3,5-8 INCL, S/2 SEC 23; LOTS 1-4 INCL, W/2, SE/4 SEC 24; ALL SEC 25; ALL SEC 26-2N-20W-NMPM

NM-06650-00	USA-NM-22243	TRANSOCEAN OIL	4/01/75	2,560.00

LAND DESCRIPTION - ALL SECS 11,12,13,14-2N-20W-NMPM

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-06651-00	USA-NM-22244	TRANSOCEAN OIL	4/01/75	2,444.18

LAND DESCRIPTION - LOTS 1,2,3, E/2NW/4, NE/4SW/4, NE/4, N/2SE/4 SEC 19; N/2S/2 SEC 20; SW/4SW/4 SEC 28; LOTS 1-6 INCL, NW/4SW/4, NE/4SE/4, S/2S/2 SEC 29; LOTS 1-4 INCL, E/2W/2, E/2 SEC 30; LOTS1-4 INCL, E/2W/2, E/2 SEC 31-2N-20W-NMPM

NM-06652-00	USA-NM-22245	TRANSOCEAN OIL	4/01/75	2,529.64

LAND DESCRIPTION - W/2NW/4, S/2SW/4, SW/4NE/4, NW/4SE/4, E/2E/2 SEC 17; LOTS 1,2,4, E/2NW/4, NE/4, SE/4SW/4, S/2SE/4 SEC 18; N/2 SEC 20; ALL SEC 21; LOTS 1-4 INCL, SE/4, W/2 SEC 22; LOT 4 SEC 23-2N-20W-NMPM

NM-06653-00	USA-NM-22246	TRANSOCEAN OIL	4/01/75	2,434.47

LAND DESCRIPTION - LOTS 3,4, S/2NW/4 SEC 3; LOTS 1-4 INCL, S/2NW/4, SW/4NE/4, N/2S/2 SEC 4; LOTS 5,6, S/2SE/4 SEC 7; N/2SE/4 SEC 8; N/2, N/2SE/4 SEC 9; ALL SEC 10; S/2NW/4, NE/4, S/2 SEC 15-2N-20W-NMPM

NM-06654-00	USA-NM-22261	TRANSOCEAN OIL	4/01/75	1,760.00

LAND DESCRIPTION - N/2N/2, S/2 SEC 26; ALL SECS 28 & 34-4N-10W NMPM

NM-06657-00	USA-NM-22264	TRANSOCEAN OIL	4/01/75	1,991.30

LAND DESCRIPTION - LOTS 1-4 INCL, SE/4NW/4, NE/4SE/4, S/2SE/4, SW/4SW/4 SEC 12 VALENCIA COUNTY AND N/2, SW/4, S/2SE/4, NE/4SE/4 SEC 14; ALL SEC 22; N/2, NE/4SE/4, SW/4SW/4 SEC 24-4N-10W-NMPM CATRON COUNTY

NM-06658-00	USA-NM-22265	TRANSOCEAN OIL	4/01/75	2,147.20

LAND DESCRIPTION - LOTS 1-4 INCL, NE/4NW/4, E/2SW/4, E/2 SEC 18;LOTS 1-4 INCL, E/2W/2, E/2 SEC 19; W/2 SEC 20; LOTS 1-4 INCL, E/2W/2, E/2 SEC 30-4N-10W-NMPM

NM-06659-00	USA-NM-22279	TRANSOCEAN OIL	4/01/75	1,910.94

LAND DESCRIPTION - ALL SECS 4,6 & 8-3N-9W-NMPM

NM-06660-00	USA-NM-22282	TRANSOCEAN OIL	4/01/75	1,680.00

LAND DESCRIPTION - W/2NE/4, W/2NW/4, S/2 SEC 12 VALENCIA COUNTY AND N/2NW/4, S/2N/2, S/2 SEC 14; ALL SEC 24-4N-9W-NMPM CATRON COUNTY

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-06662-00	USA-NM-22284	TRANSOCEAN OIL	4/01/75	1,920.00
LAND DESCRIPTION - ALL SECS 27,34 & 35-1N-17W-NMPM				
NM-06663-00	USA-NM-22285	TRANSOCEAN OIL	4/01/75	1,908.00
LAND DESCRIPTION - ALL SECS 18, 20 & 30-3N-9W-NMPM				
NM-06664-00	USA-NM-22286	TRANSOCEAN OIL	4/01/75	2,400.00
LAND DESCRIPTION - ALL SECS 22 & 26; S/2, NE/4 SEC 28; ALL SEC 34-3N-9W-NMPM				
NM-06665-00	USA-NM-22294	TRANSOCEAN OIL	4/01/75	1,920.00
LAND DESCRIPTION - ALL SECS 33, 34 & 35-3N-16W-NMPM				
NM-06666-00	USA-NM-22296	TRANSOCEAN OIL	4/01/75	2,474.62
LAND DESCRIPTION - LOT 4 SEC 7; ALL SEC 17; LOTS 1-4 INCL, E/2W/2, E/2 SEC 18; LOTS 1,2,4, E/2NW/4, SE/4SW/4, E/2 SEC 19; E/2, SW/4, N/2NW/4 SEC 20-2N-18W-NMPM				
NM-06667-00	USA-NM-22297	TRANSOCEAN OIL	4/01/75	2,537.75
LAND DESCRIPTION - LOTS 5-11 INCL, S/2NW/4 SEC 4; LOTS 2,3,4, S/2NW/4, SW/4NE/4, S/2 SEC 5; E/2SW/4, SE/4 SEC 6; E/2NW/4 SEC 7; N/2N/2, S/2 SEC 8; S/2N/2, S/2 SEC 9; W/2 SEC 10-2N-18W-NMPM				
NM-06668-00	USA-NM-22298	TRANSOCEAN OIL	4/01/75	2,412.95
LAND DESCRIPTION - LOTS 1-8 INCL, SE/4 SEC 13; ALL SEC 14; E/2 SEC 15; E/2 SEC 22; ALL SEC 23-2N-18W-NMPM				
NM-06669-00	USA-NM-22299	TRANSOCEAN OIL	4/01/75	2,240.53
LAND DESCRIPTION - LOTS 1, 5-13 INCL, SE/4NE/4 SEC 1; LOTS 1,2, S/2NE/4, S/2 SEC 3; E/2 SEC 10; ALL SEC 11; LOTS 1-8 INCL SEC 12-2N-18W-NMPM				

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-06670-00	USA-NM-22300	TRANSOCEAN OIL	4/01/75	2,418.52

LAND DESCRIPTION - LOTS 5-12 INCL, E/2 SEC 19; ALL SEC 20; N/2, N/2S/2 SEC 29; LOTS 5-12 INCL, E/2 SEC 30-2N-19W-NMPM

NM-06671-00	USA-NM-22301	TRANSOCEAN OIL	4/01/75	2,396.96

LAND DESCRIPTION - LOTS 1-4 INCL, E/2W/2, E/2 SEC 31; ALL SEC 33; NW/4NW/4, S/2N/2, S/2 SEC 34; SW/4NW/4, E/2NW/4, SW/4, E/2 SEC 35-2N-19W-NMPM

NM-06672-00	USA-NM-22302	TRANSOCEAN OIL	4/01/75	2,162.42

LAND DESCRIPTION - ALL SEC 5; LOTS 1,2, S/2NE/4, SE/4NW/4, NE/4SW/4, SE/4 SEC 6; ALL SEC 7; LOTS 5-11 INCL, NW/4NE/4, E/2E/2 SEC 18-2N-19W-NMPM

NM-06673-00	USA-NM-22303	TRANSOCEAN OIL	4/01/75	2,556.88

LAND DESCRIPTION - LOTS 1-8 INCL, W/2 SEC 21; LOTS 1-8 INCL, E/2 SEC 22; ALL SECS 27 & 28-2N-19W-NMPM

NM-06674-00	USA-NM-22305	TRANSOCEAN OIL	4/01/75	2,516.64

LAND DESCRIPTION - ALL SECS 7 & 8; N/2, N/2S/2, S/2SW/4, SW/4SE/4 SEC 9; ALL SEC 17-1N-20W-NMPM

NM-06675-00	USA-NM-22306	TRANSOCEAN OIL	4/01/75	1,920.00

LAND DESCRIPTION - ALL SECS 27,28 & 33-1N-20W-NMPM

NM-06676-00	USA-NM-22307	TRANSOCEAN OIL	4/01/75	2,561.29

LAND DESCRIPTION - ALL SECS 3,4,5 & 6-1N-20W-NMPM

NM-06677-00	USA-NM-22310	TRANSOCEAN OIL	4/01/75	2,434.89

LAND DESCRIPTION - ALL SEC 18; LOTS 2,3, SE/4NW/4, NE/4SW/4, S/2NE/4, N/2SE/4 SEC 19; S/2NW/4, SW/4NE/4, NE/4SW/4, W/2SE/4 SEC 20; E/2NW/4, SW/4NE/4, W/2SE/4, E/2SW/4 SEC 29; LOTS 1,2,3 &4, E/2 SEC 30; LOTS 1,2 & 3, E/2NW/4, NE/4, NE/4SW/4, N/2SE/4 SEC 31-1N-20W-NMPM

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-06801-00	USA-NM-22267	TRANSOCEAN OIL	4/01/75	2,560.00
LAND DESCRIPTION - ALL SECS 28, 29, 33 & 34-4N-14W-NMPM				
NM-06802-00	USA-NM-22270	TRANSOCEAN OIL	4/01/75	2,462.72
LAND DESCRIPTION - ALL SECS 19, 20 & 29; LOTS 1,2,3 & 4, E/2W/2,W/2NE/4, SE/4 SEC 30-4N-15W-NMPM				
NM-06803-00	USA-NM-22271	TRANSOCEAN OIL	4/01/75	2,000.00
LAND DESCRIPTION - ALL SECS 22, 27 & 28; W/2SW/4 SEC 21-4N-15W NMPM				
NM-06804-00	USA-NM-22272	TRANSOCEAN OIL	4/01/75	2,470.14
LAND DESCRIPTION - ALL SECS 33 & 35; LOTS 1,2,3,4, E/2W/2, E/2 SEC 31; N/2, SE/4, E/2SW/4 SEC 34-4N-15W-NMPM				
NM-06805-00	USA-NM-22273	TRANSOCEAN OIL	4/01/75	1,920.00
LAND DESCRIPTION - ALL SECS 24, 25 & 26-4N-15W-NMPM				
NM-06807-00	USA-NM-22275	TRANSOCEAN OIL	4/01/75	1,913.15
LAND DESCRIPTION - ALL SECS 5 & 18; S/2 SEC 9; SW/4NW/4, SW/4, W/2SE/4 SEC 17-4N-15W-NMPM				
NM-06809-00	USA-NM-22288	TRANSOCEAN OIL	4/01/75	2,560.00
LAND DESCRIPTION - ALL SECS 13, 22, 23 & 24-3N-14W-NMPM				
NM-06810-00	USA-NM-22289	TRANSOCEAN OIL	4/01/75	1,983.97
LAND DESCRIPTION - LOTS 1, 2, S/2NE/4 SEC 4; LOTS 1, 2, 3, 4, S/2NW/4, SW/4NE/4, SW/4, W/2SE/4 SEC 5; LOTS 1, 2, 3, 4, 5, 7, SE/4NW/4, S/2NE/4, SE/4SW/4, SE/4 SEC 6; LOTS 1, 2, 3, 4, NE/4NW/4, NW/4NE/4, E/2SW/4, SE/4 SEC 7; S/2S/2, NE/4SE/4 SEC 8-3N-14W-NMPM				

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-06811-00	USA-NM-22290	TRANSOCEAN OIL	4/01/75	2,360.00
LAND DESCRIPTION - ALL SECS 12 & 14; N/2, W/2SW/4, NE/4SE/4 SEC 9; W/2 SEC 10; E/2 SEC 15-3N-14W-NMPM				
NM-06812-00	USA-NM-22291	TRANSOCEAN OIL	4/01/75	2,400.00
LAND DESCRIPTION - ALL SECS 25 & 26; E/2 SEC 21; N/2, SW/4 SEC 27; E/2 SEC 28-3N-14W-NMPM				
NM-06813-00	USA-NM-22293	TRANSOCEAN OIL	4/01/75	2,433.92
LAND DESCRIPTION - ALL SECS 8, 9 & 17; SW/4SW/4 SEC 1; LOTS 3, 4, E/2SW/4, E/2 SEC 18-3N-16W-NMPM				
NM-06814-00	USA-NM-22313	TRANSOCEAN OIL	4/01/75	2,560.00
LAND DESCRIPTION - ALL SECS 22,26,28 & 34-4N-9W-NMPM				
NM-06815-00	USA-NM-22314	TRANSOCEAN OIL	4/01/75	1,626.38
LAND DESCRIPTION - ALL SEC 20; LOTS 1,2,3,4, E/2W/2, E/2 SEC 18;LOT 4, NE/4, NE/4NW/4, SE/4SW/4, S/2SE/4 SEC 30-4N-9W-NMPM				
NM-06816-00	USA-NM-22315	TRANSOCEAN OIL	4/01/75	2,560.00
LAND DESCRIPTION - ALL SECS 24 & 25; N/2 SEC 26; E/2 SEC 27; E/2 SEC 34; E/2 SEC 35-2N-18W-NMPM				
NM-06817-00	USA-NM-22317	TRANSOCEAN OIL	4/01/75	2,200.00
LAND DESCRIPTION - ALL SECS 14 & 23; S/2, NW/4, S/2NE/4, NW/4NE/4 SEC 13; W/2 SEC 15-1N-17W-NMPM				
NM-06818-00	USA-NM-22318	TRANSOCEAN OIL	4/01/75	2,118.98
LAND DESCRIPTION - ALL SECS 17 & 31; LOT 3, E/2SW/4, SE/4 SEC 18; W/2SW/4 SEC 29; LOTS 3,4, E/2SW/4, E/2 SEC 30-1N-17W-NMPM				

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-06819-00	USA-NM-22319	TRANSOCEAN OIL	4/01/75	1,920.00

LAND DESCRIPTION - ALL SECS 24, 25 & 26-1N-17W-NMPM

NM-06820-00	USA-NM-22320	TRANSOCEAN OIL	4/01/75	2,233.97

LAND DESCRIPTION - ALL SEC 8; LOTS 1-7 INCL, SE/4NW/4, E/2SW/4, SE/4S/2NE/4 SEC 6; LOTS 1,2,3, E/2W/2, E/2 SEC 7; LOT 4, N/2 SEC 18-1N-17W-NMPM

NM-06821-00	USA-NM-22321	TRANSOCEAN OIL	4/01/75	2,555.95

LAND DESCRIPTION - ALL SECS 3,4,5 & 9-1N-17W-NMPM

NM-06822-00	USA-NM-22322	TRANSOCEAN OIL	4/01/75	2,398.72

LAND DESCRIPTION - ALL SECS 10 & 11; LOTS 1,2,3,4, S/2N/2, SW/4, W/2SE/4 SEC 1; N/2, SW/4, W/2SE/4 SEC 12-1N-17W-NMPM

NM-06823-00	USA-NM-22323	TRANSOCEAN OIL	4/01/75	2,000.22

LAND DESCRIPTION - ALL SECS 28 & 33; NW/4, E/2, E/2SW/4 SEC 29; LOTS 1,2, E/2NW/4 SEC 30-1N-17W-NMPM

NM-06824-00	USA-NM-22268	TRANSOCEAN OIL	4/01/75	1,815.54

LAND DESCRIPTION - ALL SEC 18; W/2, W/2NE/4, SE/4 SEC 20; LOTS 1,2,3,4, E/2SE/4 SEC 30; LOTS 3,4, E/2SW/4, SE/4, S/2NE/4 SEC 31-4N-14W-NMPM

NM-06871-00	USA-NM-22304	TRANSOCEAN OIL	4/01/75	2,545.78

LAND DESCRIPTION - ALL SEC 26; SW/4NE/4 SEC 1; SW/4NW/4, NW/4SW/4 SEC 11; SW/4, N/2SE/4, SE/4SE/4 SEC 13; LOTS 1-8 INCL, W/2 SEC 23; W/2NW/4, NE/4NW/4, SW/4, SE/4SE/4 SEC 24; E/2NE/4, SW/4NE/4, S/2NW/4, S/2 SEC 25-2N-19W-NMPM

NM-06872-00	USA-NM-22326	TRANSOCEAN OIL	4/01/75	2,400.00

LAND DESCRIPTION - ALL SECS 20, 22 & 23; W/2, SE/4 SEC 21-3N-16W-NMPM

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-06873-00	USA-NM-22329	TRANSOCEAN OIL	4/01/75	2,560.00
LAND DESCRIPTION - ALL SECS 25, 26, 27 & 28-3N-16W-NMPM				
NM-06878-00	USA-NM-22269	TRANSOCEAN OIL	5/01/75	2,080.00
LAND DESCRIPTION - ALL SECS 14, 22 & 24-4N-14W LOCATED IN CATRON CO. & SW/4 SEC 12-4N-14W-NMPM LOCATED IN VALENCIA CO.				
NM-06879-00	USA-NM-22287	TRANSOCEAN OIL	5/01/75	1,920.00
LAND DESCRIPTION - ALL SECS 33, 34 & 35-3N-14W-NMPM				
NM-06880-00	USA-NM-22292	TRANSOCEAN OIL	5/01/75	2,228.62
LAND DESCRIPTION - ALL SECS 29, 30 & 31; LOTS 3,4, E/2SW/4, SE/4 SEC 19-3N-14W-NMPM				
NM-06881-00	USA-NM-22334	TRANSOCEAN OIL	5/01/75	2,560.00
LAND DESCRIPTION - ALL SECS 13,14, 23 & 24-2N-14W-NMPM				
NM-06985-00	USA-NM-22277	TRANSOCEAN OIL	6/01/75	1,672.80
LAND DESCRIPTION - S/2, SE/4NW/4, S/2NE/4, NE/4NE/4 SEC 28; LOTS 1,2,3,4, E/2W/2, NE/4, N/2SE/4 SEC 30; ALL SEC 34-3N-8W NMPM				
NM-06986-00	USA-NM-22278	TRANSOCEAN OIL	6/01/75	2,080.00
LAND DESCRIPTION - W/2 SEC 10; ALL SEC 12; W/2, NE/4 SEC 14; ALLSEC 20-3N-8W-NMPM				
NM-06987-00	USA-NM-22311	TRANSOCEAN OIL	6/01/75	1,920.00
LAND DESCRIPTION - ALL SECS 26,34 & 35-1N-20W-NMPM				

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-07009-00	USA-NM-22295	TRANSOCEAN OIL	7/01/75	2,206.89

LAND DESCRIPTION - W/2SW/4, SE/4SW/4 SEC 28; ALL SEC 29; LOTS 1,2,3,4, E/2W/2, E/2 SEC 30; ALL SEC 31; N/2NW/4 SEC 33; NE/4SW/4 SEC 34-2N-18W-NMPM

NM-07010-00	USA-NM-22488	TRANSOCEAN OIL	7/01/75	2,559.64

LAND DESCRIPTION - LOTS 1,2,3,4, E/2W/2, E/2 SEC 19; ALL SECS 20,21 & 22-1N-17W-NMPM

NM-08638-00	USA-NM-22247	TRANSOCEAN OIL	7/01/75	2,560.00

LAND DESCRIPTION - ALL SECS 28, 33 & 34; W/2, SE/4 SEC 35; SW/4 SEC 36-1N-9W-NMPM

NM-08639-00	USA-NM-22248	TRANSOCEAN OIL	7/01/75	2,558.64

LAND DESCRIPTION - ALL SECS 29, 30, 31 & 32-1N-9W-NMPM

NM-08640-00	USA-NM-22249	TRANSOCEAN OIL	7/01/75	2,039.04

LAND DESCRIPTION - NW/4, W/2SW/4 SEC 9; W/2, W/2E/2, SE/4SE/4 SEC 17; ALL SECS 18 & 19-1N-9W-NMPM

NM-08641-00	USA-NM-22250	TRANSOCEAN OIL	7/01/75	2,320.00

LAND DESCRIPTION - ALL SECS 20 & 21; S/2N/2, S/2 SEC 22; W/2, SE/4, W/2NE/4 SEC 27-1N-9W-NMPM

NM-08642-00	USA-NM-22316	TRANSOCEAN OIL	7/01/75	2,560.39

LAND DESCRIPTION - ALL SECS 4,6,7&8-1N-9W-NMPM

NM-08643-00	USA-NM-22330	TRANSOCEAN OIL	7/01/75	2,234.40

LAND DESCRIPTION - W/2, SW/4NE/4, W/2SE/4, SE/4SE/4 SEC 8; ALL SEC 18; W/2, N/2NE/4, SE/4NE/4, SW/4SE/4 SEC 20; ALL SEC 30-2N-9W-NMPM

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-08644-00	USA-NM-22331	TRANSOCEAN OIL	7/01/75	2,560.00
LAND DESCRIPTION - ALL SECS 10,12,14 & 16-2N-9W-NMPM				
NM-08645-00	USA-NM-22332	TRANSOCEAN OIL	7/01/75	2,232.40
LAND DESCRIPTION - ALL SEC 18-2N-8W-NMPM AND ALL SECS 22 & 26; N/2 SEC 24-2N-9W-NMPM				
NM-08646-00	USA-NM-22333	TRANSOCEAN OIL	7/01/75	1,760.00
LAND DESCRIPTION - S/2, NE/4, N/2NW/4, SE/4NW/4 SEC 28; ALL SEC 32; N/2, SW/4, NW/4SE/4 SEC 34-2N-9W-NMPM				
NM-08839-00	USA-NM-22308	TRANSOCEAN OIL	8/01/75	2,440.23
LAND DESCRIPTION - T1N-R20W-NMPM - SECS 1, 11 & 12: ALL; SEC 10: N/2NW/4, SE/4NW/4, E/2SW/4, E/2				
NM-09375-00	USA-NM-22280	TRANSOCEAN OIL	9/01/75	2,560.00
LAND DESCRIPTION - T3N-R9W-NMPM - ALL SECS 10, 12, 14 & 24				
NM-09376-00	USA-NM-22281	TRANSOCEAN OIL	9/01/75	1,908.02
LAND DESCRIPTION - T3N-R8W-NMPM - SEC 4: LOTS 3,4, S/2NW/4; SEC 6: LOTS 1-7, SE/4NE/4, SE/4NW/4, E/2SW/4, SW/4SE/4; SEC 8: ALL; SEC 18: LOTS 1-4, E/2, E/2W/2				
NM-09377-00	USA-NM-22566	PHILLIP D. NICKELL	8/01/75	280.00
LAND DESCRIPTION - T2N-R16W-NMPM - SEC 29: NW/4SW/4 AND T2N-R17W-NMPM - SEC 11: N/2N/2, SE/4NE/4, NE/4SE/4				
NM-09381-00	USA-NM-23963	PHILLIP D. NICKELL	9/01/75	80.42
LAND DESCRIPTION - T1N-R1W-NMPM - SEC 1: LOT 4, SW/4NW/4				

County - Catron

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-09382-00	USA-NM-22567	PHILLIP D. NICKELL	9/01/75	520.00

LAND DESCRIPTION - T3N-R17W-NMPM - SEC 6: SW/4SE/4; SEC 17: S/2S/2; SEC 20: N/2N/2, SE/4NE/4, SW/4NW/4, E/2SE/4

NM-09384-00	USA-NM-22674	PHILLIP D. NICKELL	9/01/75	160.00

LAND DESCRIPTION - T3N-R9W-NMPM - SEC 28: NW/4

NM-09436-00	USA-NEW MEXICO 22312	TRANSOCEAN OIL	10/01/75	2,520.00

LAND DESCRIPTION - T1N, R20W, SEC 22: N/2, N/2S/2, S/2SW/4, SE/4SE/4, SEC 23: ALL SEC 24: ALL SEC 25: ALL

NM-09437-00	USA-NEW-MEXICO 22309	TRANSOCEAN OIL	10/01/75	2,560.00

LAND DESCRIPTION - T1N, R20W, SEC 13: ALL; SEC 14: ALL; SEC 15, ALL SEC 21: ALL

Pending offer to lease and lease for Oil and Gas covering mineral interest owned by the United States.

Lease No.	Lessor	Lessee	Date of Offer	Acres
Unassigned	USA-NM-28252	TransOcean Oil, Inc.	6-2-76	2040.0

Land Description - T1N-R13W-NMPM - Section 12: E/2, SW/4, E/2NW/4, SW/4NW/4, Section 13: NE/4, S/2S/2, E/2NW/4, NW/4NW/4, NE/4SE/4, Section 24: E/2, N/2NW/4, Section 25: S/2, S/2N/2, N/2NE/4

Unassigned	USA-NM-28253	TransOcean Oil, Inc.	6-2-76	2560.0

Land Description - T1N-R11W-NMPM - All of Sections 28, 29, 33, 34

Unassigned	USA-NM-28254	TransOcean Oil, Inc.	6-2-76	2206.28

Land Description - T1N-R12W-NMPM - Section 7: All, Section 15: All, Section 19: Lots 3-48, inclusive, E/2SW/4, SE/4, Section 30: Lots 1,2,3, NE/4, N/2SE/4, NE/4NW/4, SE/4SW/4

Unassigned	USA-NM-28255	TransOcean Oil, Inc.	6-2-76	2120.0

Land Description - T1N-R12W-NMPM - All of Sections 17, 20, 29, Section 33: N/2NW/4, N/2SW/4, NW/4SE/4

COUNTY = SOCORRO

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-08632-00	USA-NM-22564	PHILLIP D. NICKELL	7/01/75	120.00
LAND DESCRIPTION - N/2NW/4, SE/4SW/4 SEC 22-3N-8W-NMPM				
NM-08719-00	USA-NM-22672	PHILLIP D. NICKELL	7/01/75	1,354.78
LAND DESCRIPTION - ALL SECS 4 & 9-1S-6W-NMPM				
NM-08720-00	USA-NM-22673	PHILLIP D. NICKELL	7/01/75	1,920.00
LAND DESCRIPTION - ALL SECS 14, 15 & 16-1S-6W-NMPM				
NM-08721-00	USA-NM-22675	PHILLIP D. NICKELL	7/01/75	960.00
LAND DESCRIPTION - ALL SEC 16: NE/4, E/2NW/4, E/2SE/4 SEC 20-1N-5W-NMPM				
NM-08725-00	USA-NM-22676	PHILLIP D. NICKELL	7/01/75	892.05
LAND DESCRIPTION - NE/4 SEC 20: N/2, NE/4SW/4, N/2SE/4, SE/4SE/4SEC 28: LOTS 1, W/2W/2, NE/4NW/4, SE/4SW/4 SEC 34-2N-5W-NMPM				
NM-09378-00	USA-NM-23992	PHILLIP D. NICKELL	9/01/75	1,897.82
LAND DESCRIPTION - T1S-R6W-NMPM - SECS 2 & 3: ALL: SEC 10: NW/4,W/2SW/4, E/2E/2, NW/4NE/4, SW/4SE/4				
NM-09379-00	USA-NM-23993	PHILLIP D. NICKELL	9/01/75	1,982.78
LAND DESCRIPTION - T1S-R6W-NMPM - SECS 1, 11 & 12: ALL				
NM-09385-00	USA-NM-23996	PHILLIP D. NICKELL	9/01/75	2,505.28
LAND DESCRIPTION - T1S-R5W-NMPM - SECS 8, 17, 19 & 20: ALL				

COUNTY = VALENCIA

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES
NM-06655-00	USA-NM-22262	TRANSOCEAN OIL	4/01/75	1,344.19
LAND DESCRIPTION - ALL SECS 4 & 8-4N-10W-NMPM				
NM-06656-00	USA-NM-22263	TRANSOCEAN OIL	4/01/75	1,356.63
LAND DESCRIPTION - LOTS 15-34 INCL SEC 6; ALL SEC 10-4N-10W-NMPM				
NM-06661-00	USA-NM-22283	TRANSOCEAN OIL	4/01/75	2,258.05
LAND DESCRIPTION - ALL SEC 4; LOTS 3, 6, 7, SE/4NW/4, E/2SW/4, S/2NE/4, SE/4 SEC 6; W/2, SE/4 SEC 8; S/2, S/2N/2, NE/4NW/4, N/2NE/4 SEC 10-4N-9W-NMPM				
NM-06800-00	USA-NM-22266	TRANSOCEAN OIL	4/01/75	2,553.03
LAND DESCRIPTION - ALL SECS 8 & 10; LOTS 1-12 INCL, SW/4, W/2SE/4, NE/4SE/4 SEC 4; LOTS 1-13 INCL, E/2SW/4, SE/4 SEC 6-4N-14W, NMPM				
NM-06806-00	USA-NM-22274	TRANSOCEAN OIL	4/01/75	2,262.56
LAND DESCRIPTION - ALL SECS 6 & 7; LOTS 5-12 INCL, S/2 SEC 4; S/2 SEC 8-4N-15W, NMPM				
NM-06808-00	USA-NM-22276	TRANSOCEAN OIL	4/01/75	2,560.00
LAND DESCRIPTION - ALL SECS 10,12 & 14; N/2 SEC 8; N/2 SEC 9-4N-15W, NMPM				
NM-09383-00	USA-NM-23970	TRANSOCEAN OIL	9/01/75	679.76
LAND DESCRIPTION - T5N-R10W-NMPM - SEC 6: LOTS 1,2, S/2NE/4, SE/4; SEC 34: N/2NW/4, NE/4, N/2SE/4, SE/4SE/4				

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06283-00	STATE-NM-LG-2067	TRANSOCEAN OIL	9/01/74	1,163.67	63	29
LAND DESCRIPTION - LOTS 1 (40.40 ACS) & 2 (40.05 ACS) & 3 (39.70 ACS) & 4 (39.75 ACS) & S/2N/2 & SW/4 SEC 2 & LOTS 1 (39.56 ACS) & 2 (39.83 ACS) & 3 (40.11 ACS) & 4 (40.38 ACS) SEC 4 & LOTS 3 (40.11 ACS) & 4 (42.16 ACS) & 5 (42.02 ACS) SEC 6 & S/2SE/4 SEC 23 & W/2E/2 SEC 28 & W/2E/2 SEC 33-1N-14W.						
NM-06284-00	STATE-NM-LG-2068	TRANSOCEAN OIL	9/01/74	1,120.00	63	32
LAND DESCRIPTION - ALL SEC 16 & E/2E/2 & W/2 SEC 25-1N-14W.						
NM-06285-00	STATE-NM-LG-2069	TRANSOCEAN OIL	9/01/74	1,280.00	63	35
LAND DESCRIPTION - ALL SEC 32 & ALL SEC 36-1N-14W						
NM-06286-00	STATE-NM-LG-2070	TRANSOCEAN OIL	9/01/74	1,116.68	63	38
LAND DESCRIPTION - LOTS 1 (39.34 ACS) & 2 (39.41 ACS) & 3 (39.49 ACS) & 4 (39.56 ACS) & S/2N/2 & SW/4 SEC 2 & LOTS 1 (39.63 ACS) & 2 (39.69 ACS) & 3 (39.75 ACS) & 4 (39.81 ACS) & S/2N/2 & S/2 SEC 3-1N-15W						
NM-06287-00	STATE-NM-LG-2073	TRANSOCEAN OIL	9/01/74	1,280.00	63	41
LAND DESCRIPTION - ALL SEC 32 & ALL SEC 36-1N-15W						
NM-06288-00	STATE-NM-LG-2075	TRANSOCEAN OIL	9/01/74	1,000.00	63	44
LAND DESCRIPTION - SW/4NE/4 & NW/4 & W/2SW/4 & SE/4SW/4 & SW/4SE/4 SEC 32 & ALL SEC 36-1N-16W.						
NM-06289-00	STATE-NM-LG-2076	TRANSOCEAN OIL	9/01/74	1,278.08	63	47
LAND DESCRIPTION - LOTS 1(39.40 ACS) & 2 (39.48 ACS) & 3 (39.56 ACS) & 4 (39.64 ACS) & S/2N/2 & S/2 OF SEC 2 & ALL SEC 16-1N-17W						
NM-06290-00	STATE-NM-LG-2078	TRANSOCEAN OIL	9/01/74	1,282.30	63	50
LAND DESCRIPTION - LOTS 1 (40.50 ACS) & 2 (40.55 ACS) & 3 (40.60 ACS) & 4 (40.65 ACS) & S/2N/2 & S/2 SEC 2 & ALL SEC 16-1N-18W						

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06291-00	STATE-NM-LG-2079	TRANSOCEAN OIL	9/01/74	961.96	63	53

LAND DESCRIPTION - LOTS 1 (40.63 ACS) & 2 (40.53 ACS) & 3 (40.43 ACS) & 4 (40.33 ACS) & E/2 & NE/4NW/4 OF SEC 30 & LOTS 4 (40.03 ACS) & E/2 & E/2SW/4 SEC. 31-1N-18W

NM-06292-00	STATE-NM-LG-2080	TRANSOCEAN OIL	9/01/74	1,280.00	63	56

LAND DESCRIPTION - ALL SEC 32 & ALL SEC 36-1N-18W

NM-06293-00	STATE-NM-LG-2081	TRANSOCEAN OIL	9/01/74	1,081.20	63	59

LAND DESCRIPTION - LOTS 1(40.37 ACS) & 2 (40.33 ACS) & 3 (40.27 ACS) & 4 (40.23 ACS) & S/2N/2 & S/2 SEC 2 & W/2NW/4 SEC 15 & NE/4NE/4 SEC 22 & S/2NE/4 & W/2NW/4 & SE/4NW/4 & N/2SW/4 & NW/4SE/4 SEC 23-1N-19W

NM-06294-00	STATE-NM-LG-2082	TRANSOCEAN OIL	9/01/74	1,280.00	63	62

LAND DESCRIPTION - ALL SECS 32 & 36-1N-19W

NM-06295-00	STATE-NM-LG-2083	TRANSOCEAN OIL	9/01/74	1,280.00	63	65

LAND DESCRIPTION - LOTS 1 (40.09 ACS) & 2 (40.03 ACS) & 3 (39.97 ACS) & 4 (39.91 ACS) & S/2N/2 & S/2 SEC 2 & ALL SEC 16-1N-20W

NM-06296-00	STATE-NM-LG-2084	TRANSOCEAN OIL	9/01/74	1,242.02	63	68

LAND DESCRIPTION - LOT 1 (39.39 ACS) & N/2NE/4 & NE/4NW/4 SEC 19& N/2NE/4 & SE/4NE/4 & N/2NW/4 & NE/4SE/4 & SE/4SE/4 SEC 20 & E/2E/2 SEC 29 & LOT 4 (39.99 ACS) & SE/4SW/4 & S/2SE/4 SEC 31 1N-20W & LOTS 1 (46.57 ACS) & 2 (46.23 ACS) & 3 (45.85 ACS) & 4 (45.52 ACS) & NW/4NE/4 & N/2NW/4 SEC 24 & LOTS 1 (45.14 ACS) & 2 (44.88 ACS) & 3 (44.48 ACS) & 4 (43.97 ACS) SEC 25-1N-21W

NM-06297-00	STATE-NM-LG-2085	TRANSOCEAN OIL	9/01/74	959.57	63	71

LAND DESCRIPTION - LOT 4 (39.57 ACS) & SE/4SW/4 & S/2SE/4 SEC 19& W/2SW/4 & SE/4SW/4 SEC 20 & NW/4NE/4 & W/2W/2 SEC 29 & E/2W/2 SEC 30-1N-20W & N/2SE/4 SEC 23 & S/2SW/4 SEC 24 & N/2SW/4 SEC 25& N/2NE/4 SEC 26-1N-21W.

NM-06298-00	STATE-NM-LG-2086	TRANSOCEAN OIL	9/01/74	1,289.68	63	74

LAND DESCRIPTION - ALL SEC 32-1N-20W & LOTS 1 (43.41 ACS) & 2 (42.91 ACS) & 3 (42.17 ACS) & 4 (41.19 ACS) & W/2E/2 & W/2 SEC 36-1N-21W

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06299-00	STATE-NM-LG-2087	TRANSOCEAN OIL	9/01/74	1,166.53	63	77

LAND DESCRIPTION - LOTS 1 (40.40 ACS) & 2 (40.71 ACS) & 3 (40.90 ACS) & 4 (41.01 ACS) & S/2N/2 & S/2 SEC 2 & LOTS 1 (41.22 ACS) & 2 (41.10 ACS) & 3 (41.19 ACS) & S/2NE/4 & SE/4NW/4 & NE/4SW/4 & S/2SW/4 & SE/4 SEC 3-1N-21W

NM-06300-00	STATE-NM-LG-2088	TRANSOCEAN OIL	9/01/74	1,179.88	63	80

LAND DESCRIPTION - LOTS 1 (41.17 ACS) & 2 (40.94 ACS) & 3 (14.31ACS) & 4(14.25 ACS) & 5 (14.52 ACS) & 6 (14.69 ACS) & S/2NE/4 & SE/4 SEC 4 & E/2E/2 SEC 9 & N/2 & SW/4 SEC 10 & W/2W/2 SEC 12-1N-21W

NM-06301-00	STATE-NM-LG-2089	TRANSOCEAN OIL	9/01/74	1,241.36	63	83

LAND DESCRIPTION - W/2W/2 SEC 13 & W/2 SEC 15 & LOTS 1 (14.99 ACS) & 2 (15.05 ACS) & 3 (15.11 ACS) & 4 (15.17 ACS) & E/2 SEC 16 & LOTS 1 (15.21 ACS) & 2 (15.25 ACS) & 3 (15.27 ACS) & 4 (15.31 ACS) & E/2 SEC 21-1N-21W.

NM-06302-00	STATE-NM-LG-2090	TRANSOCEAN OIL	9/01/74	1,120.00	63	86

LAND DESCRIPTION - ALL SEC 22 & N/2NW/4 & N/2NE/4 SEC 23 & W/2 SEC 26-1N-21W

NM-06303-00	STATE-NM-LG-2091	TRANSOCEAN OIL	9/01/74	1,280.00	63	89

LAND DESCRIPTION - ALL SEC 27-1N-21W & ALL SEC 36-2N-21W

NM-06304-00	STATE-NM-LG-2092	TRANSOCEAN OIL	9/01/74	1,072.92	63	92

LAND DESCRIPTION - LOTS 1 (39.93 ACS) & 4 (39.71 ACS) & S/2NE/4 & S/2 SEC 2 & LOTS 1 (39.29 ACS) & 2 (39.33 ACS) & 3 (39.35 ACS) & 4 (39.39 ACS) & S/2N/2 & NW/4SW/4 SEC 4 & LOTS 1 (39.72 ACS) &2 (39.80 ACS) & 3 (39.88 ACS) & 4 (38.03 ACS) & 7 (38.49 ACS) & SE/4NW/4 SEC 6-2N-9W

NM-06305-00	STATE-NM-LG-2093	TRANSOCEAN OIL	9/01/74	959.02	63	95

LAND DESCRIPTION - LOTS 1 (40.30 ACS) & 2 (40.28 ACS) & 3 (40.24ACS) & 4 (40.22 ACS) & S/2N/2 & S/2 SEC 2 & LOTS 3 (39.61 ACS) & 4 (39.38 ACS) & SW/4NW/4 & NE/4SE/4 SEC 4 & LOTS 1 (39.30 ACS) &2 (39.50 ACS) & 3 (39.70 ACS) & 4 (39.53 ACS) SEC 6-2N-10W

NM-06306-00	STATE-NM-LG-2094	TRANSOCEAN OIL	9/01/74	1,282.56	63	98

LAND DESCRIPTION - LOTS 1 (40.67 ACS) & 2 (40.65 ACS) & 3 (40.63ACS) & 4 (40.61 ACS) & S/2N/2 & S/2 SEC 2 & ALL SEC 16-2N-14W

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06307-00	STATE-NM-LG-2095	TRANSOCEAN OIL	9/01/74	720.00	63	101
LAND DESCRIPTION - E/2E/2 SEC 20 & W/2W/2 SEC 21 & S/2SE/4 SEC 31 & E/2 SEC 33-2N-14W						
NM-06308-00	STATE-NM-LG-2096	TRANSOCEAN OIL	9/01/74	1,280.00	63	104
LAND DESCRIPTION - ALL SECS 32 & 36-2N-14W						
NM-06309-00	STATE-NM-LG-2097	TRANSOCEAN OIL	9/01/74	1,277.76	63	107
LAND DESCRIPTION - LOTS 1 (39.32 ACS) & 2 (39.40 ACS) & 3 (39.48ACS) & 4 (39.56 ACS) & S/2N/2 & S/2 SEC 2 & ALL SEC 16-2N-15W						
NM-06310-00	STATE-NM-LG-2100	TRANSOCEAN OIL	9/01/74	960.00	63	110
LAND DESCRIPTION - ALL SEC 33 & W/2 SEC 34-2N-15W						
NM-06311-00	STATE-NM-LG-2101	TRANSOCEAN OIL	9/01/74	640.00	63	113
LAND DESCRIPTION - ALL SEC 36-2N-15W						
NM-06312-00	STATE-NM-LG-2102	TRANSOCEAN OIL	9/01/74	1,199.74	63	116
LAND DESCRIPTION - LOTS 1 (40.28 ACS) & 2 (40.05 ACS) & 3 (39.82ACS) & 4 (39.59 ACS) & S/2N/2 & S/2 SEC 2 & NE/4SE/4 SEC 3 & N/2 & SW/4 & NW/4SE/4 SEC 32-2N-16W						
NM-06313-00	STATE-NM-LG-2103	TRANSOCEAN OIL	9/01/74	1,280.00	63	119
LAND DESCRIPTION - ALL SECS 16 & 36- 2N-16W						
NM-06314-00	STATE-NM-LG-2104	TRANSOCEAN OIL	9/01/74	1,196.87	63	122
LAND DESCRIPTION - LOTS 1 (39.87 ACS) & 2 (39.62 ACS) & 3 (39.37ACS) & 4 (39.12 ACS) & SE/4NE/4 & S/2NW/4 SEC 1 & LOTS 1 (39.07 ACS) & 2 (39.22 ACS) & 3 (39.37 ACS) & S/2NE/4 & SE/4NW/4 & S/2 SEC 2 & LOTS 3 (40.25 ACS) & 4 (40.35 ACS) SEC 4 & LOTS 3 (40.33 ACS) & 4 (40.30 ACS) & S/2NW/4 & N/2SW/4 & SE/4SW/4 SEC 5-2N-17W						

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	ISE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06315-00	STATE-NM-LG-2105	TRANSOCEAN OIL	9/01/74	1,258.25	63	125

LAND DESCRIPTION - LOTS 1 (40.24 ACS) & 2 (40.17 ACS) & 3 (40.10ACS) & 4 (37.32 ACS) & 5 (37.35 ACS) & 6 (37.39 ACS) & 7 (37.42 ACS) & S/2NE/4 & SE/4NW/4 & E/2SW/4 & SE/4 SEC 6 & LOTS 1 (37.34ACS) & 2 (37.16 ACS) & 3 (36.97 ACS) & 4 (36.79 ACS) & N/2NE/4 & E/2W/2 & S/2SE/4 SEC 7 & E/2NE/4 & SW/4NW/4 & NE/4SE/4 SEC 15-2N-17W

NM-06316-00	STATE-NM-LG-2106	TRANSOCEAN OIL	9/01/74	960.00	63	128

LAND DESCRIPTION - E/2 & E/2NW/4 & SW/4SW/4 SEC 8 & W/2NW/4 & SE/4NW/4 & SW/4SE/4 & E/2SE/4 SEC 9 & SW/4 & S/2SE/4 SEC 10 & SE/4SW/4 SEC 13-2N-17W

NM-06317-00	STATE-NM-LG-2107	TRANSOCEAN OIL	9/01/74	1,240.00	63	131

LAND DESCRIPTION - ALL SEC 14 & NW/4NE/4 & S/2NE/4 & NW/4 & S/2 SEC 16-2N-17W

NM-06318-00	STATE-NM-LG-2108	TRANSOCEAN OIL	9/01/74	1,280.00	63	134

LAND DESCRIPTION - ALL SECS 32 & 36-2N-17W

NM-06319-00	STATE-NM-LG-2109	TRANSOCEAN OIL	9/01/74	1,214.44	63	137

LAND DESCRIPTION - LOT 2 (40.21 ACS) & SW/4NE/4 & SE/4NW/4 & NE/4SW/4 & NW/4SE/4 SEC 1 & LOTS 1 (40.51 ACS.) & 2 (40.43 ACS) & 3 (40.34 ACS) & 4 (40.26 ACS) & S/2N/2 & S/2 SEC 2 & LOTS 2 (40.57 ACS) & 3 (40.64 ACS) & 4 (40.70 ACS) SEC 4 & LOT 1 (40.74 ACS) & SE/4NE/4 SEC 5 & LOTS 1 (40.64 ACS) & 3 (40.27 ACS) & 6 (44.54 ACS) & 7 (44.59 ACS) SEC 6-2N-18W

NM-06320-00	STATE-NM-LG-2110	TRANSOCEAN OIL	9/01/74	569.47	63	140

LAND DESCRIPTION - LOTS 2 (40.46 ACS) & 4 (44.53 ACS) & 5 (44.48ACS) & S/2NE/4 & SE/4NW/4 SEC 6 & E/2 SEC 7-2N-18W

NM-06321-00	STATE-NM-LG-2111	TRANSOCEAN OIL	9/01/74	1,253.41	63	143

LAND DESCRIPTION - LOTS 1 (44.57 ACS) & 2 (44.47 ACS) & 3 (44.37ACS) & E/2SW/4 SEC 7 & S/2N/2 SEC 8 & N/2N/2 SEC 9 & NW/4NE/4 & S/2NW/4 & SW/4 SEC 12 & N/2NW/4 & SW/4NW/4 SEC 13 & W/2 SEC 15-2N-18W

NM-06322-00	STATE-NM-LG-2112	TRANSOCEAN OIL	9/01/74	1,280.00	63	146

LAND DESCRIPTION - ALL SECS 16 & 21-2N-18W

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	ISE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06323-00	STATE-NM-LG-2113	TRANSOCEAN OIL	9/01/74	1,040.00	63	149
LAND DESCRIPTION - S/2NW/4 SEC 20 & W/2 SEC 22 & S/2 SEC 26 & W/2 SEC 27-2N-18W						
NM-06324-00	STATE-NM-LG-2114	TRANSOCEAN OIL	9/01/74	1,160.00	63	152
LAND DESCRIPTION - N/2 & NE/4SW/4 & SE/4 SEC 28 & ALL SEC 32-2N-18W						
NM-06325-00	STATE-NM-LG-2115	TRANSOCEAN OIL	9/01/74	1,160.00	63	155
LAND DESCRIPTION - NE/4 & S/2NW/4 & S/2 SEC 33 & NW/4 & W/2SW/4 & SE/4SW/4 SEC 34 & W/2 SEC 35-2N-18W						
NM-06326-00	STATE-NM-LG-2116	TRANSOCEAN OIL	9/01/74	640.00	63	158
LAND DESCRIPTION - ALL SEC 36-2N-18W						
NM-06327-00	STATE-NM-LG-2117	TRANSOCEAN OIL	9/01/74	1,237.64	63	161
LAND DESCRIPTION - LOTS 1 (39.95 ACS) & 2 (39.83 ACS) & 3 (39.73ACS) & 4 (39.61 ACS) & SE/4NE/4 & S/2NW/4 & S/2 SEC 1 & LOTS 1 (39.58 ACS) & 2 (39.62 ACS) & 3 (39.64 ACS) & 4 (39.68 ACS) & S/2N/2 & S/2 SEC 2-2N-19W						
NM-06328-00	STATE-NM-LG-2118	TRANSOCEAN OIL	9/01/74	1,279.36	63	164
LAND DESCRIPTION - LOTS 1 (39.74 ACS) & 2 (39.80 ACS) & 3 (39.84ACS) & 4 (39.90 ACS) & S/2N/2 & S/2 SEC 3 & LOTS 1 (39.94 ACS) & 2 (40.00 ACS) & 3 (40.04 ACS) & 4 (40.10 ACS) & S/2N/2 & S/2 SEC 4-2N-19W						
NM-06329-00	STATE-NM-LG-2119	TRANSOCEAN OIL	9/01/74	1,030.59	63	167
LAND DESCRIPTION - LOTS 3 (40.05 ACS) & 4 (37.55 ACS) & 5 (37.60ACS) & 6 (37.66 ACS) & 7 (37.73 ACS) & SE/4SW/4 SEC 6 & ALL SEC 8 & SW/4NE/4 & SE/4SW/4 & W/2SE/4 SEC 18-2N-19W						
NM-06330-00	STATE-NM-LG-2120	TRANSOCEAN OIL	9/01/74	1,280.00	63	170
LAND DESCRIPTION - ALL SECS 9 & 10-2N-19W						

COUNTY = CATRON

LEASE NU.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06331-00	STATE-NM-LG-2121	TRANSOCEAN OIL	9/01/74	1,120.00	63	173
LAND DESCRIPTION - E/2 & E/2W/2 & NW/4NW/4 & SW/4SW/4 SEC 11 & N/2 & N/2S/2 & S/2SE/4 SEC 12-2N-19W						
NM-06332-00	STATE-NM-LG-2122	TRANSOCEAN OIL	9/01/74	880.00	63	176
LAND DESCRIPTION - NE/4 & S/2NW/4 SEC 13 & ALL SEC 14-2N-19W						
NM-06333-00	STATE-NM-LG-2123	TRANSOCEAN OIL	9/01/74	1,280.00	63	179
LAND DESCRIPTION - ALL SECS 15 & 16-2N-19W						
NM-06334-00	STATE-NM-LG-2124	TRANSOCEAN OIL	9/01/74	800.00	63	182
LAND DESCRIPTION - ALL SEC 17 & S/2S/2 SEC 29-2N-19W						
NM-06335-00	STATE-NM-LG-2125	TRANSOCEAN OIL	9/01/74	1,280.00	63	185
LAND DESCRIPTION - ALL SECS 32 & 36-2N-19W						
NM-06336-00	STATE-NM-LG-2126	TRANSOCEAN OIL	9/01/74	1,277.92	63	188
LAND DESCRIPTION - LOTS 1 (39.95 ACS) & 2 (39.85 ACS) & 3 (39.75ACS) & 4 (39.65 ACS) & S/2N/2 & S/2 SEC 1 & LOTS 1 (39.62 ACS) & 2(39.66 ACS) & 3 (39.70 ACS) & 4 (39.74 ACS) & S/2N/2 & S/2 SEC 2-2N-20W						
NM-06337-00	STATE-NM-LG-2127	TRANSOCEAN OIL	9/01/74	1,199.40	63	191
LAND DESCRIPTION - LOTS 1 (39.72 ACS) & 2 (39.67 ACS) & S/2NE/4 & S/2 SEC 3 & SE/4NE/4 & S/2S/2 SEC 4 & SW/4 & S/2SE/4 SEC 9 & N/2NW/4 SEC 15 & NW/4NE/4 & E/2NW/4 & N/2SW/4 SEC 17-2N-20W						
NM-06338-00	STATE-NM-LG-2128	TRANSOCEAN OIL	9/01/74	1,236.19	63	194
LAND DESCRIPTION - LOTS 1 (40.14 ACS) & 2 (40.20 ACS) & 3 (40.24ACS) & 4 (40.30 ACS) & S/2N/2 & S/2 SEC 5 & LOTS 1 (40.28 ACS) & 2 (40.20 ACS) & 3 (40.12 ACS) & 4 (38.64 ACS) & 5 (38.63 ACS) & 6 (38.69 ACS) & 7 (38.75 ACS) & SW/4NE/4 & SE/4NW/4 & E/2SW/4 & SE/4 SEC 6-2N-20W						

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06339-00	STATE-NM-LG-2129	TRANSOCEAN OIL	9/01/74	1,156.31	63	197

LAND DESCRIPTION - LOTS 1 (38.79 ACS) & 3 (38.75 ACS) & NE/4 & E/2NW/4 & NE/4SW/4 & N/2SE/4 SEC 7 & N/2 & SW/4 & S/2SE/4 SEC 8 & LOT 3 (38.77 ACS) & NE/4SW/4 & N/2SE/4 SEC 18-2N-20W

NM-06340-00	STATE-NM-LG-2130	TRANSOCEAN OIL	9/01/74	958.91	63	200

LAND DESCRIPTION - ALL SEC 16 & LOT 4 (38.91 ACS) & SE/4SW/4 & S/2SE/4 SEC 19 & S/2S/2 SEC 20-2N-20W

NM-06341-00	STATE-NM-LG-2131	TRANSOCEAN OIL	9/01/74	1,080.00	63	203

LAND DESCRIPTION - ALL SEC 32 & W/2 & W/2SE/4 & SE/4SE/4 SEC 36-2N-20W

NM-06342-00	STATE-NM-LG-2132	TRANSOCEAN OIL	9/01/74	1,263.98	63	206

LAND DESCRIPTION - S/2SW/4 & SW/4SE/4 SEC 1 & LOTS 1 (45.77 ACS) & 2 (45.92 ACS) & 3 (46.07 ACS) & 4 (46.22 ACS) & S/2NE/4 & SE/4NW/4 & NE/4SW/4 & S/2SW/4 & SE/4 SEC 2 & N/2 & SW/4 & W/2SE/4 SEC 11-2N-21W

NM-06343-00	STATE-NM-LG-2133	TRANSOCEAN OIL	9/01/74	1,280.64	63	209

LAND DESCRIPTION - N/2N/2 & SW/4NW/4 & NE/4SE/4 SEC 12 & S/2 SEC 13 & W/2NE/4 & E/2W/2 & N/2SE/4 SEC 14 & LOTS 1 (19.92 ACS) & 2 (20.08 ACS) & 3 (20.24 ACS) & 4 (20.40 ACS) & E/2 SEC 16-2N-21W

NM-06344-00	STATE-NM-LG-2134	TRANSOCEAN OIL	9/01/74	1,080.00	63	212

LAND DESCRIPTION - S/2 SEC 22 & E/2NW/4 & SW/4NW/4 SEC 23 & ALL SEC 24-2N-21W

NM-06345-00	STATE-NM-LG-2135	TRANSOCEAN OIL	9/01/74	723.12	63	215

LAND DESCRIPTION - N/2 SEC 27 & LOTS 1 (20.79 ACS) & 2 (20.78 ACS) & 3 (20.78 ACS) & 4 (20.78 ACS) & E/2 SEC 33-2N-21W

NM-06346-00	STATE-NM-LG-2136	TRANSOCEAN OIL	9/01/74	1,121.28	63	218

LAND DESCRIPTION - LOTS 1 (40.26 ACS) & 2 (40.30 ACS) & 3 (40.34ACS) & 4 (40.38 ACS) & S/2N/2 & SW/4 SEC 2 & ALL SEC 16-3N-9W

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06347-00	STATE-NM-LG-2137	TRANSOCEAN OIL	9/01/74	1,280.00	63	221
LAND DESCRIPTION - ALL SECS 32 & 36-3N-9W						
NM-06348-00	STATE-NM-LG-2138	TRANSOCEAN OIL	9/01/74	1,282.79	63	224
LAND DESCRIPTION - LOTS 1 (40.63 ACS) & 2 (40.69 ACS) & 3 (40.72ACS) & 4 (40.75 ACS) & S/2N/2 & S/2 SEC 2 & ALL SEC 16-3N-10W						
NM-06349-00	STATE-NM-LG-2139	TRANSOCEAN OIL	9/01/74	1,280.00	63	227
LAND DESCRIPTION - ALL SECS 32 & 36-3N-10W						
NM-06350-00	STATE-NM-LG-2140	TRANSOCEAN OIL	9/01/74	1,158.61	63	230
LAND DESCRIPTION - LOTS 1 (40.26 ACS) & 2 (40.25 ACS) & 3 (40.25ACS) & 4 (40.24 ACS) & S/2N/2 & S/2 SEC 2 & SE/4NE/4 & E/2SE/4 SEC 5 & LOT 6 (37.61 ACS) & NE/4SW/4 SEC 6 & W/2 SEC 28-3N-14W						
NM-06351-00	STATE-NM-LG-2141	TRANSOCEAN OIL	9/01/74	1,200.00	63	233
LAND DESCRIPTION - E/2NE/4 & SW/4NE/4 SEC 7 & N/2 & N/2SW/4 & NW/4SE/4 SEC 8 & ALL SEC 16-3N-14W						
NM-06352-00	STATE-NM-LG-2142	TRANSOCEAN OIL	9/01/74	1,272.12	63	236
LAND DESCRIPTION - ALL SEC 17 & LOTS 1 (38.14 ACS) & 2 (38.07 ACS) & 3 (37.99 ACS) & 4 (37.92 ACS) & E/2 & E/2W/2 SEC 18-3N-14W						
NM-06353-00	STATE-NM-LG-2143	TRANSOCEAN OIL	9/01/74	1,276.36	63	239
LAND DESCRIPTION - LOTS 1 (38.03 ACS) & 2 (38.33 ACS) & NE/4 & E/2NW/4 SEC 19 & ALL SEC 20 & W/2 SEC 21-3N-14W						
NM-06354-00	STATE-NM-LG-2144	TRANSOCEAN OIL	9/01/74	1,280.00	63	242
LAND DESCRIPTION - ALL SECS 32 & 36-3N-14W						

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06355-00	STATE-NM-LG-2145	TRANSOCEAN OIL	9/01/74	1,279.90	63	245

LAND DESCRIPTION - LOTS 1 (40.03 ACS) & 2 (40.10 ACS) & 3 (40.17ACS) & 4 (40.24 ACS) & S/2N/2 & S/2 SEC 1 & LOTS 1 (40.17 ACS) & 2 (39.95 ACS) & 3 (39.73 ACS) & 4 (39.51 ACS) & S/2N/2 & S/2 SEC 2-3N-15W

NM-06356-00	STATE-NM-LG-2146	TRANSOCEAN OIL	9/01/74	1,235.78	63	248

LAND DESCRIPTION - LOTS 1 (39.42 ACS) & 2 (39.47 ACS) & 3 (39.52ACS) & 4 (39.57 ACS) & S/2N/2 & S/2 SEC 3 & LOTS 1 (39.56 ACS) & 2 (39.49 ACS) & 3 (39.41 ACS) & 4 (39.34 ACS) & S/2N/2 & SW/4 & N/2SE/4 & SW/4SE/4 SEC 4-3N-15W

NM-06357-00	STATE-NM-LG-2147	TRANSOCEAN OIL	9/01/74	1,271.75	63	251

LAND DESCRIPTION - LOTS 1 (39.47 ACS) & 2 (39.83 ACS) & 3 (40.19ACS) & 4 (40.54 ACS) & S/2N/2 & S/2 SEC 5 & LOTS 1 (40.63 ACS) & 2 (40.45 ACS) & 3 (40.27 ACS) & 4 (37.57 ACS) & 5 (37.55 ACS) & 6 (37.60 ACS) & 7 (37.65 ACS) & S/2NE/4 & SE/4NW/4 & E/2SW/4 & SE/4 SEC 6-3N-15W

NM-06358-00	STATE-NM-LG-2148	TRANSOCEAN OIL	9/01/74	1,271.00	63	254

LAND DESCRIPTION - LOTS 1 (37.70 ACS) & 2 (37.73 ACS) & 3 (37.77ACS) & 4 (37.80 ACS) & E/2 & E/2W/2 SEC 7 & ALL SEC 8-3N-15W

NM-06359-00	STATE-NM-LG-2149	TRANSOCEAN OIL	9/01/74	880.00	63	257

LAND DESCRIPTION - N/2 SEC 10 & N/2 & SE/4 SEC 13 & E/2NE/4 SEC 14-3N-15W

NM-06360-00	STATE-NM-LG-2150	TRANSOCEAN OIL	9/01/74	1,280.00	63	260

LAND DESCRIPTION - ALL SECS 11 & 12-3N-15W

NM-06361-00	STATE-NM-LG-2151	TRANSOCEAN OIL	9/01/74	1,280.00	63	263

LAND DESCRIPTION - ALL SECS 16 & 17-3N-15W

NM-06362-00	STATE-NM-LG-2152	TRANSOCEAN OIL	9/01/74	1,280.00	63	266

LAND DESCRIPTION - ALL SECS 32 & 36-3N-15W

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06363-00	STATE-NM-LG-2153	TRANSOCEAN OIL	9/01/74	1,246.00	63	269

LAND DESCRIPTION - LOTS 1 (40.15 ACS) & 2 (40.45 ACS) & 3 (40.75ACS) & 4 (41.05 ACS) & S/2N/2 & N/2S/2 & SE/4SW/4 & S/2SE/4 SEC 1 & LOTS 1 (40.68 ACS) & 2 (40.83 ACS) & 3 (40.97 ACS) & 4 (41.12 ACS) & S/2N/2 & S/2 SEC 2-3N-16W

NM-06364-00	STATE-NM-LG-2154	TRANSOCEAN OIL	9/01/74	1,281.12	63	272

LAND DESCRIPTION - LOTS 1 (40.52 ACS) & 2 (40.36 ACS) & 3 (40.20ACS) & 4 (40.04 ACS) & S/2N/2 & S/2 SEC 3 & ALL SEC 10-3N-16W

NM-06365-00	STATE-NM-LG-2155	TRANSOCEAN OIL	9/01/74	1,280.00	63	275

LAND DESCRIPTION - ALL SECS 11 & 12-3N-16W

NM-06366-00	STATE-NM-LG-2156	TRANSOCEAN OIL	9/01/74	800.00	63	278

LAND DESCRIPTION - ALL SEC 16 & NE/4 SEC 21-3N-16W

NM-06367-00	STATE-NM-LG-2157	TRANSOCEAN OIL	9/01/74	1,280.00	63	281

LAND DESCRIPTION - ALL SECS 32 & 36-3N-16W

NM-06368-00	STATE-NM-LG-2158	TRANSOCEAN OIL	9/01/74	1,282.30	63	284

LAND DESCRIPTION - LOTS 1 (40.41 ACS) & 2 (40.51 ACS) & 3 (40.61ACS) & 4 (40.71 ACS) & S/2N/2 & S/2 SEC 2 & LOTS 1 (39.73 ACS) & 2 (39.92 ACS) & 3 (40.11 ACS) & 4 (40.30 ACS) & S/2N/2 & S/2 SEC4-3N-17W

NM-06369-00	STATE-NM-LG-2159	TRANSOCEAN OIL	9/01/74	791.05	63	287

LAND DESCRIPTION - LOTS 3 (40.06 ACS) & 4 (39.78 ACS) & S/2NW/4 SEC 3 & LOTS 1 (40.30 ACS) & 2 (40.11 ACS) & 3 (39.91 ACS) & 4 (39.72 ACS) & S/2 SEC 5 & LOTS 4 (35.60 ACS) & 5 (35.57 ACS) SEC 6 & NE/4NW/4 SEC 8 & NE/4SE/4 SEC 14-3N-17W

NM-06370-00	STATE-NM-LG-2160	TRANSOCEAN OIL	9/01/74	1,280.00	63	290

LAND DESCRIPTION - ALL SECS 9 & 10-3N-17W

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06371-00	STATE-NM-LG-2161	TRANSOCEAN OIL	9/01/74	1,280.00	63	293
LAND DESCRIPTION - ALL SECS 11 & 13-3N-17W						
NM-06372-00	STATE-NM-LG-2162	TRANSOCEAN OIL	9/01/74	1,264.76	63	296
LAND DESCRIPTION - ALL SEC 16 & LOTS 1 (36.05 ACS) & 2 (36.14 ACS) & 3 (36.24 ACS) & 4 (36.33 ACS) & E/2 & E/2W/2 SEC 18-3N-17W						
NM-06373-00	STATE-NM-LG-2164	TRANSOCEAN OIL	9/01/74	748.50	63	299
LAND DESCRIPTION - E/2SW/4 & SW/4SW/4 SEC 27 & N/2N/2 & S/2S/2 SEC 29 & LOTS 1 (37.00 ACS) & 2 (37.08 ACS) & 3 (37.17 ACS) & 4 (37.25 ACS) & E/2SW/4 & S/2SE/4 SEC 31-3N-17W						
NM-06374-00	STATE-NM-LG-2165	TRANSOCEAN OIL	9/01/74	1,080.00	63	302
LAND DESCRIPTION - SW/4NE/4 & W/2 & W/2SE/4 SEC 32 & ALL SEC 36-3N-17W						
NM-06375-00	STATE-NM-LG-2166	TRANSOCEAN OIL	9/01/74	1,116.24	63	305
LAND DESCRIPTION - LOTS 2 (39.76 ACS) & 3 (39.60 ACS) & 4 (39.44ACS) & SW/4NE/4 & S/2NW/4 & SW/4 & W/2SE/4 SEC 1 & LOTS 1 (39.36 ACS) & 2 (39.36 ACS) & 3 (39.36 ACS) & 4 (39.36 ACS) & S/2N/2 & S/2 SEC 2-3N-18W						
NM-06376-00	STATE-NM-LG-2167	TRANSOCEAN OIL	9/01/74	956.65	63	308
LAND DESCRIPTION - LOTS 3 (39.37 ACS) & 4 (39.38 ACS) & S/2NW/4 & SW/4 SEC 3 & LOTS 1 (39.40 ACS) & 2 (39.45 ACS) & 3 (39.50 ACS) & 4 (39.55 ACS) & S/2N/2 & S/2 SEC 4-3N-18W						
NM-06377-00	STATE-NM-LG-2168	TRANSOCEAN OIL	9/01/74	1,295.98	63	311
LAND DESCRIPTION - LOTS 1 (39.56 ACS) & 2 (39.53 ACS) & 3 (39.50ACS) & 4 (39.47 ACS) & S/2N/2 & S/2 SEC 5 & LOTS 1 (39.53 ACS) & 2 (39.66 ACS) & 3 (39.80 ACS) & 4 (44.63 ACS) & 5 (44.73 ACS) & 6 (44.77 ACS) & 7 (44.80 ACS) & S/2NE/4 & SE/4NW/4 & E/2SW/4 & SE/4 SEC 6-3N-18W						
NM-06378-00	STATE-NM-LG-2169	TRANSOCEAN OIL	9/01/74	1,298.70	63	314
LAND DESCRIPTION - LOTS 1 (44.78 ACS) & 2 (44.71 ACS) & 3 (44.64ACS) & 4 (44.57 ACS) & E/2 & E/2W/2 SEC 7 & ALL SEC 8-3N-18W						

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06379-00	STATE-NM-LG-2170	TRANSOCEAN OIL	9/01/74	1,280.00	63	317
LAND DESCRIPTION - ALL SECS 9 & 10-3N-18W						
NM-06380-00	STATE-NM-LG-2171	TRANSOCEAN OIL	9/01/74	1,120.00	63	320
LAND DESCRIPTION - ALL SEC 11 & W/2 & SE/4 SEC 12-3N-18W						
NM-06381-00	STATE-NM-LG-2172	TRANSOCEAN OIL	9/01/74	1,280.00	63	323
LAND DESCRIPTION - ALL SECS 13 & 14-3N-18W						
NM-06382-00	STATE-NM-LG-2173	TRANSOCEAN OIL	9/01/74	1,280.00	63	326
LAND DESCRIPTION - ALL SECS 15 & 16-3N-18W						
NM-06383-00	STATE-NM-LG-2174	TRANSOCEAN OIL	9/01/74	338.20	63	329
LAND DESCRIPTION - LOTS 1 (44.55 ACS) & 2 (44.56 ACS) & 3 (44,58ACS) & 4 (44.59 ACS) & E/2W/2 SEC 18-3N-18W						
NM-06384-00	STATE-NM-LG-2175	TRANSOCEAN OIL	9/01/74	1,298.58	63	332
LAND DESCRIPTION - LOTS 1 (44.61 ACS) & 2 (44.63 ACS) & 3 (44.66ACS) & 4 (44.68 ACS) & E/2 & E/2W/2 SEC 19 & ALL SEC 20-3N-18W						
NM-06385-00	STATE-NM-LG-2176	TRANSOCEAN OIL	9/01/74	1,280.00	63	335
LAND DESCRIPTION - ALL SECS 21 & 22-3N-18W						
NM-06386-00	STATE-NM-LG-2177	TRANSOCEAN OIL	9/01/74	1,160.00	63	338
LAND DESCRIPTION - N/2 & N/2S/2 & SW/4SW/4 SEC 24 & ALL SEC 24-3N-18W						

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06387-00	STATE-NM-LG-2178	TRANSOCEAN OIL	9/01/74	1,000.00	63	341

LAND DESCRIPTION - W/2W/2 & SE/4SW/4 & S/2SE/4 SEC 26 & ALL SEC 27 & S/2SW/4 SEC 29-3N-18W

NM-06388-00	STATE-NM-LG-2179	TRANSOCEAN OIL	9/01/74	1,280.00	63	344

LAND DESCRIPTION - ALL SECS 28 & 32-3N-18W

NM-06389-00	STATE-NM-LG-2180	TRANSOCEAN OIL	9/01/74	1,280.00	63	347

LAND DESCRIPTION - ALL SECS 33 & 34-3N-18W

NM-06390-00	STATE-NM-LG-2181	TRANSOCEAN OIL	9/01/74	1,280.00	63	350

LAND DESCRIPTION - ALL SECS 35 & 36-3N-18W

NM-06391-00	STATE-NM-LG-2182	TRANSOCEAN OIL	9/01/74	1,278.00	63	353

LAND DESCRIPTION - LOTS 1 (39.97 ACS) & 2 (39.89 ACS) & 3 (39.83ACS) & 4 (39.75 ACS) & S/2N/2 & S/2 SEC 1 & LOTS 1 (39.70 ACS) & 2 (39.66 ACS) & 3 (39.62 ACS) & 4 (39.58 ACS) & S/2N/2 & S/2 SEC 2-3N-19W

NM-06392-00	STATE-NM-LG-2183	TRANSOCEAN OIL	9/01/74	1,276.96	63	356

LAND DESCRIPTION - LOTS 1 (39.57 ACS) & 2 (39.59 ACS) & 3 (39.61ACS) & 4 (39.63 ACS) & S/2N/2 & S/2 SEC 3 & LOTS 1 (39.64 ACS) & 2 (39.64 ACS) & 3 (39.64 ACS) & 4 (39.64 ACS) & S/2N/2 & S/2 SEC 4-3N-19W

NM-06393-00	STATE-NM-LG-2184	TRANSOCEAN OIL	9/01/74	1,032.30	63	359

LAND DESCRIPTION - LOTS 3 (39.94 ACS) & 4 (37.20 ACS) SEC 6 & LOTS 2 (37.59 ACS) & 3 (37.57 ACS) & N/2NE/4 & SW/4NE/4 & SE/4NW/4 SEC 7 & N/2NE/4 SEC 9 & N/2 SEC 10 & N/2 SEC 11-3N-19W

NM-06394-00	STATE-NM-LG-2185	TRANSOCEAN OIL	9/01/74	1,200.00	63	362

LAND DESCRIPTION - E/2 & N/2NW/4 SEC 12 & S/2S/2 SEC 15 & ALL SEC 16-3N-19W

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06395-00	STATE-NM-LG-2186	TRANSOCEAN OIL	9/01/74	1,200.00	63	365
LAND DESCRIPTION - W/2NW/4 & S/2 SEC 20 & S/2 SEC 21 & NW/4 & S/2 SEC 22-3N-19W						
NM-06396-00	STATE-NM-LG-2187	TRANSOCEAN OIL	9/01/74	1,240.00	63	368
LAND DESCRIPTION - SE/4SE/4 SEC 23 & E/2 & N/2NW/4 & SW/4NW/4 & NW/4SW/4 & S/2SW/4 SEC 24 & ALL SEC 27-3N-19W						
NM-06397-00	STATE-NM-LG-2188	TRANSOCEAN OIL	9/01/74	120.00	63	371
LAND DESCRIPTION - SE/4SE/4 SEC 25 & E/2NE/4 SEC 36-3N-19W						
NM-06398-00	STATE-NM-LG-2189	TRANSOCEAN OIL	9/01/74	1,237.59	63	374
LAND DESCRIPTION - ALL SEC 28 & E/2 SEC 29 & LOT 1 (37.59 ACS) & N/2NE/4 & NE/4NW/4 & SE/4SW/4 & E/2SE/4 SEC 31-3N-19W						
NM-06399-00	STATE-NM-LG-2190	TRANSOCEAN OIL	9/01/74	1,200.00	63	377
LAND DESCRIPTION - ALL SEC 32 & W/2W/2 SEC 33 & N/2NE/4 & SW/4NE/4 & SE/4NW/4 & SW/4 & S/2SE/4 SEC 35-3N-19W						
NM-06400-00	STATE-NM-LG-2191	TRANSOCEAN OIL	9/01/74	1,160.00	63	380
LAND DESCRIPTION - N/2 & N/2SW/4 & SW/4SW/4 & SE/4 SEC 34 & W/2NE/4 & W/2 & SE/4 SEC 36-3N-19W						
NM-06401-00	STATE-NM-LG-2192	TRANSOCEAN OIL	9/01/74	1,277.76	63	383
LAND DESCRIPTION - LOTS 1 (40.21 ACS) & 2 (40.25 ACS) & 3 (40.27ACS) & 4 (40.31 ACS) & S/2N/2 & S/2 SEC 2 & LOTS 3 (38.29 ACS) & 4 (38.43 ACS) & E/2SW/4 & SE/4 SEC 7 & S/2 SEC 8-3N-20W						
NM-06402-00	STATE-NM-LG-2193	TRANSOCEAN OIL	9/01/74	1,160.00	63	386
LAND DESCRIPTION - S/2 SEC 9 & S/2 SEC 10 & S/2 SEC 11 & N/2NW/4SEC 14 & N/2NE/4 & SW/4NE/4 SEC 15-3N-19W						

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06403-00	STATE-NM-LG-2194	TRANSOCEAN OIL	9/01/74	1,280.00	63	389
LAND DESCRIPTION - ALL SECS 16 & 17-3N-20W						
NM-06404-00	STATE-NM-LG-2195	TRANSOCEAN OIL	9/01/74	1,273.37	63	392
LAND DESCRIPTION - LOTS 1 (38.52 ACS) & 2 (38.60 ACS) & 3 (38.68ACS) & 4 (38.76 ACS) & E/2 & E/2W/2 SEC 18 & LOT 1 (38.81 ACS) & N/2NE/4 & NE/4NW/4 SEC 19 & N/2N/2 & SE/4NE/4 & NE/4SE/4 SEC 20 & SE/4NE/4 & E/2SE/4 SEC 29 & NW/4NE/4 & S/2SE/4 SEC 31-3N-20W						
NM-06405-00	STATE-NM-LG-2196	TRANSOCEAN OIL	9/01/74	1,200.00	63	395
LAND DESCRIPTION - SW/4NE/4 & S/2 SEC 12 & SE/4SE/4 SEC 24 & NE/4NE/4 SEC 25 & SE/4NE/4 SEC 30 & ALL SEC 32 & SE/4SW/4 & SW/4SE/4 SEC 34-3N-20W						
NM-06406-00	STATE-NM-LG-2197	TRANSOCEAN OIL	9/01/74	640.00	63	398
LAND DESCRIPTION - ALL SEC 36-3N-20W						
NM-06407-00	STATE-NM-LG-2198	TRANSOCEAN OIL	9/01/74	839.80	63	401
LAND DESCRIPTION - SE/4NE/4 & SE/4 SEC 1 & LOTS 1 (40.51 ACS) & 2 (40.14 ACS) & 3 (39.76 ACS) & 4 (39.39 ACS) & S/2N/2 & S/2 SEC 2-3N-21W						
NM-06408-00	STATE-NM-LG-2199	TRANSOCEAN OIL	9/01/74	1,120.00	63	404
LAND DESCRIPTION - ALL SEC 11 & NE/4 & S/2 SEC 12-3N-21W						
NM-06409-00	STATE-NM-LG-2200	TRANSOCEAN OIL	9/01/74	1,280.00	63	407
LAND DESCRIPTION - ALL SECS 13 & 14-3N-21W						
NM-06410-00	STATE-NM-LG-2201	TRANSOCEAN OIL	9/01/74	1,127.92	63	410
LAND DESCRIPTION - LOTS 1 (12.00 ACS) & 2 (11.98 ACS) & 3 (11.98ACS) & 4 (11.96 ACS) & E/2 SEC 16 & SE/4SW/4 SEC 22 & W/2NE/4 & NW/4 & N/2SW/4 & SE/4SW/4 & SE/4 SEC 26 & NE/4 & NE/4SE/4 SEC 27-3N-21W						

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06411-00	STATE-NM-LG-2202	TRANSOCEAN OIL	9/01/74	640.00	63	413

LAND DESCRIPTION - ALL SEC 36-3N-21W

NM-06412-00	STATE-NM-LG-2203	TRANSOCEAN OIL	9/01/74	1,280.00	63	416

LAND DESCRIPTION - ALL SECS 16 & 32-4N-9W

NM-06413-00	STATE-NM-LG-2204	TRANSOCEAN OIL	9/01/74	751.54	63	419

LAND DESCRIPTION - N/2NE/4 SEC 14 & LOTS 1 (37.22 ACS) & 2 (37.18 ACS) & 3 (37.14 ACS) & SE/4NW/4 & NE/4SW/4 & N/2SE/4 SEC 30-4N-9W & N/2SW/4 & SE/4SW/4 & S/2SE/4 & NW/4SE/4 SEC 24 & S/2N/2 SEC 26-4N-10W

NM-06414-00	STATE-NM-LG-2205	TRANSOCEAN OIL	9/01/74	1,280.00	63	422

LAND DESCRIPTION - ALL SEC 36-4N-9W & ALL SEC 16-4N-10W

NM-06415-00	STATE-NM-LG-2206	TRANSOCEAN OIL	9/01/74	1,280.00	63	425

LAND DESCRIPTION - ALL SECS 32 & 36-4N-10W

NM-06416-00	STATE-NM-LG-2207	TRANSOCEAN OIL	9/01/74	1,280.00	63	428

LAND DESCRIPTION - ALL SECS 16 & 26-4N-14W

NM-06417-00	STATE-NM-LG-2208	TRANSOCEAN OIL	9/01/74	955.20	63	431

LAND DESCRIPTION - SE/4SW/4 & SW/4SE/4 SEC 30 & LOTS 1 (37.58 ACS) & 2 (37.62 ACS) & N/2NE/4 & E/2NW/4 SEC 31 & ALL SEC 32-4N-14W

NM-06418-00	STATE-NM-LG-2209	TRANSOCEAN OIL	9/01/74	1,280.00	63	434

LAND DESCRIPTION - ALL SEC 36-4N-14W & ALL SEC 16-4N-15W

COUNTY = CATRON

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06419-00	STATE-NM-LG-2210	TRANSOCEAN OIL	9/01/74	1,280.00	63	437

LAND DESCRIPTION - ALL SECS 32 & 36-4N-15W

NM-08758-00	STATE-NM-LG-2880	TRANSOCEAN OIL	7/01/75	680.00		

LAND DESCRIPTION - SW/4NE/4 SEC 1; SW/4NW/4 SEC 2; E/2NE/4, NE/4NW/4, SW/4, NW/4SE/4 SEC 9; S/2NW/4, N/2SE/4 SEC 10; N/2SW/4, SW/4SW/4 SEC 13-2N-17W

NM-08759-00	STATE-NM-LG-2881	TRANSOCEAN OIL	7/01/75	400.00		

LAND DESCRIPTION - W/2NE/4, E/2NW/4, NW/4NW/4, W/2SW/4, SE/4SE/4SEC 15; NE/4NE/4 SEC 16-2N-17W AND SE/4SE/4 SEC 30-3N-18W

NM-09314-00	STATE-NM-LG-3317-1	P. D. NICKELL	1/01/76	200.00		

LAND DESCRIPTION - T2N-R20W-NMPM-SEC 36: NE/4, NE/4SE/4

COUNTY = SOCORRO

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-06420-00	STATE-NM-LG-2219	TRANSOCEAN OIL	9/01/74	1,241.63	319	357
LAND DESCRIPTION - LOTS 1 (40.73 ACS) & 2 (40.59 ACS) & 4 (40.31ACS) & S/2N/2 & S/2 SEC 2 & ALL SEC 16-3N-8W						
NM-06421-00	STATE-NM-LG-2220	TRANSOCEAN OIL	9/01/74	800.00	319	360
LAND DESCRIPTION - SW/4NE/4 & S/2NW/4 & SW/4 & NW/4SE/4 SEC 24 &E/2 & NW/4NW/4 & NE/4SW/4 & S/2SW/4 SEC 26-3N-8W						
NM-06422-00	STATE-NM-LG-2221	TRANSOCEAN OIL	9/01/74	1,280.00	319	363
LAND DESCRIPTION - ALL SEC 32 & ALL SEC 36-3N-8W						
NM-08783-00	STATE-NM-LG-2906	TRANSOCEAN OIL	7/01/75	640.00		
LAND DESCRIPTION - ALL SEC 16-4N-8W						
NM-08784-00	STATE-NM-LG-2907	TRANSOCEAN OIL	7/01/75	1,200.00		
LAND DESCRIPTION - E/2NE/4, W/2, SE/4 SEC 32; ALL SEC 36-4N-8W						
NM-09316-00	STATE-NM-L-6398-12	ROBERT WHISENANT	7/01/71	274.80		
LAND DESCRIPTION - T4N-R5W-NMPM-SECTION 18: LOTS 1-4, N/2SE/4, SW/4SE/4						
NM-09317-00	STATE-NM-L-6398-11	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R5W-NMPM-SEC 16: SW/4						
NM-09318-00	STATE-NM-L-6400-11	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R5W-NMPM-SEC 32: NE/4						

COUNTY = SOCORRO

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-09319-00	STATE-NM-L-6402-6	ROBERT WHISENANT	7/01/71	320.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 14: N/2						
NM-09320-00	STATE-NM-L-6404-7	ROBERT WHISENANT	7/01/71	320.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 24: E/2						
NM-09321-00	STATE-NM-L-6404-6	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 24: SW/4						
NM-09322-00	STATE-NM-L-6405-11	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 28: SE/4						
NM-09323-00	STATE-NM-L-6406-12	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 36: SE/4						
NM-09324-00	STATE-NM-L-6406-11	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 36: SW/4						
NM-09325-00	STATE-NM-L-6400-10	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R5W-NMPM SEC 32: SW/4						
NM-09326-00	STATE-NM-L-6400-9	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R5W-NMPM-SEC 34: N/2NW/4, E/2NE/4						

LEASE NU.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-09329-00	STATE-NM-L-6405-12	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 28: SW/4						
NM-09336-00	STATE-NM-LG3292	TRANSOCEAN OIL	12/01/75	639.36		
LAND DESCRIPTION - T3N-R6W-SEC 2: LOTS 1-4, S2N2, S2						
NM-09337-00	STATE-NM-LG3293	TRANSOCEAN OIL	12/01/75	160.00		
LAND DESCRIPTION - T4N-R5W-SEC 18: NE/4						
NM-09338-00	STATE-NM-LG-3294	TRANSOCEAN OIL	12/01/75	1,120.00		
LAND DESCRIPTION - T4N-R6W-SEC 22: ALL; SEC 34: E2, SW/4						
NM-09340-00	STATE-NM-L-6401	L. D. HELLYER	7/01/71	640.00		
LAND DESCRIPTION - T4N,R5W NMPM-SEC 36: ALL						
NM-09341-00	STATE-NM-L-6405-13	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N,R6W,NMPM, SEC 28 NW 1/4						
NM-09342-00	STATE-NM-L-6405-14	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N,R6W,NMPM SEC 28 NE 1/4						
NM-09343-00	STATE-NM-L-6398-14	ROBERT WHISENANT	7/01/71	320.00		
LAND DESCRIPTION - T4N,R5W,NMPM-SEC 16 E 1/2						

COUNTY = SOCORRO

LEASE NO.	LESSOR	LESSEE	LSE DATE	GROSS ACRES	RCD VOL	RCD PAGE
NM-09348-00	STATE-NM-L-6398-13	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R5W-NMPM-SEC 16: NW/4						
NM-10002-00	STATE-NM-LG-3548	TRANSOCEAN OIL	4/01/76	1,280.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 16 AND 20: ALL						
NM-10003-00	STATE-NM-LG-3549	TRANSOCEAN OIL	4/01/76	240.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 30: SW¼NE¼, SE¼NW¼; SEC 32: SW¼						
NM-10038-00	STATE-NM-L-6406-14	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - SEC. 32; NW¼ T4N-R6W						
NM-10097-00	STATE-NM-L-6406	ROBERT WHISENANT	7/01/71	160.00		
LAND DESCRIPTION - T4N-R6W-NMPM-SEC 32 NE¼						

EXHIBIT "C"

ATTACHED TO AND MADE A PART OF AGREEMENT
BY AND BETWEEN TRANSOCEAN OIL, INC., AND
THE ESTATE OF WILLIAM G. HELIS, A PARTNERSHIP,
COVERING LANDS IN CATRON, SOCORRO AND VALENCIA COUNTIES
NEW MEXICO

A.A.P.L. FORM 610

MODEL FORM OPERATING AGREEMENT—1956

Non-Federal Lands

OPERATING AGREEMENT

DATED

September 1, 19 76,

CATRON, SOCORRO AND VALENCIA COUNTIES, STATE OF NEW MEXICO

AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM. A.A.P.L. NO. 610
MAY BE ORDERED DIRECTLY FROM THE PUBLISHER
KRAFTBILT PRODUCTS, BOX 800, TULSA 74101

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A.A.P.L. FORM 610

OPERATING AGREEMENT

THIS AGREEMENT, entered into this_____ day of_____, 19____, between TransOcean Oil, Inc.,

hereafter designated as "Operator", and the signatory parties other than Operator.

WITNESSETH, THAT:

WHEREAS, the parties to this agreement are owners of oil and gas leases covering and, if so indicated, unleased mineral interests in the tracts of land described in Exhibit "A", and all parties have reached an agreement to explore and develop these leases and interests for oil and gas to the extent and as hereinafter provided; and evaluate by all acceptable geological and geophysical methods

NOW, THEREFORE, it is agreed as follows:

1. DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them.

(1) The words "party" and "parties" shall always mean a party, or parties, to this agreement.

(2) The parties to this agreement shall always be referred to as "it" or "they", whether the parties be corporate bodies, partnerships, associations, or persons real.

(3) The term "oil and gas" shall include oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons, unless an intent to limit the inclusiveness of this term is specifically stated.

(4) The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Unit Area which are owned by parties to this agreement.

(5) The term "Unit Area" ~~shall refer to and include all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A"~~ as used herein shall be intended and is to be considered as the "Area of Mutual Interest" unless specifically stated otherwise.

(6) The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Unit Area or as fixed by express agreement of the parties.

(7) All exhibits attached to this agreement are made a part of the contract as fully as though copied in full in the contract.

(8) The words "equipment" and "materials" as used here are synonymous and shall mean and include all oil field supplies and personal property acquired for use in the Unit Area.

2. TITLE EXAMINATION, LOSS OF LEASES AND OIL AND GAS INTERESTS

A. TITLE EXAMINATION:

There shall be no examination of title to the land covered hereby except that title to each drill site lease shall be examined on a complete abstract record by Operator's attorney or an attorney employed by Operator for this purpose, and the title to any such lease or leases and the fee title of the lessors therein must be approved by the examining attorney or accepted by all parties hereto prior to the commencement of drilling operations on any well drilled hereunder; however, in the event any well drilled hereunder is completed as a commercial producer and the lease on which the well is located is pooled or unitized with other leases to form either a declared unit or a spacing unit designated by a governmental authority, Operator shall examine the title to the lease(s) and lands included in said unit on an abstract certified from the sovereignty of the soil to a date subsequent to the date on which such well was completed. A copy of the examining attorney's opinion shall be sent to each party immediately after the opinion is written, and also, each party shall be given, as they are written, a copy of all supplemental title opinions. A good faith effort shall be made by the Operator to satisfy the examining attorney's title requirements covering the drill site tract, or any lease or leases covered hereby and included in a declared unit or spacing unit designated by a governmental authority. The cost of abstracts, supplemental abstracts, title examination, supplemental title examination, and the cost of satisfying any title requirements or curing any title defects, insofar as such costs relate to leases or lands covered by this Operating Agreement, shall be charged to the joint account.

"Joint Loss"

~~obligations and of excess royalty, oil payments, and other special burdens. A copy of each title opinion, and~~ of each supplemental opinion, and of all final opinions, shall be sent promptly to each party. The opinion of the examining attorney concerning the validity of the title to each oil and gas interest and each lease, and the amount of interest covered thereby shall be binding and conclusive on the parties, but the acceptability of leases as to primary term, royalty provisions, drilling obligations, and special burdens, shall be a matter for approval and acceptance by an authorized representative of each party.

All title examinations shall be made, and title reports submitted, within a period of_____days after the submission of abstracts and title papers. Each party shall, in good faith, try to satisfy the requirements of the examining attorneys concerning its leases and interests, and each shall have a period of_____ days from receipt of title report for this purpose. If the title to any lease, or oil and gas interest, is finally rejected by the examining attorney, all parties shall then be asked to state in writing whether they will waive the title defects and accept the leases or interests, or whether they will stand on the attorney's opinion. If one or more parties refuse to waive title defects, this agreement shall, in that case, be terminated and abandoned, and all abstracts and title papers shall be returned to their senders. If all titles are approved by the examining attorneys, or are accepted by all parties, and if all leases are accepted as to primary terms, royalty provisions, drilling obligations and special burdens, all subsequent provisions of this agreement shall become operative ~~immediately, and the parties shall proceed to their performance as they are hereinafter stated~~.

B. Failure of Title:

~~After all titles are approved or accepted~~, Any defects of title that may develop shall be the joint responsibility of all parties and, if a title loss occurs, it shall be the loss of all parties, with each bearing its proportionate part of the loss and of any liabilities incurred in the loss. If such a loss occurs, there shall be no change in, or adjustment of, the interests of the parties in the remaining portion of the Unit Area.

C. Loss of Leases For Other Than Title Failure:

If any lease or interest subject to this agreement be lost through failure to develop or because express or implied covenants have not been performed, or if any lease be permitted to expire at the end of its primary term and not be renewed or extended, the loss shall not be considered a failure of title and all such losses shall be joint losses and shall be borne by all parties in proportion to their interests and there shall be no readjustment of interests in the remaining portion of the Unit Area.

3. UNLEASED OIL AND GAS INTERESTS

If any party owns an unleased oil and gas interest in the Unit Area, that interest shall be treated for the purpose of this agreement as if it were a leased interest under the form of oil and gas lease attached as Exhibit "B" and for the primary term therein stated. As to such interests, the owner shall receive royalty on production as prescribed in the form of oil and gas lease attached hereto as Exhibit "B". Such party shall, however, be subject to all of the provisions of this agreement relating to lessees, to the extent that it owns the lessee interest. Neither Party owns an unleased interest. No Exhibit "B" is attached.

4. INTERESTS OF PARTIES

Exhibit "A" lists all of the parties, and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this contract shall be borne and paid, and all equipment and material acquired in operations on the Unit Area shall be owned, by the parties as their interests are given in Exhibit "A". All production of oil and gas from the Unit Area, subject to the payment of lessor's royalties, shall also be owned by the parties in the same manner.

If the interest of any party in any oil and gas lease covered by this agreement is subject to an overriding royalty, production payment, or other charge over and above the usual one-eigthh (⅛) royalty, such party shall assume and alone bear all such excess obligations and shall account for them to the owners thereof out of its share of the working interest production of the Unit Area.

5. OPERATOR OF UNIT

TransOcean Oil, Inc. shall be the Operator of the Unit Area, and shall conduct and direct and have full control of all operations on the Unit Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained, or liabilities incurred, except such as may result from gross negligence or from breach of the provisions of this agreement.

6. EMPLOYEES

The number of employees and their selection, and the hours of labor and the compensation for services performed, shall be determined by Operator. All employees shall be the employees of Operator.

7. TEST WELL

On or before April 1, 1977, Operator shall commence the drilling of the first of five (5) exploratory commitment wells as provided for in the Agreement of which this exhibit is a part thereof.

Operator shall make reasonable tests of all formations encountered during drilling which give indication of containing oil and gas in quantities sufficient to test, unless this agreement shall be limited in its application to a specific formation or formations, in which event Operator shall be required to test only the formation or formations to which this agreement may apply.

If in Operator's judgment the well will not produce oil or gas in paying quantities, and it wishes to plug and abandon the test as a dry hole, it shall first secure the consent of all parties to the plugging, and the well shall then be plugged and abandoned as promptly as possible.

8. COSTS AND EXPENSES

Except as herein otherwise specifically provided, Operator shall promptly pay and discharge all costs and expenses incurred in the exploration (including geological and geophysical methods), development and operation of the Unit Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the cost and expense basis provided in the Accounting Procedure attached hereto and marked Exhibit "C". If any provision of Exhibit "C" should be inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the costs to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an itemized statement of such estimated costs, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated costs shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest at the rate of ~~six~~ ten percent ~~(6%)~~ (10%) per annum until paid. Proper adjustment shall be made monthly between advances and actual cost, to the end that each party shall bear and pay its proportionate share of actual costs incurred, and no more.

9. OPERATOR'S LIEN

Operator is given a first and preferred lien on the interest of each party covered by this contract, and in each party's interest in oil and gas produced and the proceeds thereof, and upon each party's interest in material and equipment, to secure the payment of all sums due from each such party to Operator.

In the event any party fails to pay any amount owing by it to Operator as its share of such costs and expense or such advance estimate within the time limited for payment thereof, Operator, without prejudice to other existing remedies, is authorized, at its election, to collect from the purchaser or purchasers of oil or gas, the proceeds accruing to the working interest or interests in the Unit Area of the delinquent party up to the amount owing by such party, and each purchaser of oil or gas is authorized to rely upon Operator's statement as to the amount owing by such party.

In the event of the neglect or failure of any non-operating party to promptly pay its proportionate part of the cost and expense of development and operation when due, the other non-operating parties and Operator, within thirty (30) days after the rendition of statements therefor by Operator, shall proportionately contribute to the payment of such delinquent indebtedness and the non-operating parties so contributing shall be entitled to the same lien rights as are granted to Operator in this section. Upon the payment by such delinquent or defaulting party to Operator of any amount or amounts on such delinquent indebtedness, or upon any recovery on behalf of the non-operating parties under the lien conferred above, the amount or amounts so paid or recovered shall be distributed and paid by Operator to the other non-operating parties and Operator proportionately in accordance with the contributions theretofore made by them.

10. TERM OF AGREEMENT

This agreement shall remain in full force and effect for as long as any of the oil and gas leases subjected to this agreement remain or are continued in force as to any part of the Unit Area, whether by production, extension, renewal or otherwise; ~~provided, however, that in the event the first well drilled hereunder results in~~ a dry hole and no other well is producing oil or gas in paying quantities from the Unit Area, ~~then~~ at the end of ninety (90) days after abandonment of the first test well, this agreement ~~shall~~ terminate unless one or more of the parties are then engaged in drilling a well or wells ~~pursuant~~ to Section 12 hereof, or all parties have agreed to drill an additional well or wells under ~~this~~ agreement, in which event this agreement shall continue in force until such well or wells ~~shall~~ have been drilled and completed. If production results therefrom this agreement shall ~~continue~~ in force thereafter as if said first test well had been productive in paying quantities, ~~but~~ if production in paying quantities does not result therefrom this agreement shall terminate ~~at the end of ninety (90) days after abandonment of such well or wells.~~ It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

11. LIMITATION ON EXPENDITURES

Without the consent of all parties: (a) No well other than the five (5) exploratory commitment wells shall be drilled on the Unit Area except any well expressly provided for in this agreement and except any well drilled pursuant to the provisions of Sections 12 & 31 of this agreement, it being understood that the consent to the drilling of a well shall include consent to all necessary expenditures in the drilling, and testing, ~~completing, and equipping~~ of the well; ~~including necessary tankage~~; (b) No well shall be reworked, plugged back or deepened except a well reworked, plugged back or deepened pursuant to the provisions of Section 12 of this agreement, it being understood that the consent to the reworking, plugging back or deepening of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping* of said well to produce, including necessary tankage; (c) Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Fifteen thousand and no/100---------- Dollars ($ 15,000.00) except in connection with a well the drilling, reworking, deepening, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that in case of explosion, fire, flood, or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency and to safeguard life and property, but Operator shall, as promptly as possible, report the emergency to the other parties. Operator shall, ~~upon request~~, furnish copies of its "Authority for Expenditures" for any single project costing in excess of $ 5,000.00 .

*subject to the stipulations of Paragraph 4 — 31(b)

12. OPERATIONS BY LESS THAN ALL PARTIES

If all the parties cannot mutually agree upon the drilling of any development well on the Unit Area ~~other than the test well provided for in Section 7~~, or upon the reworking, deepening or plugging back of a dry hole drilled at the joint expense of all parties or a well jointly owned by all the parties and not then producing in paying quantities on the Unit Area, any party or parties wishing to drill, rework, deepen or plug back such a well may give the other parties written notice of the proposed operation, specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days (except as to reworking, plugging back or drilling deeper, where a drilling rig is on location, the period shall be limited to forty-eight (48) hours exclusive of Saturday or Sunday) after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. Failure of a party receiving such a notice to so reply to it within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation.

If any party receiving such a notice elects not to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the 48-hour period where the drilling rig is on location, as the case may be) actually commence work on the proposed operation and complete it with due diligence.

The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions that their respective interests as shown in Exhibit "A" bear to the total interests of all Consenting Parties. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this section results in a producer of oil and/or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this section, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well, its leasehold operating rights, and share of production therefrom until the proceeds or market value thereof (after deducting production taxes, royalty, overriding royalty and other interests payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

(A) 100% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this section, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to each Non-Consenting Party had it participated in the well from the beginning of the operation; and

(B) 300% ~~200%~~ of that portion of the costs and expenses of drilling, reworking, deepening or plugging back, testing and completing, ~~after deducting any cash contributions received under Section 25~~, and 300% ~~200%~~ of that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value.

Within sixty (60) days after the completion of any operation under this section, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased, in determining when the interest of such Non-Consenting Party shall revert to it as above provided; if there is a credit balance it shall be paid to such Non-Consenting Party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it and from and after such reversion such Non-Consenting Party shall own the same interest in such well, the operating rights and working interest therein, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have owned had it participated in the drilling, reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and the accounting procedure schedule, Exhibit "C", attached hereto.

Notwithstanding the provisions of this Section 12, it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Unit Area is producing, unless such well conforms to the then-existing well spacing pattern for such source of supply.

The provisions of this section shall have no application whatsoever to the drilling of the initial five (5) Exploratory Commitment Wells or additional Exploratory Wells as provided for in the Agreement or Joint Operating Agreement but shall apply to the completion, reworking, deepening, or plugging back of such well or wells, if it is, or thereafter shall prove to be, a dry hole or non-commercial well, and to all other wells drilled, reworked, deepened or plugged back, or proposed to be drilled, reworked, deepened, or plugged back, upon the Unit Area.

13. RIGHT TO TAKE PRODUCTION IN KIND

Each party shall take in kind or separately dispose of its proportionate share of all oil and gas produced from the Unit Area, exclusive of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Each party shall pay or deliver, or cause to be paid or delivered, all royalties, overriding royalties, or other payments due on its share of such production, and shall hold the other parties free from any liability therefor. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party.

Each party shall execute all division orders and contracts of sale pertaining to its interest in production from the Unit Area, and shall be entitled to receive payment direct from the purchaser or purchasers thereof for its share of all production.

or separately dispose of its proportionate share of the oil and gas produced from the unit area, Operator shall have the right, subject to revocation at will by the party owning it, but not the obligation, to purchase such oil and gas or sell it to others for the time being, and shall account to such party for the actual net proceeds received for such production if sold, or the current market price if purchased by Operator. Any such purchase or sale by Operator shall be subject always to the right of the owner of the production to exercise at any time its right to take in kind, or separately dispose of, its share of all oil and gas not previously delivered to a purchaser. Any contract made by Operator specifically for the sale of the owner's share of the production shall not be for a term longer than is commensurate with the minimum needs of the industry under the circumstances and shall in no event be for a term exceeding one year. Notwithstanding the foregoing, Operator shall not make a sale through interstate commerce of any other party's share of gas production without first fully informing such other party of all of the terms and conditions of the proposed sale and any alternative dispostion that may then be known so that the parties may consult with respect to the desirability thereof. If, within ninety days (90) from notice of such proposed sale, or such lesser time as may be necessary to permit production in order to satisfy the requirements of any lease, the parties are unable to agree upon disposition of the gas, each party shall be free to enter into such contract for the disposition of its share of the gas as it may desire, and if one party should be prepared to deliver its share of the gas before the other, it shall have the right to do so, and the parties shall enter into an appropriate balancing agreement.

14. ACCESS TO UNIT AREA

Each party shall have access to the Unit Area at all reasonable times, at its sole risk, to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operation thereof, including Operator's books and records relating thereto. Operator shall, upon request, furnish each of the other parties with copies of all drilling reports, well logs, tank tables, daily gauge and run tickets and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Unit Area.

15. DRILLING CONTRACTS

All wells drilled on the Unit Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. Operator, if it so desires, may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the field, and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as shall be customary and usual in the field in contracts of independent contractors who are doing work of a similar nature.

16. ABANDONMENT OF WELLS

or completed pursuant to Section 31(b)

No well, other than any well which has been drilled or reworked pursuant to Section 12/hereof for which the Consenting Parties have not been fully reimbursed as therein provided, which has been completed as a producer shall be plugged and abandoned without the consent of all parties; provided, however, if all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall then assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and its equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. The assignments so limited shall encompass the "drilling unit" upon which the well is located. The payments by, and the assignments to, the assignees shall be in a ratio based upon the relationship of their respective percentages of participation in the Unit Area to the aggregate of the percentages of participation in the Unit Area of all assignees. There shall be no readjustment of interest in the remaining portion of the Unit Area.

After the assignment, the assignors shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open. Upon request of the assignees, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well.

17. DELAY RENTALS

Delay rentals will be paid in accordance with Article VII of the Agreement.

18. ASSIGNMENT

The rights of all parties hereto may be sold, assigned or transferred, in whole or in equal undivided parts, provided that each transfer of interest shall contain a statement recognizing the rights of the remaining Parties under this agreement and reciting that the interest so sold or transferred is subject to this agreement. No change in ownership of any rights hereunder (by assignment or otherwise) shall be binding upon Operator until Operator has been furnished with notice of such change by original or duly certified copies of all recorded instruments, documents or other information necessary to establish a complete change of record title from a Party hereto. Such change shall become effective on the first day of the month following the month in which Operator shall receive such final notice.

It is a further condition hereof that before making any such sale, assignment or transfer, the Party proposing to do so shall be required to first settle for and discharge its portion of all obligations occuring under the terms of this agreement to the date of such assignment or sale.

19. SELECTION OF NEW OPERATOR

Should a sale be made by Operator of its rights and interest, the other Parties shall have the right within sixty (60) days after the date of such sale, by majority vote in interest, to select a new Operator. The retiring Operator shall continue to serve as Operator, and discharge its duties in that capacity under this agreement, until its successor Operator is selected and begins to function, but the present Operator shall not be obligated to continue the performance of its duties for more than 120 days after the sale of its rights and interest has been completed.

Any Party serving as Operator may be removed upon sixty (60) days notice by vote of a majority in interest of the Parties owning an interest in this Unit Area, and a new Operator shall be selected by a vote of a majority in interest.

In the event that any proceedings, voluntary or involuntary, in bankruptcy or insolvency, shall be brought by or against Operator, or in the event of the appointment of a Receiver for Operator, Operator's appointment as Operator hereunder shall forthwith cease, and Operator shall turn over the operations on the Unit Area as soon as a new Operator is selected by a vote of a majority in interest of the remaining Parties hereto.

Notwithstanding any of the foregoing stipulations, if at any time the interest of Operator should be less than the interest of the Estate of William G. Helis, a partnership, and its affiliate, as defined in the Agreement to which this Operating Agreement is annexed, the Estate of William G. Helis, a partnership, shall have the right to become the Operator upon sixty (60) days notice and may not be removed by a vote of a majority in interest, except for cause.

20. MAINTENANCE OF UNIT OWNERSHIP

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this contract, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases embraced within the Unit Area and in wells, equipment and production unless such disposition covers either:

(1) the entire interest of the party in all leases and equipment and production; or

(2) an equal undivided interest in all leases and equipment and production in the Unit Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the rights of the other parties.

If at any time the interest of any party is divided among and owned by four or more co-owners, Operator may, at its discretion, require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interests within the scope of the operations embraced in this contract; however, all such co-owners shall enter into and execute all contracts or agreements for the disposition of their respective shares of the oil and gas produced from the Unit Area and they shall have the right to receive, separately, payment of the sale proceeds thereof.

21. RESIGNATION OF OPERATOR

Operator may resign from its duties and obligations as Operator at any time after the five (5) exploratory commitment wells have been drilled upon written notice of not less than ninety (90) days given to all other parties. In this case, all parties to this contract shall select by majority vote in interest, not in numbers, a new Operator who shall assume the responsibilities and duties, and have the rights, prescribed for Operator by this agreement. The retiring Operator shall deliver to its successor all records and information necessary to the discharge by the new Operator of its duties and obligations. The foregoing stipulations are subject to the stipulations of Section 19 with respect to the right of the Estate of William G. Helis, a partnership, to become the Operator under certain circumstances.

22. LIABILITY OF PARTIES

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Unit Area. Accordingly, the lien granted by each party to Operator in Section 9 is given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership or association, or to render them liable as partners.

23. RENEWAL OR EXTENSION OF LEASES

If any party secures a renewal of any oil and gas lease subject to this contract each and all of the other parties shall be notified promptly, and shall have the right to participate in the ownership of the renewal lease by paying to the party who acquired it their several proper proportionate shares of the acquisition cost, which shall be in proportion to the interests held at that time by the parties in the Unit Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the unit area to the aggregate of the percentages of participation in the unit area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all the parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this section shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. The references to renewal leases shall also apply to any extensions of leases and to any newly acquired leases not previously held by either party. The provisions of this section shall continue in effect during the term of this Agreement.

24. SURRENDER OF LEASES

The leases covered by this agreement, in so far as they embrace acreage in the Unit Area, shall not be surrendered in whole or in part unless all parties consent.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties not agree or consent, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall be shared by the parties assignee in the proportions that the interest of each bears to the interest of all parties assignee.

Any assignment or surrender made under this provision shall not reduce or change the assignors' or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Unit Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

25. ACREAGE OR CASH CONTRIBUTIONS

If any party receives while this agreement is in force a contribution in cash or in the form of acreage towards the drilling of a well or any other operation in the Unit Area, such contribution shall be paid to the party or parties conducting the drilling or other operation. Each party shall promptly notify all participating parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Unit Area.

26. PROVISION CONCERNING TAXATION

Each of the parties hereto elects, under the authority of Section 761(a) of the Internal Revenue Code of 1954, to be excluded from the application of all of the provisions of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954. If the income tax laws of the state or states in which the property covered hereby is located contain, or may hereafter contain, provisions similar to those contained in the Subchapter of the Internal Revenue Code of 1954 above referred to under which a similar election is permitted, each of the parties agrees that such election shall be exercised. Each party authorizes and directs the Operator to execute such an election or elections on its behalf and to file the election with the proper governmental office or agency. If requested by the Operator so to do, each party agrees to execute and join in such an election.

Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Operator shall bill all other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If any tax assessment is considered unreasonable by Operator, it may at its discretion protest such valuation within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. When any such protested valuation shall have been finally determined, Operator shall pay the assessment for the joint account, together with interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

27. INSURANCE

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where the operations are being conducted. Operator shall also carry or provide insurance for the benefit of the joint account of the parties as may be outlined in Exhibit "D" attached to and made a part hereof. Operator shall require all contractors engaged in work on or for the Unit Area to comply with the Workmen's Compensation Law of the State where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event Automobile Public Liability Insurance is specified in said Exhibit "D", or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for operator's fully owned automotive equipment.

28. CLAIMS AND LAWSUITS

If any party to this contract is sued on an alleged cause of action arising out of operations on the Unit Area, or on an alleged cause of action involving title to any lease or oil and gas interest subjected to this contract, it shall give prompt written notice of the suit to the Operator and all other parties.

The defense of lawsuits shall be under the general direction of a committee of lawyers representing the parties, with Operator's attorney as Chairman. Suits may be settled during litigation only with the joint consent of all parties. No charge shall be made for services performed by the staff attorneys for any of the parties, but otherwise all expenses incurred in the defense of suits, together with the amount paid to discharge any final judgment, shall be considered costs of operation and shall be charged to and paid by all parties in proportion to their then interests in the Unit Area. Attorneys, other than staff attorneys for the parties, shall be employed in lawsuits involving Unit Area operations only with the consent of all parties; if outside counsel is employed, their fees and expenses shall be considered Unit Area expense and shall be paid by Operator and charged to all parties in proportion to their then interests in the Unit Area. The provisions of this paragraph shall not be applied in any instance where the loss which may result from the suit is treated as an individual loss rather than a joint loss under prior provisions of this agreement, and all such suits shall be handled by and be the sole responsibility of the party or parties concerned.

Damage claims caused by and arising out of operations on the Unit Area, conducted for the joint account of all parties, shall be handled by Operator and its attorneys, the settlement of claims of this kind shall be within the discretion of Operator so long as the amount paid in settlement of any one claim does not exceed one thousand ($1000.00) dollars and, if settled, the sums paid in settlement shall be charged as expense to and be paid by all parties in proportion to their then interests in the Unit Area.

If any party to this contract becomes aware of any incident or circumstances which might be the basis for a claim arising out of operations on the Unit Area or affecting title to any interest affected hereby, it shall promptly inform all other parties.

29. FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all possible diligence to remove the force majeure as quickly as possible.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure" as here employed shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental restraint, unavailability of equipment, and any other cause, whether of the kind specifically enumerated above or otherwise, which is not reasonably within the control of the party claiming suspension.

30. NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, shall, unless otherwise specifically provided, be given in writing by United States mail or Western Union Telegram, postage or charges prepaid, and addressed to the party to whom the notice is given at the

addresses listed on Exhibit "A". The originating notice to be given under any provision hereof shall be deemed given only when received by the party to whom such notice is directed and the time for such party to give any notice in response thereto shall run from the date the originating notice is received. The second or any responsive notice shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid. Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to all other parties.

31. OTHER CONDITIONS, IF ANY, ARE:

(a) After the five (5) Exploratory Commitment Wells have been drilled, additional Exploratory Wells may be proposed by either Party desiring to drill same who shall so notify the other Party or Parties, and furnish the data and information as heretofore set out under the terms and provisions of Article V, Subsection C of the Joint Venture Agreement. Within thirty (30) days from the receipt of said notice, each other Party electing to participate in the operation shall give notice in writing of its intention to so participate to the proposing Party. Any Party from whom such notice of election to participate has not been received by the proposing Party or Parties within the applicable period shall be considered for all purposes as having elected not to participate. If not all of the Parties hereto become participating Parties as provided hereinabove, then the Parties so electing to participate in the drilling of such Exploratory Well shall share in its costs and benefits in accordance with their proportionate interest (in the ratio that each Party's interest in the lease acreage bears to the total interest of all participating Parties), the operation to be conducted by Operator if a participating Party; otherwise by the Party having the greatest proportionate interest or as otherwise agreed upon by the participating Parties. The proposed Exploratory Well shall be drilled at the sole risk, cost and expense of the participating Parties, and each non-participating Party shall be deemed to have relinquished and transferred to the participating Parties, and the participating Parties shall own (in the ratio that each Party's interest in the lease acreage bears to the total of the interest of all participating Parties) all of such non-participating Party's operating right and working interest in the operation and the personal property used in connection therewith, and its share of production from the well, and in addition thereto all rights, titles and interest of whatsoever type including all rights, options, titles and interest in oil, gas and other minerals owned by such non-consenting Party shall be relinquished in and under nine sections of land in the form of a square with the drillsite section in the center thereof, excluding any spacing unit that has a well situated thereon which has previously been drilled and completed as a producer, or producible, on which the non-consenting Party might have an interest.

(b) Notwithstanding any provisions to the contrary appearing in Sections 11 and 12 hereof and upon the drilling of the five (5) exploratory commitment wells provided for hereunder, or any additional exploratory wells provided for herein, or any development well pursuant hereto to their respective depth or some lesser depth mutually agreed upon, the Operator shall give immediate notice to those Parties who have authorized or elected to participate in the cost of drilling to the objective depth. The Parties receiving such notice shall have forty-eight (48) hours, exclusive of Saturday, Sunday or any legal holiday falling within such period, in which to elect whether or not to participate in a completion attempt of such well. Failure of any Party receiving such notice to reply within the period above fixed shall constitute an election by that Party to participate in the cost of a completion attempt on that well. If all of the Parties elect to plug and abandon the well, Operator shall plug and abandon same at the expense of all of the Parties. If one or more, but less than all, of the Parties elect to attempt a completion, the provisions of Section 12 shall apply to the operations conducted by less than all Parties.

(c) All royalty, production payments, and minimum royalties provided for in the leases covered by this agreement and allocable to the land covered by this agreement shall be charged to the joint account hereunder and borne by the Parties hereto in the proportions of their respective participating interests under this agreement. Any royalty in excess of the royalty provided for in said lease, overriding royalty, production payments or similar charges applicable to any said lease and granted or agreed to by a Party hereto without the joinder and agreement of the other Party hereto shall not be charged to the joint account hereunder but shall be charged to and borne by the Party granting or agreeing to the same. In the event of a non-

31. continued

consent operation under Section 12, or Section 31(a) and (b), requiring relinquishment either wholly or temporarily by the non-consenting party, any excess royalty, overriding royalty, production payments or similar charges granted or agreed to by such non-consenting party without the joinder and agreement of the other parties hereto, subsequent to the effective date hereof, shall not be effective with respect to and shall not be deducted from the relinquished interest.

(d) All of the terms and provisions of Paragraph 28 of the Operating Agreement shall be applicable to the entire geological and geophysical exploration program to be conducted by Operator for all the parties to the Agreement.

(e) Whenever a party elects not to participate in a proposed operation, the non-consenting party shall execute, upon request, all such documents or agreements as may be necessary to permit the consenting party or parties to conduct the proposed operation.

This Agreement may be signed in counterpart, and shall be binding upon the parties and upon their heirs, successors, representatives and assigns.

TRANSOCEAN OIL, INC.

By_____
Attorney-in-Fact

OPERATOR

The ESTATE OF WILLIAM G. HELIS,
a partnership

By_____
Managing Partner

NON-OPERATOR

EXHIBIT "A"

To Operating Agreement by and between
TransOcean Oil, Inc., as Operator, and
The Estate of William G. Helis, a partnership,
as Non-Operator, covering lands in
Catron, Socorro and Valencia Counties, New Mexico

1. (a) LANDS SUBJECT TO AGREEMENT

All lands within the Area of Mutual Interest as depicted in Exhibit "A" to the Agreement.

(b) No restrictions as to formation or depths

2. INTERESTS OF PARTIES

The Estate of William G. Helis, a partnership	37.5%
TransOcean Oil, Inc. (Operator)	62.5%

3. LEASEHOLD INTEREST CONTRIBUTED BY PARTIES TO AGREEMENT

All jointly owned leases or other interests as comprised within "subject lands" as defined in the Agreement between the parties to which this Operating Agreement is annexed as Exhibit "C", including, without limitation, those set forth in Exhibit "B" to the aforesaid Agreement.

4. ADDRESSES OF PARTIES

Operator
TransOcean Oil, Inc.
1700 First City East Building
1111 Fannin
Houston, Texas 77002
Attention: Land Department

Non-Operator
The Estate of William G. Helis, a partnership
912 Whitney Building
New Orleans, Louisiana 70130

EXHIBIT "C"

Attached to and made a part of Operating Agreement by and between TransOcean Oil, Inc. and The Estate of William G. Helis, a partnership covering lands in Catron, Socorro, and Valencia Counties, New Mexico

ACCOUNTING PROCEDURE
JOINT OPERATIONS

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this Accounting Procedure is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Joint Account" shall mean the account showing the charges paid and credits received in the conduct of the Joint Operations and which are to be shared by the Parties.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the parties to this agreement other than the Operator.

"Parties" shall mean Operator and Non-Operators.

"First Level Supervisors" shall mean those employees whose primary function in Joint Operations is the direct supervision of other employees and/or contract labor directly employed on the Joint Property in a field operating capacity.

"Technical Employees" shall mean those employees having special and specific engineering, geological or other professional skills, and whose primary function in Joint Operations is the handling of specific operating conditions and problems for the benefit of the Joint Property.

"Personal Expenses" shall mean travel and other reasonable reimbursable expenses of Operator's employees.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean Material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America.

2. Statement and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of the Joint Account for the preceding month. Such bills will be accompanied by statements which identify the authority for expenditure, lease or facility, and all charges and credits, summarized by appropriate classifications of investment and expense except that items of Controllable Material and unusual charges and credits shall be separately identified and fully described in detail.

3. Advances and Payments by Non-Operators

Unless otherwise provided for in the agreement, the Operator may require the Non-Operators to advance their share of estimated cash outlay for the succeeding month's operation. Operator shall adjust each monthly billing to reflect advances received from the Non-Operators.

Each Non-Operator shall pay its proportion of all bills within fifteen (15) days after receipt. If payment is not made within such time, the unpaid balance shall bear interest monthly at the rate of twelve percent (12%) per annum or the maximum contract rate permitted by the applicable usury laws in the state in which the Joint Property is located, whichever is the lesser, plus attorney's fees, court costs, and other costs in connection with the collection of unpaid amounts.

4. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operator to protest or question the correctness thereof; provided, however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of Controllable Material as provided for in Section V.

5. Audits

A. Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the Joint Account for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided, however, the making of an audit shall not extend the time for the taking of written exception to and the adjustments of accounts as provided for in Paragraph 4 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator. Operator shall bear no portion of the Non-Operators' audit cost incurred under this paragraph unless agreed to by the Operator.

6. Approval by Non-Operators

Where an approval or other agreement of the Parties or Non-Operators is expressly required under other sections of this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, Operator shall notify all Non-Operators of the Operator's proposal, and the agreement or approval of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

II. DIRECT CHARGES

Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Lease rentals and royalties paid by Operator for the Joint Operations.

2. Labor

A. (1) Salaries and wages of Operator's field employees directly employed on the Joint Property in the conduct of Joint Operations.

(2) Salaries of First Level Supervisors in the field.

(3) Salaries and wages of Technical Employees directly employed on the Joint Property if such charges are excluded from the Overhead rates.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II. Such costs under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II.

D. Personal Expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II.

3. Employee Benefits

Operator's current costs of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II shall be Operator's actual cost not to exceed twenty per cent (20%).

4. Material

Material purchased or furnished by Operator for use on the Joint Property as provided under Section IV. Only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use and is reasonably practical and consistent with efficient and economical operations. The accumulation of surplus stocks shall be avoided.

5. Transportation

Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:

A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store, recognized barge terminal, or railway receiving point where like material is normally available, unless agreed to by the Parties.

B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store, recognized barge terminal, or railway receiving point unless agreed to by the Parties. No charge shall be made to the Joint Account for moving Material to other properties belonging to Operator, unless agreed to by the Parties.

C. In the application of Subparagraphs A and B above, there shall be no equalization of actual gross trucking cost of $200 or less excluding accessorial charges.

6. Services

The cost of contract services, equipment and utilities provided by outside sources, except services excluded by Paragraph 9 of Section II and Paragraph 1. ii of Section III. The cost of professional consultant services and contract services of technical personnel directly engaged on the Joint Property if such charges are excluded from the Overhead rates. The cost of professional consultant services or contract services of technical personnel not directly engaged on the Joint Property shall not be charged to the Joint Account unless previously agreed to by the Parties.

7. Equipment and Facilities Furnished by Operator

A. Operator shall charge the Joint Account for use of Operator owned equipment and facilities at rates commensurate with costs of ownership and operation. Such rates shall include costs of maintenance, repairs, other operating expense, insurance, taxes, depreciation, and interest on investment not to exceed eight per cent (8%) per annum. Such rates shall not exceed average commercial rates currently prevailing in the immediate area of the Joint Property.

B.. In lieu of charges in Paragraph 7A above, Operator may elect to use average commercial rates prevailing in the immediate area of the Joint Property less 20%. For automotive equipment, Operator may elect to use rates published by the Petroleum Motor Transport Association.

8. Damages and Losses to Joint Property

All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or other cause, except those resulting from Operator's gross negligence or willful misconduct. Operator shall furnish Non-Operator written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

9. Legal Expense

Expense of handling, investigating and settling litigation or claims, discharging of liens, payment of judgments and amounts paid for settlement of claims incurred in or resulting from operations under the agreement or necessary to protect or recover the Joint Property, except that no charge for services of Operator's legal staff or fees or expense of outside attorneys shall be made unless previously agreed to by the Parties. All other legal expense is considered to be covered by the overhead provisions of Section III unless otherwise agreed to by the Parties, except as provided in Section I, Paragraph 3.

10. Taxes

All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

11. Insurance

Net premiums paid for insurance required to be carried for the Joint Operations for the protection of the Parties. In the event Joint Operations are conducted in a state in which Operator may act as self-insurer for Workmen's Compensation and/or Employers Liability under the respective state's laws, Operator may, at its election, include the risk under its self-insurance program and in that event, Operator shall include a charge at Operator's cost not to exceed manual rates.

12. Other Expenditures

Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator in the necessary and proper conduct of the Joint Operations.

III. OVERHEAD

1. Overhead - Drilling and Producing Operations

i. As compensation for administrative, supervision, office services and warehousing costs, Operator shall charge drilling and producing operations on either:

(XX) Fixed Rate Basis, Paragraph 1A, or

( ) Percentage Basis, Paragraph 1B.

Unless otherwise agreed to by the Parties, such charge shall be in lieu of costs and expenses of all offices and salaries or wages plus applicable burdens and expenses of all personnel, except those directly chargeable under Paragraph 2A, Section II. The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting or matters before or involving governmental agencies shall be considered as included in the Overhead rates provided for in the above selected Paragraph of this Section III unless such cost and expense are agreed to by the Parties as a direct charge to the Joint Account.

ii. The salaries, wages and Personal Expenses of Technical Employees and/or the cost of professional consultant services and contract services of technical personnel directly employed on the Joint Property shall ( ) shall not (X) be covered by the Overhead rates.

A. Overhead - Fixed Rate Basis

(1) Operator shall charge the Joint Account at the following rates per well per month:

Drilling Well Rate $ 1750.00

Producing Well Rate $ less than 10 wells, $200.00 per well; 10-50 wells - $175.00 per well; over 50 wells - to be negotiated by the Parties

(2) Application of Overhead - Fixed Rate Basis shall be as follows:

(a) Drilling Well Rate

[1] Charges for onshore drilling wells shall begin on the date the well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days.

[2] Charges for offshore drilling wells shall begin on the date when drilling or completion equipment arrives on location and terminate on the date the drilling or completion equipment moves off location or rig is released, whichever occurs first, except that no charge shall be made during suspension of drilling operations for fifteen (15) or more consecutive days

[3] Charges for wells undergoing any type of workover or recompletion for a period of five (5) consecutive days or more shall be made at the drilling well rate. Such charges shall be applied for the period from date workover operations, with rig, commence through date of rig release, except that no charge shall be made during suspension of operations for fifteen (15) or more consecutive days.

(b) Producing Well Rates

[1] An active well either produced or injected into for any portion of the month shall be considered as a one-well charge for the entire month.

[2] Each active completion in a multi-completed well in which production is not commingled down hole shall be considered as a one-well charge providing each completion is considered a separate well by the governing regulatory authority.

[3] An inactive gas well shut in because of overproduction or failure of purchaser to take the production shall be considered as a one-well charge providing the gas well is directly connected to a permanent sales outlet.

[4] A one-well charge may be made for the month in which plugging and abandonment operations are completed on any well.

[5] All other inactive wells (including but not limited to inactive wells covered by unit allowable, lease allowable, transferred allowable, etc.) shall not qualify for an overhead charge.

(3) The well rates shall be adjusted as of the first day of April each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the calendar year preceding as shown by the index of average weekly earnings of Crude Petroleum and Gas Fields Production Workers as published by the United States Department of Labor, Bureau of Labor Statistics, or the equivalent Canadian index as published by Statistics Canada, as applicable. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

B. Overhead - Percentage Basis

(1) Operator shall charge the Joint Account at the following rates:

(a) Development

_____ Percent (%) of the cost of Development of the Joint Property exclusive of costs provided under Paragraph 9 of Section II and all salvage credits.

(b) Operating

_____ Percent (%) of the cost of Operating the Joint Property exclusive of costs provided under Paragraphs 1 and 9 of Section II, all salvage credits, the value of injected substances purchased for secondary recovery and all taxes and assessments which are levied, assessed and paid upon the mineral interest in and to the Joint Property.

(2) Application of Overhead - Percentage Basis shall be as follows:
For the purpose of determining charges on a percentage basis under Paragraph 1B of this Section III, development shall include all costs in connection with drilling, redrilling, deepening or any remedial operations on any or all wells involving the use of drilling crew and equipment; also, preliminary expenditures necessary in preparation for drilling and expenditures incurred in abandoning when the well is not completed as a producer, and original cost of construction or installation of fixed assets, the expansion of fixed assets and any other project clearly discernible as a fixed asset, except Major Construction as defined in Paragraph 2 of this Section III. All other costs shall be considered as Operating.

2. Overhead - Major Construction

To compensate Operator for overhead costs incurred in the construction and installation of fixed assets, the expansion of fixed assets, and any other project clearly discernible as a fixed asset required for the development and operation of the Joint Property, Operator shall either negotiate a rate prior to the beginning of construction, or shall charge the Joint Account for Overhead based on the following rates for any Major Construction project in excess of $25,000.00 :

A. 4 % of total costs if such costs are more than $ 25,000 but less than $ 100,000 ; plus

B. 3 % of total costs in excess of $ 100,000 but less than $1,000,000; plus

C. 3 % of total costs in excess of $1,000,000.

Total cost shall mean the gross cost of any one project. For the purpose of this paragraph, the component parts of a single project shall not be treated separately and the cost of drilling and workover wells shall be excluded.

3. Amendment of Rates

The Overhead rates provided for in this Section III may be amended from time to time only by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. PRICING OF JOINT ACCOUNT MATERIAL PURCHASES, TRANSFERS AND DISPOSITIONS

Operator is responsible for Joint Account Material and shall make proper and timely charges and credits for all material movements affecting the Joint Property. Operator shall provide all Material for use on the Joint Property; however, at Operator's option, such Material may be supplied by the Non-Operator. Operator shall make timely disposition of idle and/or surplus Material, such disposal being made either through sale to Operator or Non-Operator, division in kind, or sale to outsiders. Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus condition A or B Material. The disposal of surplus Controllable Material not purchased by the Operator shall be agreed to by the Parties.

1. Purchases

Material purchased shall be charged at the price paid by Operator after deduction of all discounts received. In case of Material found to be defective or returned to vendor for any other reason, credit shall be passed to the Joint Account when adjustment has been received by the Operator.

2. Transfers and Dispositions

Material furnished to the Joint Property and Material transferred from the Joint Property or disposed of by the Operator, unless otherwise agreed to by the Parties, shall be priced on the following bases exclusive of cash discounts:

A. New Material (Condition A)

(1) Tubular goods, except line pipe, shall be priced at the current new price in effect on date of movement on a maximum carload or barge load weight basis, regardless of quantity transferred, equalized to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the Joint Property where such Material is normally available.

(2) Line Pipe

(a) Movement of less than 30,000 pounds shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store nearest the Joint Property where such Material is normally available.

(b) Movement of 30,000 pounds or more shall be priced under provisions of tubular goods pricing in Paragraph 2A (1) of this Section IV.

(3) Other Material shall be priced at the current new price, in effect at date of movement, as listed by a reliable supply store or f.o.b. railway receiving point nearest the Joint Property where such Material is normally available.

B. Good Used Material (Condition B)

Material in sound and serviceable condition and suitable for reuse without reconditioning:

(1) Material moved to the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV.

(2) Material moved from the Joint Property

(a) At seventy-five percent (75%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as new Material, or

(b) at sixty-five percent (65%) of current new price, as determined by Paragraph 2A of this Section IV, if Material was originally charged to the Joint Account as good used Material at seventy-five percent (75%) of current new price.

The cost of reconditioning, if any, shall be absorbed by the transferring property.

C. Other Used Material (Condition C and D)

(1) Condition C

Material which is not in sound and serviceable condition and not suitable for its original function until after reconditioning shall be priced at fifty percent (50%) of current new price as determined by Paragraph 2A of this Section IV. The cost of reconditioning shall be charged to the receiving property, provided Condition C value plus cost of reconditioning does not exceed Condition B value.

(2) Condition D

All other Material, including junk, shall be priced at a value commensurate with its use or at prevailing prices. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose. Operator may dispose of Condition D Material under procedures normally utilized by the Operator without prior approval of Non-Operators.

D. Obsolete Material

Material which is serviceable and usable for its original function but condition and/or value of such Material is not equivalent to that which would justify a price as provided above may be specially priced as agreed to by the Parties. Such price should result in the Joint Account being charged with the value of the service rendered by such Material.

E. Pricing Conditions

(1) Loading and unloading costs may be charged to the Joint Account at the rate of fifteen cents (15¢) per hundred weight on all tubular goods movements, in lieu of loading and unloading costs sustained, when actual hauling cost of such tubular goods are equalized under provisions of Paragraph 5 of Section II.

(2) Material involving erection costs shall be charged at applicable percentage of the current knocked-down price of new Material.

3. Premium Prices

Whenever Material is not readily obtainable at published or listed prices because of national emergencies, strikes or other unusual causes over which the Operator has no control, the Operator may charge the Joint Account for the required Material at the Operator's actual cost incurred in providing such Material, in making it suitable for use, and in moving it to the Joint Property; provided notice in writing is furnished to Non-Operators of the proposed charge prior to billing Non-Operators for such Material. Each Non-Operator shall have the right, by so electing and notifying Operator within ten days after receiving notice from Operator, to furnish in kind all or part of his share of such Material suitable for use and acceptable to Operator.

4. Warranty of Material Furnished by Operator

Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

V. INVENTORIES

The Operator shall maintain detailed records of Controllable Material.

1. Periodic Inventories, Notice and Representation

At reasonable intervals, Inventories shall be taken by Operator of the Joint Account Controllable Material. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator.

2. Reconciliation and Adjustment of Inventories

Reconciliation of a physical inventory with the Joint Account shall be made, and a list of overages and shortages shall be furnished to the Non-Operators within six months following the taking of the inventory. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable only for shortages due to lack of reasonable diligence.

3. Special Inventories

Special Inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

4. Expense of Conducting Periodic Inventories

The expense of conducting periodic Inventories shall not be charged to the Joint Account unless agreed to by the Parties.

EXHIBIT "D"

To Operating Agreement by and between
TransOcean Oil, Inc., as Operator, and
The Estate of William G. Helis, a partnership,
as Non-Operator, covering lands in
Catron, Socorro and Valencia Counties, New Mexico

INSURANCE

1. Workmen's Compensation

Full compliance with the statutory requirements of the laws of the State of New Mexico

2. Employee's Liability

Limits: Minimum $100,000 per accident with endorsements to cover:

(a) Voluntary compensation liability
(b) Transportation, maintenance, wages and care
(c) Provision expressly providing that a claim "in rem" will be treated the same as claims "in personam"

3. Public Liability

Comprehensive General Liability:

Bodily Injury - $300,000 each occurrence
Property Damage - $100,000 each occurrence
$100,000 aggregate

Hazards covered to be all operations of the insured in connection with all operations on said leases, including but not limited to, independent contractor, completion operations and blanket waiver of subrogation.

4. Automobile Liability

Comprehensive insurance as follows:

Bodily Injury - $100,000 each person
$300,000 each occurrence
Property Damage - $100,000 each occurrence

EXHIBIT "D"

ATTACHED TO AND MADE A PART OF AGREEMENT
BY AND BETWEEN TRANSOCEAN OIL, INC., AND
THE ESTATE OF WILLIAM G. HELIS, A PARTNERSHIP,
COVERING LANDS IN CATRON, SOCORRO AND VALENCIA COUNTIES,
NEW MEXICO

For purposes of this Exhibit, the words "contract" and "purchase order" shall mean any agreement or arrangement involving each party hereto for the furnishing of materials, supplies or services or for the use of real or personal property, including lease arrangements which, in whole or in part, are necessary to the performance of any one or more contracts between it and the United States of America or under which any portion of its obligation under any one or more such contracts is performed, undertaken, or assumed.

I. EQUAL EMPLOYMENT OPPORTUNITY [41 C.F.R. § 60-1.4(a)]

Each party hereto agrees that if the value of any contract or purchase order exceeds $10,000, it shall be bound by the following provisions as contained in Section 202 of Executive Order 11246, and referred to hereinafter as the "Equal Opportunity Clause":

1. Each party hereto will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. Each party hereto will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to the following: Employment, upgrading, demotion, or transfer, recruitment or advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. Each party hereto agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

2. Each party hereto will, in all solicitations or advertisements for employees placed by or on behalf of it, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

3. Each party hereto will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer, advising the labor union or workers' representative of each such party's commitments under Section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

4. Each party hereto will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

5. Each party hereto will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations and orders.

6. In the event of any party hereto's noncompliance with the nondiscrimination clauses of this contract or with any of such rules, regulations, or orders, this contract may be cancelled, terminated or suspended in whole or in part and any party hereto may be declared ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

7. Each party hereto will include the provisions of paragraphs 1 through 7 in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. Each party hereto will take such action with respect to any subcontract or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance: Provided, however, that in the event any party hereto becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction by the contracting agency, any such party may request the United States to enter into such litigation to protect the interests of the United States.

II. NONSEGREGATED FACILITIES [41 C.F.R. § 60-1.8]

If the value of its contract or purchase order exceeds $10,000, each party hereto certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not permit its employees to perform its services at any location, under its control, where segregated facilities are maintained. Each party hereto certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it will not permit its employees to perform their services at any location, under its control, where segregated facilities are maintained. Each party hereto agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, restaurants and other eating areas, time clocks, rest rooms, wash rooms, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, religion, sex, or national origin, because of habit, local custom or otherwise. Each party hereto further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will

obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause; that it will retain such certifications in its files; and that it will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods): "NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES. A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity Clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e. quarterly, semiannally or annually.)"

III. FILING STANDARD FORM 100 (EEO-1) AND DEVELOPMENT OF AFFIRMATIVE ACTION COMPLIANCE PROGRAM [41 C.F.R. § 60-1.7]

Each party hereto further agrees and certifies that, if the value of any contract or purchase order is $50,000 or more and such party has 50 or more employees, it will:

1. File a complete and accurate report on Standard Form 100 (EEO-1) with the Joint Reporting Committee, at the appropriate address per the current instructions, within thirty (30) days of the date of contract award, unless such report has been filed within the twelve (12) months' period preceding the date of the contract award and otherwise comply with and file such other compliance reports as may be required under Executive Order 11246, as amended, and Rules and Regulations adopted thereunder.

2. Develop a written affirmative action compliance program for each of its establishments as required by 41 C.F.R. §60-1.40.

BEFORE EXAMINER STAMETS
OIL CONSERVATION COMMISSION
APPLICANTS EXHIBIT NO. 14
CASE NO. 5837, 5838, 5857
Submitted by
Hearing Date 1/9/77

INCLUSION AGREEMENT

THIS AGREEMENT made and entered into this 1st day of November, 1975, by and between SANTA FE PACIFIC RAILROAD COMPANY, a corporation incorporated under Act of Congress approved March 3, 1897, hereinafter referred to as "Santa Fe", and TRANSOCEAN OIL, INC., a Delaware corporation, hereinafter referred to as "TransOcean",

W I T N E S S E T H

WHEREAS, under date of May 8, 1975, Santa Fe Pacific Railroad Company entered into a Development Contract with Trans-Ocean Oil, Inc., and

WHEREAS, Santa Fe and TransOcean desire to include in and under said Development Contract dated May 8, 1975, certain additional lands for the term and purposes of, and subject to all the terms, provisions, covenants and conditions set forth in said Development Contract, with the same force and effect as if said land had been originally described and included in said Development Contract.

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars ($10.00) and other good and valuable considerations, the receipt and adequacy of which are hereby acknowledged, the parties hereto do hereby mutually agree as follows:

1. There is hereby added to the land covered by that certain Development Contract dated May 8, 1975, by and between the parties hereto that certain real estate in Valencia and Socorro Counties, New Mexico, specifically described in Exhibit "A" attached hereto, and by this reference made a part hereof.

2. The land described in Exhibit "A" attached hereto is hereby included in the Development Contract dated May 8, 1975, by and between the parties hereto, for the term and purpose of, and subject to the terms, provisions, covenants and conditions set forth in said Development Contract, with the same force and effect as if said land had been originally described and included in said Development Contract.

3. The provisions of this Inclusion Agreement shall inure to the benefit of and shall be binding upon the successors and assigns of the parties hereto.

IN WITNESS WHEREOF, the parties hereto have executed this Inclusion Agreement the day and year first hereinabove written.

SANTA FE PACIFIC RAILROAD COMPANY

By D. J. Walsh
Vice President

ATTEST:

By L. A. Fuller
Assistant Secretary

TRANSOCEAN OIL, INC.

By C. R. Church
C. R. Church, Attorney-in-Fact

ATTEST:

_____
Secretary

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

The foregoing instrument was acknowledged before me this 29th day of October, 1975, by D. J. Walsh, Vice President of SANTA FE PACIFIC RAILROAD COMPANY, a corporation organized and existing under and by virtue of an Act of Congress approved March 3, 1897, on behalf of said corporation.

Carolyn Jane Burnham
Notary Public

My commission expires:

My Commission Expires Dec. 3, 1978

STATE OF TEXAS)
) ss,
COUNTY OF HARRIS)

The foregoing instrument was acknowledged before me this 1st day of November, 1975, by C. R. Church, Attorney-in-Fact of TRANSOCEAN OIL, INC., a Delaware corporation, on behalf of said corporation.

Judy W. Manning
Notary Public

My commission expires:

JUDY W. MANNING
Notary Public in and for Harris County, Texas
My Commission Expires June 1, 1977

APPROVED AS TO FORM
General Attorney, New Mexico

EXHIBIT "A"

VALENCIA COUNTY, NEW MEXICO

Township 4 North, Range 5 West

Description	Section	Acres	Total Acres
All	1	681.84	681.84
All	3	679.00	679.00
All	5	673.64	673.64
All	7	636.48	636.48
All	9	640.00	640.00
All	11	640.00	640.00

Township 4 North, Range 6 West

All	1	669.60	669.60
All	3	668.16	668.16
All	5	669.20	669.20
All	7	630.00	630.00
All	9	640.00	640.00
All	11	640.00	640.00

SOCORRO COUNTY, NEW MEXICO

Township 4 North, Range 5 West

All	13	640.00	640.00
All	15	640.00	640.00
All	17	640.00	640.00
All	19	634.88	634.88
All	21	640.00	640.00

Township 4 North, Range 5 West
(Continued)

All	23	640.00	640.00
All	25	640.00	640.00
All	27	640.00	640.00
All	29	640.00	640.00
All	31	636.72	636.72
All	33	640.00	640.00
All	35	640.00	640.00

Township 4 North, Range 6 West

All	13	640.00	640.00
NE/4	15	160.00	
NW/4	15	160.00	
SW/4	15	160.00	
W/2 SE/4	15	80.00	560.00
All	17	640.00	640.00
All	19	630.36	630.36
All	21	640.00	640.00
All	23	640.00	640.00
All	25	640.00	640.00
All	27	640.00	640.00
All	29	640.00	640.00
All	31	632.00	632.00
All	33	640.00	640.00
All	35	640.00	640.00

TOTAL = 23,121.88 ACRES

DEVELOPMENT CONTRACT

THIS AGREEMENT made and entered into this 8th day of May, 1975, by and between SANTA FE PACIFIC RAILROAD COMPANY, a corporation incorporated under act of Congress approved March 3, 1897, herein called "Santa Fe", and TRANSOCEAN OIL, INC., a Delaware corporation, herein called "TransOcean".

W I T N E S S E T H:

WHEREAS, Santa Fe is the owner of the hydrocarbon and mineral fee estate in and under approximately 335,000 acres of land lying within certain areas of Catron, Socorro and Valencia Counties, New Mexico; and

WHEREAS, the parties desire to provide for exploration and development of such lands of Santa Fe for the production of oil, gas and other hydrocarbons in the manner herein provided;

NOW, THEREFORE, for and in consideration of the mutual benefits and considerations herein specifically provided and other good and valuable consideration, the parties hereto agree as follows:

SECTION I

Subject Lands

The lands and interests subject to this contract (herein called "Subject Lands") are those lands in and under which Santa Fe presently owns an interest in the oil, gas and other hydrocarbon substances (excluding coal) lying within the following townships in Catron, Socorro and Valencia Counties, New Mexico:

CATRON COUNTY

Township 1 North, Range 9 West

Township 2 North, Range 9 West
Township 2 North, Range 10 West
Township 2 North, Range 11 West
Township 2 North, Range 12 West
Township 2 North, Range 13 West

Township 3 North, Range 12 West
Township 3 North, Range 13 West
Township 3 North, Range 14 West

Township 4 North, Range 9 West*
Township 4 North, Range 10 West*
Township 4 North, Range 11 West*
Township 4 North, Range 12 West*

Township 3 North, Range 9 West
Township 3 North, Range 10 West
Township 3 North, Range 11 West
Township 4 North, Range 13 West*
Township 4 North, Range 14 West*
Township 4 North, Range 15 West*

SOCORRO COUNTY

Township 1 North, Range 5 West
Township 1 North, Range 6 West
Township 1 North, Range 7 West
Township 1 North, Range 8 West

Township 2 North, Range 5 West
Township 2 North, Range 6 West
Township 2 North, Range 7 West
Township 2 North, Range 8 West

Township 3 North, Range 5 West
Township 3 North, Range 6 West
Township 3 North, Range 7 West
Township 3 North, Range 8 West

Township 4 North, Range 7 West*
Township 4 North, Range 8 West*

VALENCIA COUNTY

Township 4 North, Range 7 West*
Township 4 North, Range 8 West *
Township 4 North, Range 9 West*
Township 4 North, Range 10 West*
Township 4 North, Range 11 West*
Township 4 North, Range 12 West*
Township 4 North, Range 13 West*
Township 4 North, Range 14 West*
Township 4 North, Range 15 West*

Township 5 North, Range 7 West
Township 5 North, Range 8 West
Township 5 North, Range 9 West
Township 5 North, Range 10 West
Township 5 North, Range 11 West

*(Townships listed in more than one county)

(All said townships being numbered from the New Mexico Principal Meridian.) The said interests in oil, gas or other hydrocarbon substances (excluding coal) owned by Santa Fe in and under the subject lands are sometimes herein called "Hydrocarbons".

SECTION II

Titles

1. It is recognized that Santa Fe has previously conveyed title to the surface of the Subject Lands, but Santa Fe represents that it has retained title to the Hydrocarbons, with rights of ingress and egress for the purpose of exploring for and producing same, under approximately 335,000 acres of subject lands within the townships described in Section I.

2. As soon as practical after final execution hereof, Santa Fe shall furnish TransOcean with pertinent data and information from Santa Fe's files concerning title to Hydrocarbons under the Subject Lands. TransOcean shall have thirty (30) days thereafter in which

to accept title or to reject title should its examination reveal that Santa Fe's fee title to Hydrocarbons covers substantially less than 300,000 acres, more or less, of Subject Lands. If TransOcean does so reject title, this contract shall terminate and the initial consideration paid under Section IV shall be returned to TransOcean.

3. Except for the furnishing of information from its files and records as provided in this Section II, Santa Fe shall have no obligation for the expense of title examination or any title curative action. However, should TransOcean's title examination reveal the necessity or advisability of title curative action, then Santa Fe agrees to cooperate fully with TransOcean in any such action.

SECTION III

Exploration Rights Granted

1. In consideration of the initial payment made by TransOcean and obligations incurred by TransOcean as provided hereafter, Santa Fe grants unto TransOcean the exclusive right and privilege to explore for Hydrocarbons by core drilling, exploration drilling, photogeology, seismic surveys or other geophysical methods on the Subject Lands for a two (2) year period from and after June 1, 1975, or such earlier date as TransOcean may elect to begin actual on-the-ground exploration activities. Santa Fe agrees that during such two-year period it shall not grant or convey to any party other than TransOcean any options, permits or leases covering or involving Hydrocarbons under the Subject Lands, and further agrees that any contracts, permits or leases involving minerals other than Hydrocarbons that are executed or granted by Santa Fe after execution of this contract shall be made specifically subject to the rights of TransOcean granted herein.

2. Santa Fe shall immediately hereafter furnish TransOcean information concerning any presently outstanding contracts, leases

or permits involving exploration or development of the Subject Lands for Hydrocarbons, as well as information concerning such contracts, leases or permits involving minerals other than Hydrocarbons on the Subject Lands. Santa Fe warrants and represents that such contracts, leases or permits will not substantially affect TransOcean's rights hereunder.

SECTION IV

Initial Consideration

As initial consideration for its rights and benefits obtained hereunder, TransOcean agrees to pay to Santa Fe the sum of One Hundred Ten Thousand Dollars ($110,000.00) in cash on or before ten (10) days after final execution hereof.

SECTION V

Exploration Obligations Incurred

1. TransOcean firmly commits and agrees to spend or cause to be spent a minimum of Four Hundred Thousand Dollars ($400,000.00) during the initial two-year period provided for in Section III above, such monies to be expended on Exploration Activities on the Subject Lands as provided herein, and such expenditure being herein called "Minimum Obligation". "Exploration Activities" as herein used shall include the conduct of surface and subsurface geological and geophysical work, including seismic surveys, photogeology or any similar geophysical surveys or studies, core drilling and exploration drilling (provided that exploration drilling shall not include development wells drilled on lands covered by a specific lease or operating agreement after such lands have been earned as provided in Section VI below). The monies chargeable to TransOcean's Minimum Obligation shall cover only actual out-of-pocket expenses incurred in the conduct of Exploration Activities, except that TransOcean may also charge the expenses and salaries of

consultants, geologists, geophysicists and engineers employed by TransOcean for their actual time in the field performing the activities described above. However, it is understood and agreed that TransOcean will make no charge for salaries or expenses of any TransOcean employees in its Rocky Mountain division office, unless such salaries or expenses are for actual time and activities in the field.

2. TransOcean shall from time to time, but at least quarterly, furnish Santa Fe report(s) with data substantiating the expenditures in such Exploration Activities.

3. It is specifically understood and agreed that should any portion of TransOcean's overall Exploration Activities be conducted on lands other than the Subject Lands, no portion of the costs therefor shall be credited to TransOcean's Minimum Obligation, it being agreed that such Minimum Obligation shall be expended solely for Exploration Activities on the Subject Lands. In the event of geophysical surveys which will cover such other lands as well as the Subject Lands, a reasonable allocation of costs to the Subject Lands shall be made by TransOcean.

4. At the expiration of the two-year period provided in Section III-1 if TransOcean has not expended the full Minimum Obligation amount of $400,000.00, any deficiency will be paid to Santa Fe in cash.

5. Within a reasonable time following completion of any separate project of Exploration Activities hereunder, TransOcean will furnish Santa Fe with logs, tests, surveys, reports, etc., resulting from such project; provided that if in TransOcean's sole opinion any of such logs or surveys shall be considered confidential by TransOcean, then TransOcean shall not be required to furnish such logs or surveys. During the conduct of Exploration Activities on

the Subject Lands, TransOcean will furnish Santa Fe with daily drilling reports and copies of all reports filed with state or federal authorities.

SECTION VI

Blocks Earned After Discovery

1. In the conduct of its Exploration Activities, if TransOcean should drill a well capable of commercial production of Hydrocartons, then within sixty (60) days from the date of completion of such commercial well, TransOcean shall designate a portion of the Subject Lands in a reasonably compact block around and including the drillsite tract. Such block shall contain Five Thousand One Hundred Twenty (5,120) acres of Subject Lands, or the closest number of acres practicable because of lots varying above or below the standard 40-acre legal subdivision. Within sixty (60) days from receipt of TransOcean's designation of said block of Subject Lands, Santa Fe shall elect whether or not to execute an oil and gas lease covering such block as provided in Section VI-2 below or to execute a lease covering only the drillsite tract and join TransOcean in an Operating Agreement as a working interest owner as provided in Section VI-3 below.

2. Should Santa Fe elect to execute a lease covering the block surrounding the discovery well, Santa Fe shall execute and deliver such a lease to TransOcean on the form attached hereto as Exhibit "A". Such oil and gas lease shall be for a primary term of five (5) years from and after the date of the initial potential test taken pursuant to regulations of the New Mexico Oil Conservation Commission. Such lease shall provide for a twenty percent (20%) royalty and initially cover all zones and formations under the Subject Lands in said block committed thereto from surface down to the base of the deepest geologic formation drilled in the earning discovery well.

3. Should Santa Fe elect to join TransOcean in development of such selected block, then Santa Fe shall execute an oil and gas lease on the form attached hereto as Exhibit "B" covering only the proration or spacing unit surrounding the drillsite of the earning well and the producible zones dedicated thereto, providing for a fifteen percent (15%) royalty, and terminating on payout of well costs as provided therein. As to the balance of the Subject Lands within the 5,120-acre block (and as to the drillsite lease tract after payout), Santa Fe will join TransOcean in an Operating Agreement in the form attached hereto as Exhibit "C", under which TransOcean shall own a sixty percent (60%) interest in production and Santa Fe a forty percent (40%) interest with no provisions for any royalty payable to Santa Fe. Such Operating Agreement shall initially cover all zones and formations under the earned block from surface down to the base of the deepest geologic formation drilled by the earning discovery well.

4. In like manner, in the conduct of its Exploration Activities, the completion by TransOcean of additional commercially producible exploratory wells shall earn for TransOcean the right to designate additional blocks of 5,120 acres surrounding each such well as provided above for the initial commercial discovery well. Upon TransOcean's designation of such a 5,120-acre block, Santa Fe shall make a like election to either execute an oil and gas lease covering the entire block or join TransOcean as a working interest owner as provided in Sections VI-2 and VI-3 above.

5. On either lease blocks (Section VI-2) or Operating Agreement blocks (Section VI-3), TransOcean shall have the right to drill subsequent deeper wells or deepen existing wells to formations not already earned. If TransOcean so drills or deepens a well on a lease block, such drilling shall be at TransOcean's sole cost, and

after completion, the lease shall be extended to cover all zones under such lease block down to the base of the deepest geologic formation drilled by such deeper test. As to such a deeper test on an Operating Agreement block, TransOcean shall notify Santa Fe in writing of its intention to drill a new well or deepen an existing well to such deeper zones, furnishing Santa Fe with its estimate of well costs. Santa Fe shall have sixty (60) days thereafter to elect under the terms of the Operating Agreement whether it desires to join TransOcean in the costs of drilling such well through the formations covered by the Operating Agreement or to incur the non-consent penalties therein provided. TransOcean shall bear all costs of drilling through and completing in deeper formations not covered by the Operating Agreement. Should TransOcean desire to deepen an existing well on an Operating Agreement block, it may do so at any time at its sole cost provided such well is not then capable of commercial production of Hydrocarbons. Upon completion of such a deeper test well, the Operating Agreement shall be extended to cover all zones down to the base of the deepest geologic formation drilled by such test well. If any such well is completed as a producer in such deeper zones, TransOcean shall, during the payout period, be granted an oil and gas lease with a fifteen percent (15%) royalty in the same manner as provided in Section VI-3 above for the initial earning discovery well, except that such lease shall cover only the deeper producible zones dedicated to the applicable spacing or proration unit for such deeper completion.

6. During the initial two-year exploratory period hereunder as to all Subject Lands, and during additional exclusive exploration periods under Section VII as to Subject Lands thereunder selected, Santa Fe may not drill for its sole account a well to deeper formations underlying an earned block in a lease or operating agreement.

After expiration of such exclusive exploration periods, however, Santa Fe may so develop deeper unearned zones underlying such an earned block for Santa Fe's sole account, provided that TransOcean shall first be given sixty (60) days' advance notice in which to commence drilling such deeper well and earn deeper zones as provided herein. TransOcean's costs of deeper drilling of earned blocks under Section VI-5 during said two-year exploratory period (or during such additional exploration periods as to blocks earned thereunder) shall be credited to the applicable Minimum Obligation.

SECTION VII

Additional Exploration Options

1. After the expiration of the two-year exploration period provided for in Section III-1, TransOcean shall have no further exclusive rights of exploration on the portions of the Subject Lands that have not been included in oil and gas leases or operating agreements pursuant to Section VI, except as to selected portions of the Subject Lands on which TransOcean may elect to conduct further Exploration Activities as provided in this Section VII.

2. TransOcean shall have the initial option to renew its exclusive rights for the conduct of Exploration Activities on the Subject Lands by committing to a further expenditure of Two Dollars ($2.00) per acre on such portions of the Subject Lands selected which have not been included in oil and gas leases or operating agreements. TransOcean may exercise such initial option by furnishing Santa Fe a schedule of selected acreage within the Subject Lands on or before thirty (30) days prior to the date of expiration of said two-year exploration period. Such selection must include at least Ten Thousand (10,000) acres of Subject Lands. After exercising such initial option, TransOcean shall have, for a period of one (1) year from expiration of said initial two-year period,

the same exclusive rights to conduct Exploration Activities as to such lands selected as are granted initially to TransOcean under Section III on all the Subject Lands.

3. At any time while TransOcean is conducting additional Exploration Activities on portions of Subject Lands selected as provided in this Section VII, TransOcean shall have like continuing options to make additional selections of acreage on blocks of at least Ten Thousand (10,000) acres, incurring like additional Minimum Obligations of Two Dollars ($2.00) per net acre selected, and acquiring exclusive exploration rights for periods of one (1) year from and after the first day of the month following the notice of selection to Santa Fe. Should any such selection include a portion of lands subject to a prior selection, then TransOcean's Minimum Obligation for such selection shall be credited by an amount equal to Two Dollars ($2.00) per net acre of Subject Lands within such prior selection multiplied by a fraction, the denominator of which shall be twelve (12) and the numerator the number of full months remaining in the prior selection period. It is also agreed that any selection so including lands subject to a prior selection must include at least Ten Thousand (10,000) acres of Subject Lands not then included in, and subject to, a prior selection. TransOcean's right to make such additional selections and obtain exclusive exploration rights hereunder shall not extend to any period past June 1, 1982.

4. Should TransOcean complete a commercial well in conducting further Exploration Activities pursuant to the provisions of this Section VII, then the terms and provisions of Section VI pertaining to designation by TransOcean of 5,120-acre blocks shall be applicable in the same manner, and Santa Fe shall elect whether to execute an oil and gas lease as provided in Section VI-2 or grant a lease on the drillsite and join in an operating agreement as provided in Section VI-3.

5. At the expiration of any one-year selection period, if TransOcean shall not have expended the full amount of the particular Minimum Obligation incurred for such selection period, then TransOcean shall pay the amount of any such deficiency to Santa Fe in cash.

6. If TransOcean exercises its rights hereunder to select additional acreage, it shall pay in cash at the time of such election an amount to Santa Fe equal to One Dollar ($1.00) per acre so selected.

SECTION VIII

Non-Hydrocarbon Exploration

1. It is recognized that in the conduct of its Exploration Activities hereunder, TransOcean may obtain information or data concerning the potential value of the Subject Lands for development of minerals other than Hydrocarbons. Santa Fe agrees that TransOcean may conduct specific non-Hydrocarbon mineral tests or surveys in conjunction with its regular Exploration Activities; provided, however, that none of the costs and expenses thereof may be credited on a Minimum Obligation incurred by TransOcean.

In no event shall TransOcean earn any rights to coal which is retained for the exclusive use and possession of Santa Fe.

the Subject Lands, Santa Fe agrees to grant a lease or contract to TransOcean for development of such non-Hydrocarbons under the terms and conditions prevailing in the area at the time of discovery.

SECTION IX

Specific Covenants of TransOcean

1. TransOcean agrees to conduct Exploration Activities hereunder in such manner as to avoid any operational conflict with third parties who may presently have existing contracts, permits or leases with Santa Fe involving development of the Subject Lands for Hydrocarbons or minerals other than Hydrocarbons. TransOcean

shall make every reasonable effort to likewise avoid operational conflicts with third parties making contracts, or obtaining permits or leases, on minerals other than Hydrocarbons after the effective date hereof; provided, however, that Santa Fe shall furnish Trans-Ocean copies of any such subsequent contracts, permits or leases, and shall make all such contracts, permits or leases specifically subject to the rights of TransOcean herein granted.

2. TransOcean agrees that it will notify Santa Fe prior to commencement of on-the-ground operations in any of its Exploration Activities, informing Santa Fe of the specific area and portions of the Subject Lands where such Exploration Activities shall be conducted.

3. TransOcean agrees that in its Exploration Activities hereunder, it will use and exercise reasonable diligence in all operations on the Subject Lands for the discovery and production of Hydrocarbons, carrying on all operations hereunder in a good and workmanlike manner in accordance with the approved methods and practices and in compliance with all applicable state and federal laws and regulations.

4. TransOcean agrees to save harmless and indemnify Santa Fe from and against all claims, damages, suits, judgments, expenses and costs of any and every kind on account of injuries to, or death of persons and loss and damage to property arising out of, or in connection with, TransOcean's conduct of Exploration Activities hereunder.

4(a). Insofar as any of the indemnity provisions set forth in any of the preceding paragraphs or any rider, amendment or addendum hereto operate to indemnify the indemnitee, or the agents or employees of the indemnitee, or any legal entity for whose negligence, acts or omissions any of them may be liable, from liability, claims, damages, losses or expenses, including attorney fees, arising out of, in whole or in part, the negligence of the indemnitee, or of the agents or employees of the indemnitee, or of any legal entity for whose negligence, acts or omissions any of them may be liable, such indemnity provisions shall not extend to liability, claims, damages, losses or expenses, including attorney fees, arising out of:

A. the preparation or approval of maps, drawings, opinions, reports, surveys, change orders, designs, or specifications by the indemnitee, or the agents or employees of the indemnitee; or

B. the giving of or the failure to give directions or instructions by the indemnitee, or the agents or employees of the indemnitee,

TransOcean agrees, as to Subject Lands which are not dedicated to a lease or operating agreement by virtue of a discovery well, that it will restore to Santa Fe and the surface owners the possession of such lands and remove therefrom TransOcean's property and equipment, and so far as reasonably practicable, restore the lands to the condition they were in at the time of TransOcean's commencement of operations thereon.

SECTION X

Force Majeure

In all instances, except as to payment of monies due Santa Fe hereunder, in which TransOcean is expressly required to perform any particular act or to begin or carry on any operation, any delay on account of floods, washouts, strikes, lockouts, the elements, Acts of God, inability to obtain access to the Subject Lands, or other causes beyond TransOcean's reasonable control shall not be computed as any part of the time within which any such act shall be begun or performed; excepting (1) that the obligations of TransOcean under this lease shall not be suspended while TransOcean is prevented from complying therewith as a consequence of TransOcean's failure to comply, either on the Subject Lands or elsewhere, with any rule or regulation or any Federal, state, county, municipal or other governmental agency, and (2) that should such a cause of force majeure prevent TransOcean from satisfying a Minimum Obligation under Sections V or VII within the time limits therein provided, then any obligation of TransOcean to pay monies to Santa Fe pursuant to Sections V-4 or VII-5 shall be extended for such period of time as TransOcean was so prevented by cause of force majeure from performing the acts necessary to satisfy such Minimum Obligation.

SECTION XI

Notices

1. Any notice hereunder shall be deemed to be fully given

if dispatched by registered or certified mail, postpaid, to the parties hereto at the addresses stated below:

Santa Fe Pacific Railroad Company
Room 220
920 Jackson Street
Topeka, Kansas

TransOcean Oil, Inc.
1700 First City East Building
Houston, Texas 77002
Attention: Land Department

2. The date of notice by mail shall be the date on which such written notice or other communication shall be deposited in a United States Post Office, registered or certified mail, postpaid. Each party hereto shall have the right to change its address for all purposes by notifying the other party hereto of the new address in writing.

SECTION XII

Laws and Regulations

This agreement and the work and operations contemplated hereby shall be subject to all valid laws and all valid rules, regulations and orders of any Federal, state or other governmental regulatory body having jurisdiction; and in the event any provision of this agreement shall be found to be contrary to or inconsistent with any such law, rule, regulation or order, the latter shall be deemed to control, and this agreement shall be deemed modified accordingly, but in all other respects to continue in full force and effect.

SECTION XIII

Negation of Partnership

It is expressly agreed that the duties, obligations and liabilities of the parties hereto shall be several and not joint or collective, and each party shall be responsible only for its specific costs, expenses, duties and liabilities incurred hereunder, and nothing herein contained or act done hereunder shall be construed as creating a partnership, or imposing a partnership

duty, or liability on any of the parties hereto, or as creating any joint venture, association or any other legal entity for any purpose.

SECTION XIV

Arbitration

In the event the parties hereto shall fail to agree with respect to any matters arising under this contract, then the matter shall be determined by the decision of three (3) disinterested arbitrators, one to be appointed by Santa Fe, one by TransOcean, and the third by the two arbitrators so appointed. The decision of such arbitrators, or any two of them, shall be conclusive and binding upon the parties hereto, and the expense of arbitration shall be borne as the arbitrators shall direct.

SECTION XV

Assignment

This agreement may be assigned in whole or in part by either party hereto, provided that all the covenants, terms and provisions hereof shall be binding upon any successor or assign and provided that in the event of any assignment or transfer, each of the original parties hereto shall remain fully and primarily liable for all covenants, obligations and duties incurred or to be incurred hereunder.

THIS AGREEMENT is executed as of the day and year first hereinabove written.

SANTA FE PACIFIC RAILROAD COMPANY

Attest:

By T H Rodgers

TRANSOCEAN OIL, INC.

Attest:

By

C. R. Church
Attorney-in-Fact

FORM APPROVED

APPROVED As TO FORM

EXHIBIT "A"

To Development Contract Between

Santa Fe Pacific Railroad

Company and TransOcean Oil, Inc.

OIL AND GAS LEASE

THIS INDENTURE OF LEASE, made as of the _____ day of _____, 19_____, by and between SANTA FE PACIFIC RAILROAD COMPANY, a corporation incorporated under Act of Congress approved March 3, 1897, hereinafter called "Lessor," and TRANSOCEAN OIL, INC., a Delaware corporation, hereinafter called "Lessee."

W I T N E S S E T H :

SECTION I

Lessor, in consideration of the royalties to be paid, and covenants to be observed, as herein set forth, does hereby grant and lease to the Lessee the exclusive right and privilege to explore by geophysical and other methods and to prospect for, drill for, extract, remove and dispose of all the oil, gas, casinghead gas and associated hydrocarbons, including helium, in or under certain tracts of land as to the surface and certain zones and formations under said lands in the County of _____ State of New Mexico, more particularly described in Exhibit "A", attached hereto and by this reference made a part hereof, for a period of Five (5) years from the date hereof, hereinafter referred to as the "primary term" and as long thereafter as oil, gas, casinghead gas or associated hydrocarbons or any of them is produced in paying quantities. "Paying quantities" as used throughout this lease, means production from a well of such quality and quantity of oil, gas, casinghead gas and associated hydrocarbons, including helium, as will pay a reasonable profit over and above the expense of operating the well, without regard to whether the well will produce sufficient quantities to return the cost and expense of drilling, completing and equipping the same.

All other minerals and rights not herein granted and leased to Lessee are hereby reserved, together with the right to lease said lands for mining of such other minerals and to enter, mine and remove the same. Lessor and Lessee agree to use the surface of said lands so as not to unreasonably interfere with the use thereof by the other.

SECTION II

The Lessee, in consideration of the foregoing, hereby agrees:

1. To recognize, observe, pay and deliver the following royalties:

(a) An equal 1/5th part of all oil produced and saved from the leased premises. Such royalty oil to be tendered and delivered to Lessor, free of cost, in pipe lines to which Lessee may connect his wells, or, at the option of Lessor, such royalty oil to be tendered and delivered to Lessor on or before the 15th day of each calendar month from Lessee's stock tanks provided by Lessee on the leased land for that purpose, the same to be held for, but at the sole risk of Lessor, at place of delivery for 15 days thereafter, free and clear of all costs and charges of every nature. Lessor shall not change the method of tender and delivery at intervals of less than six (6) months. Should Lessor's

oil be not moved by Lessor from Lessee's stock tanks at the end of the 15-day period mentioned above, then Lessee shall have the option (but shall not be required to do so) of purchasing said royalty oil at the current market price. Lessee shall not be obligated to provide any storage for Lessor's royalty oil except only such storage as is sufficient to store Lessor's royalty oil produced during one period of 15 days. Lessee shall have free use of oil and gas for all operations hereunder and the royalty on oil and gas shall be computed after deducting any so used. The words "current market price" as used in this paragraph shall be deemed to mean the entire price available for oil of similar quality in the same producing district at the well(s) or at Lessee's stock tank(s) at the wellsite.

b) As royalty for gas and casinghead gas produced from the demised premises (1) when sold by Lessee, 1/5 of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of 1/5 of such gas and casinghead gas.

c) Notwithstanding anything to the contrary contained herein, if, at the expiration of the primary term hereof, or at any time or times thereafter, there are any wells on the lands covered hereby or on lands with which the lands covered hereby or any portion thereof have been pooled or communitized, capable of producing oil or gas in paying quantities, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on such lands for so long as such lands are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from such wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor disputes or to market gas upon terms unacceptable to Lessee. Notwithstanding anything to the contrary contained herein, if, at the expiration of the primary term hereof, or at any time or times thereafter, all such wells are shut-in for a period of ninety (90) consecutive days, and during such time there are no operations on said lands, then at or before the expiration of said ninety (90) day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, the sum of One Dollar ($1.00) per acre of said lands. Lessee shall make like payments or tenders annually at or before the end of each anniversary of the expiration of said ninety (90) day period if upon such anniversary date this lease is being continued in force solely by reason of the provisions of this Paragraph (c). Each such payment or tender shall be made as provided hereinbelow. Nothing contained herein shall impair Lessee's right to release as may be provided elsewhere hereinafter. In the event of assignment of this lease, in whole or in part, liability for payment under this Paragraph (c) shall nevertheless rest exclusively on Lessee.

All payments of royalties and shut-in royalties are to be made to the Treasurer of the Santa Fe Pacific Railroad Company, Room 220, at 920 Jackson Street, Topeka, Kansas.

2. To furnish in duplicate monthly statements in detail on Lessee's regular form showing the amount, quality and value of all oil and gas produced and saved during the preceding calendar month as the basis for computing the royalty to the Lessor. The leased premises, all wells, improvements, machinery and fixtures thereon or connected therewith, all books and accounts of the Lessee and copies of all reports filed with governmental authorities, relating to operations which determine Lessor's royalties or which may affect the Lessor's rights under

this lease, shall be open at all reasonable times for the inspection by any duly authorized representative of the Lessor. Lessee further authorizes Lessor to inspect records of governmental agencies relating to operations on the leased premises.

3. To keep a log of all wells drilled by the Lessee on the demised premises or within fourteen hundred (1,400) feet thereof, showing the strata and character of the ground passed through by the drill, a copy of which log or map thereof shall be furnished to said Lessor on demand.

4. To exercise reasonable diligence in drilling and operating wells for oil and gas on the lands covered hereby, and to continuously operate the same while such products can be secured in paying quantities, except as otherwise provided in Paragraph (3)(C) above, or unless consent to suspend operations temporarily is granted by the Lessor; to carry on all operations hereunder in a good and workmanlike manner in accordance with approved methods and practices, having due regard for the prevention of waste of oil or gas developed on the land, or the entrance of water through wells drilled by Lessee to the oil sands or oil bearing strata to the destruction or injury of the oil deposits and the preservation and conservation of the property for future productive operations; to plug securely any well before abandoning the same so as to effectually shut off all water from the oil or gas bearing strata to comply with all state and Federal laws and regulations governing the production and conservation of oil and gas and plugging and abandonment of wells; to give such bond as may be required by law or regulation for drilling operations, plugging and abandonment of wells drilled by Lessee.

5. To pay, before same become delinquent, all taxes, charges, rates and assessments which may, during the term of this lease, be levied upon or assessed in any respect, to the benefits of this lease which flow to the Lessee as follows:

(a) All such taxes, charges, rates and assessments which may be levied upon or assessed in respect to any of the rights, privileges, values or property which are given or granted to the Lessee by the terms and provisions of this lease.

(b) All such taxes, charges, rates and assessments pertaining to oil or gas which may be produced from the demised premises or pertaining to the personal property which may be placed upon such premises by the Lessee; provided, however, that Lessor shall pay its proportionate share of any gross production, severance, conservation or emergency school tax applicable to its royalty oil or gas or ad valorem tax applicable to Lessor's mineral interest.

6. To save harmless and indemnify the Lessor from and against all claims, demands, suits, judgments, expenses and costs of any and every kind on account of the injury to or death of persons and loss and damage to property arising out of or in connection with the operations of the Lessee upon the leased premises and will, at the sole cost and expense of the Lessee, defend all such claims, demands, or suits.

Lessee shall promptly pay and discharge any and all liens arising out of any construction, alteration or repair work done, or suffered or permitted to be done, by Lessee on the premises, and Lessor is hereby authorized to post any notices or take any other action upon or with respect to the premises that is or may be permitted by law to prevent the attachment of any such liens to the premises; provided, however, that failure of Lessor to take any such action shall not relieve Lessee of any obligation or liability under this or any other paragraph hereof.

7. To restore to the Lessor the possession of the premises at the termination of this lease either by expiration of time, forfeiture or otherwise as herein provided, and to remove therefrom all property, improvements, etc., except such as may have become the property of the Lessor under this lease by purchase or otherwise, and so far as reasonably practicable, restore the leased premises to the condition in which they were at the time of entrance into this lease. Lessee further agrees that on any such termination of this lease, it will, within sixty (60) days, deliver to Lessor an appropriate instrument, in writing, duly executed and acknowledged so as to entitle same to be recorded, expressly surrendering all of Lessee's right therein.

8. To fully protect the leased land from drainage of oil or gas from any producing formation or zone by the drilling of all necessary offset wells; it being expressly stipulated that the question as to whether or not the premises covered by this lease are being drained is dependent upon the particular circumstances obtaining in each specific case, such as depth, thickness or pay horizon, productivity, porosity, permeability, etc., but without prejudice to Lessor of maintenance of a claim of drainage from wells located at a greater distance from the property line, Lessee agrees and stipulates that in event a well capable of producing oil or gas in commercial quantities is brought in within 330 feet of said leased premises upon lands not wholly or partially owned by Lessor, then it shall be considered prima facie evidence that said well is draining the premises covered by this agreement, if such oil and/or gas is being produced. "Commercial quantities" as used throughout this lease, means production from a well of such quality and quantity of oil, gas, casinghead gas and associated hydrocarbons, including helium, as, considering the cost of drilling and producing operations and the price obtainable for production therefrom, would in the judgment of a reasonably prudent operator, commercially and economically warrant the drilling of such well.

Lessee agrees that for the purpose of diligence in development, the premises covered by this lease shall be considered separate and apart from other adjoining or contiguous tracts owned by Lessor in the same way and to the same extent as if the fee or mineral ownership of the premises covered by this lease were a different mineral ownership from that of such adjoining or contiguous tract or tracts. Lessee agrees and obligates himself to protect the premises included under this lease against drainage by the drilling of all wells that may be necessary to offset commercially producing wells located on adjoining or contiguous tracts according to the spacing pattern then in effect in the area of the leased premises, and by the drilling of such additional interior wells as may be necessary to maintain the development on the property covered by this lease of at least equal density; that is, in number of wells per unit of area as is followed upon adjoining or contiguous tracts.

Lessee agrees that in the exploration, development and operation of said premises it will use and exercise the same degree of diligence which the law would and does impose upon a Lessee in the absence of specific contractual provisions as to the diligence to be exercised by Lessee in the exploration, development and operation of the premises for oil and/or gas.

Any obligation assumed by Lessee under any paragraph of this section shall not in any way diminish any other obligations assumed by Lessee under any other paragraph or section of this lease.

9. That six (6) months after the date hereof, or _____ (whichever is the later date) if the leased premises have not been developed by the completion of sufficient wells so that all leased lands are included within spacing or proration units dedicated to a producing or producible well, or committed to a fieldwide unit approved by proper state or Federal authorities, Lessee shall either (1) release such portion of the leased lands that have not been so developed or committed to such unit to the same extent required below in Paragraph 10 of this Section II at expiration of the primary term, or (2) commence the drilling of additional wells to extend the time at which Lessee shall be obligated to so release such lands. To so extend the date of Lessee's said obligation to release, Lessee must commence operations for the drilling of such additional wells on or before the above date and continue such operations with reasonable diligence, provided that Lessee shall be allowed one hundred eighty (180) days to elapse between the completion of one well and the commencement of drilling for the next succeeding well, and provided that should Lessee drill wells with lesser intervals of time between completion and commencement, Lessee may accumulate such saved time and be given full credit by extension(s) of the commencement date for the next well or succeeding wells.

10. That at the expiration of the primary term hereof, unless Lessee commences or is then engaged in, a drilling program as provided in Paragraph 9 above, or upon cessation of such drilling program after expiration of the primary term, Lessee shall (1)release and surrender to

Lessor all leased lands except such lands that are within 40-acre, quarter-quarter (or equivalent) legal subdivisions, any portion of which lies within one-half (1/2) mile of any producing oil well, or any oil well shut-in pursuant to Paragraph (3)(c) of Section II hereof, injection well or other pressure maintenance well on the leased premises, or within 320 acres of any producing gas well, or any gas well shut-in pursuant to Paragraph (3)(c) of Section II hereof, or a well on a fieldwide unit, or pooled or communitized tract, spacing or proration unit to which any portion of the leased premises has been committed and except such leased lands as have been committed to any such fieldwide unit, pooled tract or spacing unit, and (2) further release and surrender to Lessor all zones and formations under the leased lands that lie below the base of the deepest formation then producing, or producible from any well so shut-in.

SECTION III

IT IS MUTUALLY AGREED:

1. After the expiration of the primary term, and if, after discovery of oil or gas, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences additional drilling or reworking operations within sixty (60) days thereafter, and if such additional drilling or reworking operations result in the production of oil or gas, this lease shall continue so long as oil or gas is produced in paying quantities; provided, however, this provision shall not apply if all wells are shut-in pursuant to Paragraph (3)(c) of Section II hereof.

2. That the Lessor does not warrant the quiet possession of said lands by the Lessee, and Lessor shall in no event become liable for damages arising from any lack or failure of title in the Lessor to said lands or eviction of the Lessee therefrom by title paramount to the title of the Lessor. It is agreed, that if Lessor owns an interest in the hydrocarbon minerals in said lands less than the entire fee simple estate in said hydrocarbon minerals, then the royalties to be paid Lessor hereunder shall be reduced proportionately. In the event of partial or complete failure of title to said hydrocarbon minerals, if royalties were paid to Lessor by Lessee on production from any part of such tract as to which partial or complete failure of title to said minerals occurs, Lessor agrees to reimburse Lessee only for royalties paid to Lessor to which Lessor was not legally entitled.

Lessor has sold the surface rights in all of said lands, but has expressly reserved and excepted in the deeds to said land all oil, gas, coal and minerals whatsoever, already found, or which may be found upon or under said lands, with the right to prospect for, mine and remove the same, and to use so much of the surface of said lands as shall be necessary and convenient for shafts, wells, tanks, pipe lines, rights of way, railroad tracks, storage purposes and different structures and purposes necessary and convenient for the digging, drilling and working of any mines or wells which may be operated on said lands, subject, however, to the obligation to pay to the Grantee, or the legal representatives, heirs, successors or assigns of Grantee, a fixed price per acre for the surface of all lands appropriated under said exception and reservation, and for any buildings or permanent improvements thereon, determined as specified in said deeds. Lessee accepts this lease subject to the terms and provisions of said deeds, and assumes the payment to the surface owner of any amounts required by said deeds to be paid for the surface of all lands so appropriated by Lessee, and for any buildings or permanent improvements thereon, for its operations under this lease.

3. Subject to the obligations of Lessee, as provided in Section II hereof, Lessee may at any time surrender the whole or any part of the leased premises to the Lessor by an appropriate instrument in writing, duly executed and acknowledged so as to entitle same to be recorded, and thereupon all rights and obligations of the parties hereto, one to the other, shall cease and terminate as to the premises thereby surrendered; provided, however, the Lessee shall have first paid all taxes or royalties due hereunder and shall perform all the obligations of the Lessee under Paragraphs 6 and 7 of Section II hereof, and provided, further, that the lands surrendered shall be according to legal subdivisions, or parts thereof, of not less than forty (40)

acres and in reasonably compact form.

4. That Lessee is granted the right at any time, whether before or after production, to pool or communitize for development and operation purposes any part(s) of the leased lands with any other lands adjacent thereto or with any leasehold, operating or other rights in such other lands so as to form spacing or proration units containing no more than 80 acres, plus 10% acreage tolerance, for oil units or 640 acres, plus 10% acreage tolerance, for gas or gas condensate units. Any such units may also, at Lessee's option, be limited to specific sub-surface zones or formations. If at any time larger or smaller spacing or proration units are authorized or required under applicable law, rule, regulation or order of any governmental authority having jurisdiction, then any such unit may be established, reformed, reduced or enlarged to conform to the size so authorized or required. Lessee agrees to record a declaration of pooling containing a description of any spacing or proration unit so created. Operations (including drilling and reworking) on any part of any lands so pooled or communitized shall be considered operations on the leased premises under this lease and all royalties payable hereunder shall be apportioned as provided in such pooling, communitization or unit declaration or agreement.

5. That if the Lessee shall fail to perform or comply with any covenant or condition to be performed or complied with, then, and in such event, the Lessor shall have and is hereby given the right, at its election, upon the terms and conditions hereinafter set forth, to terminate this lease, and, upon giving or recording notice in writing of such election, this lease shall forthwith be terminated, as to such portion of the leased premises as Lessee would be obligated to release at expiration of the primary term hereof and cessation of any drilling program under the provisions of Paragraphs 9 and 10 of Section II.

Each obligation of Lessee expressly assumed by it under the terms of this lease, and each obligation of Lessee implied by law shall be deemed and construed to be a condition of this lease as well as a covenant. Lessee, however, except as to the failure to commence the actual drilling of the wells required under Paragraph 9 of Section II of this lease shall not be deemed or held to have failed to comply with any obligation or condition expressed or implied under this lease until sixty (60) days after service of written notice setting out specifically the nature of such non-compliance, and during such sixty (60) day period, Lessee may comply or commence to comply with such obligation or condition if any there be and if same is thereupon or thereafter diligently complied with, then Lessee shall be deemed to have fully complied with such obligation or condition under the terms of this lease. Neither the service of said written notice nor the doing of any acts by Lessee aimed at compliance with the alleged failure shall be deemed an admission or presumption that Lessee has failed to comply with any obligation or condition hereunder. The failure of the Lessor to make service or notice of any breach of condition or covenant shall not constitute a waiver or be a bar to subsequent claim or breach of condition or breach of covenant.

Nothing herein shall be construed to relieve the Lessee from any liability which may be accrued prior to or which may be accruing at the date of such termination or deprive the Lessor of the right to enforce any such liability or of the benefit of any covenant or obligation in this lease contained to indemnify or hold it harmless. Waiver of any particular cause of forfeiture shall not prevent the cancellation and forfeiture of this lease for any other cause of forfeiture or for the same cause occurring at any other time.

6. That upon any termination or expiration of this lease as to the lands hereby leased, all rights of Lessee in or to extract oil or gas within said lands shall cease and the ownership of any such oil and gas shall remain with the Lessor, and Lessee agrees that upon any surrender, termination or expiration of this lease, that it will within sixty (60) days thereafter furnish Lessor a surrender of all its rights hereunder, duly executed and acknowledged so as to entitle same to be recorded, which surrender shall contain a warranty that no contractual rights exist in favor of any person or persons claiming under said lease by or through Lessee as to any of the property covered by said surrender.

7. That this lease shall not operate to interfere, obstruct or hinder in any way the operation of The Atchison, Topeka and Santa Fe Railway Company, or by any company a majority of whose capital stock now is or hereafter shall be owned by it, or any railroad now in existence which may be acquired by any such company, and all rights, privileges and easements granted by this lease are subject to the safe and economical operation of any such railroad or railroads as determined by the officer or officers of any such company or companies, except that no new installations shall be made or permitted by Lessor in such manner as to interfere with then existing oil or gas wells of Lessee.

8. That in case the parties hereto shall fail to agree with respect to any matters arising under this lease, then the matter shall be determined by the decision of three disinterested arbitrators, one to be appointed by the Lessor, one by the Lessee, and the third by the two arbitrators so appointed; and that the decision of such arbitrators, or of any two of them, shall be conclusive and binding upon the parties hereto, the expense of arbitration to be borne as the arbitrators shall direct.

9. In all instances, except as to payment of royalties (including shut-in royalties) in which Lessee is expressly required to perform any particular act or to begin or carry on any operation, any delay on account of floods, washouts, strikes, lockouts, the elements, Acts of God, inability to obtain access to leased premises, or other causes beyond Lessee's control shall not be computed as any part of the time within which any such act shall be begun or performed; excepting that the obligations of Lessee under this lease shall not be suspended while Lessee is prevented from complying therewith as a consequence of Lessee's failure to comply, either on the leased premises or elsewhere, with any rule or regulation of any Federal, state, county, municipal or other governmental agency.

10. Any notice to be given by Lessor to Lessee hereunder shall be deemed to be properly served if the same be deposited in a United States Post Office, registered mail postpaid, addressed to TransOcean Oil, Inc., 1700 First City East Building, Houston Texas 77001, and any notice to be given by Lessee to Lessor hereunder shall be deemed to be properly served if the same be deposited in a United States Post Office, registered mail postpaid, addressed to Santa Fe Pacific Railway Company, attention Secretary, Room 220, at 920 Jackson Street, Topeka, Kansas.

11. That all of the covenants and agreements of this lease shall extend to and be binding upon and every benefit hereof shall inure to the heirs, executors, administrators, successors or assigns of the respective parties hereto.

IN WITNESS WHEREOF, Lessor and Lessee have executed this indenture of lease as of the day and year first above written.

ATTEST:

SANTA FE PACIFIC RAILROAD COMPANY

_____
Assistant Secretary

By: _____
President

LESSOR

ATTEST:

TRANSOCEAN OIL, INC.

_____
Secretary

By: _____
Vice-President

LESSEE

STATE OF _____ X
X ss.
COUNTY OF _____ X

The foregoing instrument was acknowledged before me this ____ day of _____,1975, by _____, President of SANTA FE PACIFIC RAILROAD COMPANY, a _____ corporation, on behalf of said corporation.

Witness my hand and official seal.

_____
Notary Public

My Commission Expires:

_____

STATE OF TEXAS X
X ss.
COUNTY OF HARRIS X

The foregoing instrument was acknowledged before me this ____ day of _____,1975, by _____,Vice-President of TRANSOCEAN OIL, INC., a Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT "B"

To Development Contract Between
Santa Fe Pacific Railroad
Company and TransOcean Oil, Inc.

OIL AND GAS LEASE

THIS INDENTURE OF LEASE, made as of the _____day of_____, 19_____, by and between SANTA FE PACIFIC RAILROAD COMPANY, a corporation incorporated under Act of Congress approved March 3, 1897, hereinafter called "Lessor," and TRANSOCEAN OIL, INC., a Delaware corporation, hereinafter called "Lessee."

W I T N E S S E T H :

SECTION I

Lessor, in consideration of the royalties to be paid, and covenants to be observed, as herein set forth, does hereby grant and lease to the Lessee the exclusive right and privilege to explore by geophysical and other methods and to prospect for, drill for, extract, remove and dispose of all the oil, gas, casinghead gas and associated hydrocarbons, including helium, in or under certain tracts of land as to the surface and certain zones and formations under said lands in the Count____of_____State of New Mexico, more particularly described in Exhibit "A", attached hereto and by this reference made a part hereof, for such period of time until Lessee's drilling and operating costs have been recovered as provided in Paragraph 3 of Section III below.

All other minerals and rights not herein granted and leased to Lessee are hereby reserved, together with the right to lease said lands for mining of such other minerals and to enter, mine and remove the same. Lessor and Lessee agree to use the surface of said lands so as not to unreasonably interfere with the use thereof by the other.

It is recognized that Lessee has already drilled and completed Lessee's _____well on the leased lands (Or on a unit to which said lands are or will be committed) and this lease shall be effective only during the payout period for such well as provided in Paragraph 3 of Section III hereof.

SECTION II

The Lessee, in consideration of the foregoing, hereby agrees:

1. To recognize, observe, pay and deliver the following royalties:

(a) An equal fifteen percent (15%) part of all oil produced and saved from the leased premises. Such royalty oil to be tendered and delivered to Lessor, free of cost, in pipe lines to which Lessee may connect his wells, or, at the option of Lessor, such royalty oil to be tendered and delivered to Lessor on or before the 15th day of each calendar month from Lessee's stock tanks provided by Lessee on the leased land for that purpose, the same to be held for, but at the sole risk of Lessor, at place of delivery for 15 days thereafter, free and clear of all costs and charges of every nature. Lessor shall not change the method of tender and delivery at intervals of less than six (6) months. Should Lessor's oil be not moved by Lessor from Lessee's stock

tanks at the end of the 15-day period mentioned above, then Lessee shall have the option (but shall not be required to do so) of purchasing said royalty oil at the current market price. Lessee shall not be obligated to provide any storage for Lessor's royalty oil except only such storage as is sufficient to store Lessor's royalty oil produced during one period of 15 days. Lessee shall have free use of oil and gas for all operations hereunder and the royalty on oil and gas shall be computed after deducting any so used. The words "current market price" as used in this paragraph shall be deemed to mean the entire price available for oil of similar quality in the same producing district at the well(s) or at Lessee's stock tank(s) at the wellsite.

(b) As royalty for gas and casinghead gas produced from the demised premises (1) when sold by Lessee, fifteen percent (15%) of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee off said land or in the manufacture of gasoline or other products, the market value, at the mouth of the well, of fifteen percent (15%) of such gas and casinghead gas.

(c) Notwithstanding anything to the contrary contained herein, if, at the expiration of the primary term hereof, or at any time or times thereafter, there are any wells on the lands covered hereby or any portion thereof have been pooled or communitized, capable of producing oil or gas in paying quantities, and all such wells are shut-in, this lease shall, nevertheless, continue in force as though operations were being conducted on such lands for so long as such wells are shut-in, and thereafter this lease may be continued in force as if no shut-in had occurred. Lessee covenants and agrees to use reasonable diligence to produce, utilize, or market the minerals capable of being produced from such wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities other than well facilities and ordinary lease facilities of flow lines, separator, and lease tank, and shall not be required to settle labor disputes or to market gas upon terms unacceptable to Lessee. Notwithstanding anything to the contrary contained herein, if, at the expiration of the primary term hereof, or at any time or times thereafter, all such wells are shut-in for a period of ninety (90) consecutive days and during such time there are no operations on said lands, then at or before the expiration of said ninety (90) day period, Lessee shall pay or tender, by check or draft of Lessee, as royalty, the sum of One Dollar ($1.00) per acre of said lands. Lessee shall make like payments or tenders annually at or before the end of each anniversary of the expiration of said ninety (90) day period if upon such anniversary date this lease is being continued in force solely by reason of the provisions of this Paragraph (c). Each such payment or tender shall be made as provided hereinbelow. Nothing contained herein shall impair Lessee's right to release as may be provided elsewhere hereinafter. In the event of assignment of this lease, in whole or in part, liability for payment under this Paragraph (c) shall nevertheless rest exclusively on Lessee.

All payments of royalties and shut-in royalties to be made to the Treasurer of the Santa Fe Pacific Railroad Company, Room 220, at 920 Jackson Street, Topeka, Kansas.

2. To furnish in duplicate monthly statements in detail on Lessee's regular form showing the amount, quality and value of all oil and gas produced and saved during the preceding calendar month as the basis for computing the royalty to the Lessor. The leased premises, all wells, improvements, machinery and fixtures thereon or connected therewith, all books and accounts of the Lessee and copies of all reports filed with governmental authorities, relating to operations which determine Lessor's royalties or which may affect the Lessor's rights under this lease, shall be open at all reasonable times for the inspection by any duly authorized representative of the Lessor. Lessee further authorizes Lessor to inspect records of governmental agencies relating to operations on the leased premises.

3. To exercise reasonable diligence in drilling and operating wells for oil and gas on the lands covered hereby, and to continuously operate the same while such products can be secured in paying quantities,

except as otherwise provided in Paragraph (1)(c) above, or unless consent to suspend operations temporarily is granted by the Lessor; to carry on all operations hereunder in a good and workmanlike manner in accordance with approved methods and practices, having due regard for the prevention of waste of oil or gas developed on the land, or the entrance of water through wells drilled by Lessee to the oil sands or oil bearing strata to the destruction or injury of the oil deposits and the preservation and conservation of the property for future productive operations, to plug securely any well before abandoning the same so as to effectually shut off all water from the oil or gas bearing strata to comply with all state and Federal laws and regulations governing the production and conservation of oil and gas and plugging and abandonment of wells; to give such bond as may be required by law or regulation for drilling operations, plugging and abandonment of wells drilled by Lessee. "Paying quantities"as used throughout this lease, means production from a well of such quality and quantity of oil, gas, casinghead gas and associated hydrocarbons, including helium, as will pay a reasonable profit over and above the expense of operating the well, without regard to whether the well will produce sufficient quantities to return the cost and expense of drilling, completing and equipping the same.

4. To pay, before same become delinquent, all taxes, charges, rates and assessments which may, during the term of this lease, be levied upon or assessed in any respect, to the benefits of this lease which flow to the Lessee as follows:

(a) All such taxes, charges, rates and assessments which may be levied upon or assessed in respect to any of the rights, privileges, values or property which are given or granted to the Lessee by the terms and provisions of this lease.

(b) All such taxes, charges, rates and assessments pertaining to oil or gas which may be produced from the demised premises or pertaining to the personal property which may be placed upon such premises by the Lessee; provided, however, that Lessor shall pay its proportionate share of any gross production, severance, conservation or emergency school tax applicable to its royalty oil or gas or ad valorem tax applicable to Lessor's mineral interest.

5. To save harmless and indemnify the Lessor from and against all claims, demands, suits, judgments, expenses and costs of any and every kind on account of the injury to or death of persons and loss and damage to property arising out of or in connection with the operations of the Lessee upon the leased premises and will, at the sole cost and expense of the Lessee, defend all such claims, demands, or suits.

Lessee shall promptly pay and discharge any and all liens arising out of any construction, alteration or repair work done, or suffered or permitted to be done, by Lessee on the premises, and Lessor is hereby authorized to post any notices or take any other action upon or with respect to the premises that is or may be permitted by law to prevent the attachment of any such liens to the premises; provided, however, that failure of Lessor to take any such action shall not relieve Lessee of any obligation or liability under this or any other paragraph hereof.

SECTION III

IT IS MUTUALLY AGREED:

1. That the Lessor does not warrant the quiet possession of said lands by the Lessee, and Lessor shall in no event become liable for damages arising from any lack or failure of title in the Lessor to said lands or eviction of the Lessee therefrom by title paramount to the title of the Lessor. It is agreed, that if Lessor owns an interest in the hydrocarbon minerals in said lands less than the entire fee simple estate in said hydrocarbon minerals, then the royalties to be paid Lessor hereunder shall be reduced proportionately. In the event of partial or complete failure of title to said hydrocarbon minerals, if royalties were paid to Lessor by Lessee on production from any part of such tract as to which partial or complete failure of title to said minerals occurs, Lessor agrees to reimburse Lessee only for royalties

paid to Lessor to which Lessor was not legally entitled.

Lessor has sold the surface rights in all said lands, but has expressly reserved and excepted in the deeds to said land all oil, gas, coal and minerals whatsoever, already found, or which may be found upon or under said lands, with the right to prospect for, mine and remove the same, and to use so much of the surface of said lands as shall be necessary and convenient for shafts, wells, tanks, pipe lines, rights of way, railroad tracks, storage purposes and different structures and purposes necessary and convenient for the digging, drilling and working of any mines or wells which may be operated on said lands, subject, however, to the obligation to pay to the Grantee, or the legal representatives, heirs, successors or assigns of Grantee, a fixed price per acre for the surface of all lands appropriated under said exception and reservation, and for any buildings or permanent improvements thereon, determined as specified in said deeds. Lessee accepts this lease subject to the terms and provisions of said deeds, and assumes the payment to the surface owner of any amounts required by said deeds to be paid for the surface of all lands so appropriated by Lessee, and for any buildings or permanent improvements thereon, for its operations under this lease.

2. That Lessee is granted the right at any time, whether before or after production, to pool or communitize for development and operation purposes any part(s) of the leased lands with any other lands adjacent thereto or with any leasehold, operating or other rights in such other lands so as to form spacing or proration units containing no more than 80 acres, plus 10% acreage tolerance, for oil units or 640 acres, plus 10% acreage tolerance, for gas or gas condensate units. Any such units may also, at Lessee's option, be limited to specific sub-surface zones or formations. If at any time larger or smaller spacing or proration units are authorized or required under applicable law, rule, regulation or order of any governmental authority having jurisdiction, then any such unit may be established, reformed, reduced or enlarged to conform to the size so authorized or required. Lessee agrees to record a declaration of pooling containing a description of any spacing or proration unit so created. Operations (including drilling or reworking) on any part of any lands so pooled or communitized shall be considered operations on the leased premises under this lease and all royalties payable hereunder shall be apportioned as provided in such pooling, communitization or unit declaration or agreement.

3. This lease shall automatically terminate at such time as Lessee shall have recovered out of production from the well described in Section I hereof all of Lessee's costs of drilling, testing, completing, equipping and operating such well up to the date of payout. In computing revenue for recovery of costs, Lessee shall credit to the payout account payment for that percentage of runs equal to the net leasehold revenue interest hereunder (net revenue interest being 100% of the proceeds of production hereunder less the royalty of Lessor). Operating costs shall be computed in accordance with that certain Operating Agreement dated _____, 19____, entered into between the parties hereto. Lessee shall notify Lessor when such costs have been recovered and this lease shall terminate, and thereupon the lands and formations covered hereby shall become subject to said Operating Agreement. Should the lands and formations leased hereunder be dedicated to a unit, the well costs and payout revenues shall be proportionately reduced in accordance with the plan of allocation of production provided for in such unit designation, agreement or plan. Lessee agrees that upon termination of this lease, it will within sixty (60) days thereafter deliver to Lessor an appropriate instrument in writing, duly executed and acknowledged so as to entitle same to be recorded, expressly surrendering all of Lessee's rights herein.

4. That each obligation of Lessee expressly assumed by it under the terms of this lease, and each obligation of Lessee implied by law shall be deemed and construed to be a condition of this lease as well as a covenant. Lessee, however, shall not be deemed or held to have failed to comply with any obligation or condition expressed or implied under this lease until sixty (60) days after service of written notice setting out specifically the nature of such non-compliance, and during such sixty (60) days period, Lessee may comply or commence to comply with such obligation or condition if any there be and if same is thereupon or thereafter diligently complied with, then Lessee shall be deemed to have fully complied with such obligation or condition under the terms of this lease. Neither the service of said written notice nor the doing of any acts by Lessee aimed at compliance with the alleged failure shall be deemed an admission or presumption that Lessee has failed to comply with any obligation or condition hereunder. The failure of the Lessor to make service or notice of any breach of condition or covenant shall not constitute a waiver or be a bar to subsequent claim or breach of condition or breach of covenant.

Nothing herein shall be construed to relieve the Lessee from any liability which may be accrued prior to or which may be accruing at the date of such termination or deprive the Lessor of the right to enforce any such liability or of the benefit of any covenant or obligation in this lease contained to indemnify or hold it harmless. Waiver of any particular cause of forfeiture shall not prevent the cancellation and forfeiture of this lease for any other cause of forfeiture or for the same cause occurring at any other time.

5. That this lease shall not operate to interfere, obstruct or hinder in any way the operation of The Atchison, Topeka and Santa Fe Railway Company, or by any company a majority of whose capital stock now is or hereafter shall be owned by it, or any railroad now in existence which may be acquired by any such company, and all rights, privileges and easements granted by this lease are subject to the safe and economical operation of any such railroad or railroads as determined by the officer or officers of any such company or companies, except that no new installations shall be made or permitted by Lessor in such manner as to interfere with then existing oil or gas wells of Lessee.

6. That in case the parties hereto shall fail to agree with respect to any matters arising under this lease, then the matter shall be determined by the decision of three disinterested arbitrators, one to be appointed by the Lessor, one by the Lessee, and the third by the two arbitrators so appointed; and that the decision of such arbitrators, or of any two of them, shall be conclusive and binding upon the parties hereto, the expense of arbitration to be borne as the arbitrators shall direct.

7. In all instances, except as to payment of royalties, in which Lessee is expressly required to perform any particular act or to begin or carry on any operation, any delay on account of floods, washouts, strikes, lockouts, the elements, Acts of God, inability to obtain access to leased premises, or other causes beyond Lessee's control shall not be computed as any part of the time within which any such act shall be begun or performed; excepting that the obligations of Lessee under this lease shall not be suspended while Lessee is prevented from complying therewith as a consequence of Lessee's failure to comply, either on the leased premises or elsewhere, with any rule or regulation of any Federal, state, county, municipal or other governmental agency.

8. Any notice to be given by Lessor to Lessee hereunder shall be deemed to be properly served if the same be deposited in a United States Post Office, registered mail postpaid, addressed to TransOcean Oil, Inc., 1700 First City East Building, Houston, Texas 77001, and any notice to be given by Lessee to Lessor hereunder shall be deemed to be properly served if the same be deposited in a United States Post Office, registered mail postpaid, addressed to Santa Fe Pacific Railway Company, attention Secretary, Room 220, at 920 Jackson Street, Topeka, Kansas.

9. That all of the covenants and agreements of this lease shall extend to and be binding upon and every benefit hereof shall inure to the heirs, executors, administrators, successors or assigns of the respective parties hereto.

IN WITNESS WHEREOF, Lessor and Lessee have executed this indenture of lease as of the day and year first above written.

ATTEST: SANTA FE PACIFIC RAILROAD COMPANY

_____ By: _____
Assistant Secretary President

LESSOR

ATTEST: TRANSOCEAN OIL, INC.

_____ By: _____
Secretary Vice-President

LESSEE

STATE OF _____ X
X ss.
COUNTY OF _____ X

The foregoing instrument was acknowledged before me this ____ day of _____, 1975, by _____, President of SANTA FE PACIFIC RAILROAD COMPANY, a _____ corporation, on behalf of said corporation.

Witness my hand and official seal.

_____
Notary Public

My Commission Expires:

_____

STATE OF TEXAS X
X ss.
COUNTY OF HARRIS X

The foregoing instrument was acknowledged before me this ____ day of _____, 1975, by _____, Vice-President of TRANSOCEAN OIL, INC., a Delaware corporation, on behalf of said corporation.

Witness my hand and official seal.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT "C"

To Development Contract Between
Santa Fe Pacific Railroad
Company and TransOcean Oil, Inc.

A.A.P.L. FORM 610

MODEL FORM OPERATING AGREEMENT—1956

Non-Federal Lands

OPERATING AGREEMENT

DATED

_____, 19____,

FOR UNIT AREA IN TOWNSHIP_____, RANGE _____,

_____ COUNTY, STATE OF_____.

AMERICAN ASSOCIATION OF PETROLEUM LANDMEN
APPROVED FORM. A.A.P.L. NO. 610
MAY BE ORDERED DIRECTLY FROM THE PUBLISHER
KRAFTBILT PRODUCTS, BOX 800, TULSA 74101

TABLE OF CONTENTS

A.A.P.L. FORM 610

OPERATING AGREEMENT

THIS AGREEMENT, entered into this _____ day of _____, 19____, between TRANSOCEAN OIL, INC.,

hereafter designated as "Operator", and the signatory parties other than Operator.

WITNESSETH, THAT:

WHEREAS, the parties to this agreement are owners of oil and gas leases covering and, if so indicated, unleased mineral interests in the tracts of land described in Exhibit "A", and all parties have reached an agreement to explore and develop these leases and interests for oil and gas to the extent and as hereinafter provided;

NOW, THEREFORE, it is agreed as follows:

1. DEFINITIONS

As used in this agreement, the following words and terms shall have the meanings here ascribed to them.

(1) The words "party" and "parties" shall always mean a party, or parties, to this agreement.

(2) The parties to this agreement shall always be referred to as "it" or "they", whether the parties be corporate bodies, partnerships, associations, or persons real.

(3) The term "oil and gas" shall include oil, gas, casinghead gas, gas condensate, and all other liquid or gaseous hydrocarbons, unless an intent to limit the inclusiveness of this term is specifically stated.

(4) The term "oil and gas interests" shall mean unleased fee and mineral interests in tracts of land lying within the Unit Area which are owned by parties to this agreement.

(5) The term "Unit Area" shall refer to and include all of the lands, oil and gas leasehold interests and oil and gas interests intended to be developed and operated for oil and gas purposes under this agreement. Such lands, oil and gas leasehold interests and oil and gas interests are described in Exhibit "A".

(6) The term "drilling unit" shall mean the area fixed for the drilling of one well by order or rule of any state or federal body having authority. If a drilling unit is not fixed by any such rule or order, a drilling unit shall be the drilling unit as established by the pattern of drilling in the Unit Area or as fixed by express agreement of the parties.

(7) All exhibits attached to this agreement are made a part of the contract as fully as though copied in full in the contract.

(8) The words "equipment" and "materials" as used here are synonymous and shall mean and include all oil field supplies and personal property acquired for use in the Unit Area.

2. TITLE EXAMINATION, LOSS OF LEASES AND OIL AND GAS INTERESTS

A. Title Examination:

Each party other than Operator shall promptly submit to Operator all abstracts and title papers in its possession covering the oil and gas interests which are subject to this contract. Operator shall obtain such additional or supplemental abstracts as shall in Operator's opinion be considered necessary or advisable for title examination hereunder by Operator's attorney for the benefit of all parties. All of these abstracts and title records and all such title data in Operator's possession shall be examined for the benefit of all parties by Operator's attorneys.

Any title examinations made by attorneys employed by Operator shall be made without charge to the joint account. If in Operator's opinion it is necesssary or advisable that a qualified attorney practicing and licensed in the State of New Mexico should prepare title reports, Operator may employ such attorney and the cost of such title examination and the costs of necessary title curative action shall be charge to the joint account of the parties hereto. It is, however, recognized

"Joint Loss"

that the expense of any such outside title examination or curative action made or taken by Operator prior to the date hereof in connection with the initial test well referred to in Paragraph 7 shall be at Operator's sole cost.

B. Failure of Title:

Any defects of title that may develop as to any oil and gas interests committed hereto (whether or not title thereto has been examined or approved) shall be the joint responsibility of all parties and, if a title loss occurs, it shall be the loss of all parties, with each bearing its proportionate part of the loss and of any liabilities incurred in the loss. If such a loss occurs, there shall be no change in, or adjustment of, the interests of the parties in the remaining portion of the Unit Area.

C. Loss of Leases For Other Than Title Failure:

If any lease or interest subject to this agreement be lost through failure to develop or because express or implied covenants have not been performed, or if any lease be permitted to expire at the end of its primary term and not be renewed or extended, the loss shall not be considered a failure of title and all such losses shall be joint losses and shall be borne by all parties in proportion to their interests and there shall be no readjustment of interests in the remaining portion of the Unit Area.

3. UNLEASED OIL AND GAS INTERESTS

It is recognized that all interests in oil and gas committed hereto are unleased fee interests in the oil, gas and associated hydrocarbons under the Unit Area committed hereto by Santa Fe Pacific Railroad Company. Such oil and gas interests are owned by the parties hereto in the proportions set out in Exhibit "A" and no royalty or overriding royalties are applicable or payable to any party. The provisions of this agreement which relate to oil and gas leases, royalties, overriding royalties, delay rentals, shut-in payments, etc., shall be of no application, force or effect unless and until the parties hereto commit an oil and gas lease hereto, or amend this Agreement to include an additional party so committing an oil and gas lease.

4. INTERESTS OF PARTIES

Exhibit "A" lists all of the parties, and their respective percentage or fractional interests under this agreement. Unless changed by other provisions, all costs and liabilities incurred in operations under this contract shall be borne and paid, and all equipment and material acquired in operations on the Unit Area shall be owned, by the parties as their interests are given in Exhibit "A". All production of oil and gas from the Unit Area, subject to the payment of lessor's royalties, shall also be owned by the parties in the same manner.

If the interest of any party in any oil and gas lease covered by this agreement is subject to an overriding royalty, production payment, or other charge over and above the usual one-eigthh (⅛) royalty, such party shall assume and alone bear all such excess obligations and shall account for them to the owners thereof out of its share of the working interest production of the Unit Area.

5. OPERATOR OF UNIT

TransOcean Oil, Inc. shall be the Operator of the Unit Area, and shall conduct and direct and have full control of all operations on the Unit Area as permitted and required by, and within the limits of, this agreement. It shall conduct all such operations in a good and workmanlike manner, but it shall have no liability as Operator to the other parties for losses sustained, or liabilities incurred, except such as may result from gross negligence or from breach of the provisions of this agreement.

6. EMPLOYEES

The number of employees and their selection, and the hours of labor and the compensation for services performed, shall be determined by Operator. All employees shall be the employees of Operator.

7. TEST WELL

Prior to the date hereof, Operator has drilled and completed its _____ well which is commercially productive of oil and/or gas and located on the following lands:

Operator presently owns all production from such well under and Oil and Gas Lease dated _____, 19__, from Santa Fe Pacific Railroad Company. It is recognized that until Operator shall have recovered its cost of drilling, completing, equipping and operating such well as provided in said Oil and Gas Lease, such well and the lands and formations covered by such lease shall not be committed hereto. Upon Operator's recovery of costs as provided in said Oil and Gas Lease, such lease shall terminate in accordance with its own provisions and the lands and formations covered thereby and the said well and all equipment therein or appurtenant thereto shall thereupon become subject to this Operating Agreement and owned by parties hereto in the proportions set out in Exhibit "A".

8. COSTS AND EXPENSES

Except as herein otherwise specifically provided, Operator shall promptly pay and discharge all costs and expenses incurred in the development and operation of the Unit Area pursuant to this agreement and shall charge each of the parties hereto with their respective proportionate shares upon the cost and expense basis provided in the Accounting Procedure attached hereto and marked Exhibit "C". If any provision of Exhibit "C" should be inconsistent with any provision contained in the body of this agreement, the provisions in the body of this agreement shall prevail.

Operator, at its election, shall have the right from time to time to demand and receive from the other parties payment in advance of their respective shares of the estimated amount of the costs to be incurred in operations hereunder during the next succeeding month, which right may be exercised only by submission to each such party of an itemized statement of such estimated costs, together with an invoice for its share thereof. Each such statement and invoice for the payment in advance of estimated costs shall be submitted on or before the 20th day of the next preceding month. Each party shall pay to Operator its proportionate share of such estimate within fifteen (15) days after such estimate and invoice is received. If any party fails to pay its share of said estimate within said time, the amount due shall bear interest at the rate of eight percent (8%) annum until paid. Proper adjustment shall be made monthly between advances and actual cost, to the end that each party shall bear and pay its proportionate share of actual costs incurred, and no more.

9. OPERATOR'S LIEN

Operator is given a first and preferred lien on the interest of each party covered by this contract, and in each party's interest in oil and gas produced and the proceeds thereof, and upon each party's interest in material and equipment, to secure the payment of all sums due from each such party to Operator.

In the event any party fails to pay any amount owing by it to Operator as its share of such costs and expense or such advance estimate within the time limited for payment thereof, Operator, without prejudice to other existing remedies, is authorized, at its election, to collect from the purchaser or purchasers of oil or gas, the proceeds accruing to the working interest or interests in the Unit Area of the delinquent party up to the amount owing by such party, and each purchaser of oil or gas is authorized to rely upon Operator's statement as to the amount owing by such party.

10. TERM OF AGREEMENT

This agreement shall remain in full force and effect for so long as any oil or gas is produced hereunder or is producible hereunder from any well shut in for lack of market, overproduction, or temporarily shut in for reworking, recompletion or other such remedial operations; provided, however, that this agreement shall not terminate upon such cessation of production if one or more of the parties are then engaged in drilling a well or wells pursuant to Section 12 hereof, or all parties have agreed to drill an additional well or wells under this agreement, in which event this agreement shall continue in force until such well or wells shall have been drilled and completed. If production results therefrom this agreement shall continue in force thereafter, but if production in paying quantities does not result therefrom this agreement shall terminate at the end of ninety(90) days after abandonment of such well or wells. It is agreed, however, that the termination of this agreement shall not relieve any party hereto from any liability which has accrued or attached prior to the date of such termination.

11. LIMITATION ON EXPENDITURES

Without the consent of all parties: (a) No well shall be drilled on the Unit Area except any well expressly provided for in this agreement and except any well drilled pursuant to the provisions of Section 12 of this agreement, it being understood that the consent to the drilling of a well shall include consent to all necessary expenditures in the drilling, testing, completing, and equipping of the well, including necessary tankage; (b) No well shall be reworked, plugged back or deepened except a well reworked, plugged back or deepened pursuant to the provisions of Section 12 of this agreement, it being understood that the consent to the reworking, plugging back or deepening of a well shall include consent to all necessary expenditures in conducting such operations and completing and equipping of said well to produce, including necessary tankage; (c) Operator shall not undertake any single project reasonably estimated to require an expenditure in excess of Ten Thousand and No/100----------Dollars ($10,000.00) except in connection with a well the drilling, reworking, deepening, or plugging back of which has been previously authorized by or pursuant to this agreement; provided, however, that in case of explosion, fire, flood, or other sudden emergency, whether of the same or different nature, Operator may take such steps and incur such expenses as in its opinion are required to deal with the emergency and to safeguard life and property, but Operator shall, as promptly as possible, report the emergency to the other parties. Operator shall, upon request, furnish copies of its "Authority for Expenditures" for any single project costing in excess of $10,000.00.

12. OPERATIONS BY LESS THAN ALL PARTIES

If all the parties cannot mutually agree upon the drilling of any well on the Unit Area or upon the completion, reworking, deepening or plugging back of any well drilled at the joint expense of all parties, any party or parties wishing to conduct any such operation may give the other parties written notice of the proposed operation specifying the work to be performed, the location, proposed depth, objective formation and the estimated cost of the operation. The parties receiving such a notice shall have thirty (30) days (except as to an operation where a drilling rig is on location, in which event telegraph or telephone notice confirmed in writing will be given and the period shall be limited to forty-eight (48) hours) after receipt of the notice within which to notify the parties wishing to do the work whether they elect to participate in the cost of the proposed operation. Failure of a party receiving such a notice to so reply to it within the period above fixed shall constitute an election by that party not to participate in the cost of the proposed operation.

If any party receiving such a notice elects not to participate in the proposed operation (such party or parties being hereafter referred to as "Non-Consenting Party"), then in order to be entitled to the benefits of this section, the party or parties giving the notice and such other parties as shall elect to participate in the operation (all such parties being hereafter referred to as the "Consenting Parties") shall, within thirty (30) days after the expiration of the notice period of thirty (30) days (or as promptly as possible after the expiration of the 48-hour period where the drilling rig is on location, as the case may be) actually commence work on the proposed operation and complete it with due diligence.

The entire cost and risk of conducting such operations shall be borne by the Consenting Parties in the proportions that their respective interests as shown in Exhibit "A" bear to the total interests of all Consenting Parties. Consenting Parties shall keep the leasehold estates involved in such operations free and clear of all liens and encumbrances of every kind created by or arising from the operations of the Consenting Parties. If such an operation results in a dry hole, the Consenting Parties shall plug and abandon the well at their sole cost, risk and expense. If any well drilled, reworked, deepened or plugged back under the provisions of this section results in a producer of oil and/or gas in paying quantities, the Consenting Parties shall complete and equip the well to produce at their sole cost and risk, and the well shall then be turned over to Operator and shall be operated by it at the expense and for the account of the Consenting Parties. Upon commencement of operations for the drilling, reworking, deepening or plugging back of any such well by Consenting Parties in accordance with the provisions of this section, each Non-Consenting Party shall be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well, its leasehold operating rights, and share of production therefrom until the proceeds or market value thereof (after deducting production taxes, royalty, overriding royalty and other interests payable out of or measured by the production from such well accruing with respect to such interest until it reverts) shall equal the total of the following:

(A) 300% of each such Non-Consenting Party's share of the cost of any newly acquired surface equipment beyond the wellhead connections (including, but not limited to, stock tanks, separators, treaters, pumping equipment and piping), plus 100% of each such Non-Consenting Party's share of the cost of operation of the well commencing with first production and continuing until each such Non-Consenting Party's relinquished interest shall revert to it under other provisions of this section, it being agreed that each Non-Consenting Party's share of such costs and equipment will be that interest which would have been chargeable to each Non-Consenting Party had it participated in the well from the beginning of the operation; and

(B) 300% of that portion of the costs and expenses of drilling, reworking, deepening or plugging back, testing and completing, after deducting any cash contributions received under Section 25, and 300% of that portion of the cost of newly acquired equipment in the well (to and including the wellhead connections), which would have been chargeable to such Non-Consenting Party if it had participated therein.

In the case of any reworking, plugging back or deeper drilling operation, the Consenting Parties shall be permitted to use, free of cost, all casing, tubing and other equipment in the well, but the ownership of all such equipment shall remain unchanged; and upon abandonment of a well after such reworking, plugging back or deeper drilling, the Consenting Parties shall account for all such equipment to the owners thereof, with each party receiving its proportionate part in kind or in value.

Within sixty (60) days after the completion of any operation under this section, the party conducting the operations for the Consenting Parties shall furnish each Non-Consenting Party with an inventory of the equipment in and connected to the well, and an itemized statement of the cost of drilling, deepening, plugging back, testing, completing, and equipping the well for production; or, at its option, the operating party, in lieu of an itemized statement of such costs of operation, may submit a detailed statement of monthly billings. Each month thereafter, during the time the Consenting Parties are being reimbursed as provided above, the Consenting Parties shall furnish the Non-Consenting Parties with an itemized statement of all costs and liabilities incurred in the operation of the well, together with a statement of the quantity of oil and gas produced from it and the amount of proceeds realized from the sale of the well's working interest production during the preceding month. Any amount realized from the sale or other disposition of equipment newly acquired in connection with any such operation which would have been owned by a Non-Consenting Party had it participated therein shall be credited against the total unreturned costs of the work done and of the equipment purchased which would have been chargeable to such Non-Consentin Party had it participated therein, in determining when the interest of such Non-Consenting Party shall revert to it as above provided; if there is a credit balance it shall be paid to such Non-Consenting Party.

If and when the Consenting Parties recover from a Non-Consenting Party's relinquished interest the amounts provided for above, the relinquished interests of such Non-Consenting Party shall automatically revert to it and from and after such reversion such Non-Consenting Party shall own the same interest in such well, the operating rights and working interest therein, the material and equipment in or pertaining thereto, and the production therefrom as such Non-Consenting Party would have owned had it participated in the drilling, reworking, deepening or plugging back of said well. Thereafter, such Non-Consenting Party shall be charged with and shall pay its proportionate part of the further costs of the operation of said well in accordance with the terms of this agreement and the accounting procedure schedule, Exhibit "C", attached hereto.

Notwithstanding the provisions of this Section 12, it is agreed that without the mutual consent of all parties, no wells shall be completed in or produced from a source of supply from which a well located elsewhere on the Unit Area is producing, unless such well conforms to the then-existing well spacing pattern for such source of supply.

The provisions of this section shall have no application whatsoever to the drilling of the initial test well on the Unit Area, but shall apply to the reworking, deepening, or plugging back of the initial test well after it has been drilled to the depth specified in Section 7, if it is, or thereafter shall prove to be, a dry hole or non-commercial well, and to all other wells drilled, reworked, deepened, or plugged back, or proposed to be drilled, reworked, deepened, or plugged back, upon the Unit Area subsequent to the drilling of the initial test well.

13. RIGHT TO TAKE PRODUCTION IN KIND

Each party shall take in kind or separately dispose of its proportionate share of all oil and gas produced from the Unit Area, exclusive of production which may be used in development and producing operations and in preparing and treating oil for marketing purposes and production unavoidably lost. Each party shall pay or deliver, or cause to be paid or delivered, all royalties, overriding royalties, or other payments due on its share of such production, and shall hold the other parties free from any liability therefor. Any extra expenditure incurred in the taking in kind or separate disposition by any party of its proportionate share of the production shall be borne by such party.

Each party shall execute all division orders and contracts of sale pertaining to its interest in production from the Unit Area, and shall be entitled to receive payment direct from the purchaser or purchasers thereof for its share of all production.

In the event any party shall fail to make the arrangements necessary to take in kind or separately dispose of its proportionate share of the oil and gas produced from the Unit Area, Operator shall have the right to enter into a contract for the sale of all or part of such production at the price which Operator receives for its own portion of the production, but any such contract shall be only for such reasonable period of time as is consistent with the minimum needs of the industry under the circumstances, and in no event shall the term thereof exceed one (1) year; provided, however, that any Non-Operator may revoke at will, at any time, Operator's right to dispose of its proportionate share of production. Notwithstanding the foregoing, Operator shall not make a sale into interstate commerce of any other party's share of gas production without first giving such other party sixty(60) days notice of such intended sale.

14. ACCESS TO UNIT AREA

Each party shall have access to the Unit Area at all reasonable times, at its sole risk, to inspect or observe operations, and shall have access at reasonable times to information pertaining to the development or operation thereof, including Operator's books and records relating thereto. Operator shall, upon request, furnish each of the other parties with copies of all drilling reports, well logs, tank tables, daily gauge and run tickets and reports of stock on hand at the first of each month, and shall make available samples of any cores or cuttings taken from any well drilled on the Unit Area.

15. DRILLING CONTRACTS

All wells drilled on the Unit Area shall be drilled on a competitive contract basis at the usual rates prevailing in the area. Operator, if it so desires, may employ its own tools and equipment in the drilling of wells, but its charges therefor shall not exceed the prevailing rates in the field, and the rate of such charges shall be agreed upon by the parties in writing before drilling operations are commenced, and such work shall be performed by Operator under the same terms and conditions as shall be customary and usual in the field in contracts of independent contractors who are doing work of a similar nature.

16. ABANDONMENT OF WELLS

No well, other than any well which has been drilled or reworked pursuant to Section 12 hereof for which the Consenting Parties have not been fully reimbursed as therein provided, which has been completed as a producer shall be plugged and abandoned without the consent of all parties; provided, however, if all parties do not agree to the abandonment of any well, those wishing to continue its operation shall tender to each of the other parties its proportionate share of the value of the well's salvable material and equipment, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. Each abandoning party shall then assign to the non-abandoning parties, without warranty, express or implied, as to title or as to quantity, quality, or fitness for use of the equipment and material, all of its interest in the well and its equipment, together with its interest in the leasehold estate as to, but only as to, the interval or intervals of the formation or formations then open to production. The assignments so limited shall encompass the "drilling unit" upon which the well is located. The payments by, and the assignments to, the assignees shall be in a ratio based upon the relationship of their respective percentages of participation in the Unit Area to the aggregate of the percentages of participation in the Unit Area of all assignees. There shall be no readjustment of interest in the remaining portion of the Unit Area.

After the assignment, the assignors shall have no further responsibility, liability, or interest in the operation of or production from the well in the interval or intervals then open. Upon request of the assignees, Operator shall continue to operate the assigned well for the account of the non-abandoning parties at the rates and charges contemplated by this agreement, plus any additional cost and charges which may arise as the result of the separate ownership of the assigned well.

17. DELAY RENTALS AND SHUT-IN WELL PAYMENTS

Each party shall pay all delay rentals and shut-in well payments which may be required under the terms of its lease or leases and submit evidence of each payment to the other parties at least ten (10) days prior to the payment date. The paying party shall be reimbursed by Operator for 100% of any such delay rental payment and 100% of any such shut-in well payment. The amount of such reimbursement shall be charged by Operator to the joint account of the parties and treated in all respects the same as costs incurred in the development and operation of the Unit Area. Each party responsible for such payments shall diligently attempt to make proper payment, but shall not be held liable to the other parties in damages for the loss of any lease or interest therein if, through mistake or oversight, any rental or shut-in well payment is not paid or is erroneously paid. The loss of any lease or interest therein which results from a failure to pay or an erroneous payment of rental or shut-in well payment shall be a joint loss and there shall be no readjustment of interests in the remaining portion of the Unit Area. If any party secures a new lease covering the terminated interest, such acquisiton shall be subject to the provisions of Section 23 of this agreement.

Operator shall promptly notify each other party hereto of the date on which any gas well located on the Unit Area is shut in and the reason therefor.

18. PREFERENTIAL RIGHT TO PURCHASE

Should any party desire to sell all or any part of its interests under this contract, or its rights and interests in the Unit Area, it shall promptly give written notice to the other parties, with full information concerning its proposed sale, which shall include the name and address of the prospective purchaser (who must be ready, willing and able to purchase), the purchase price, and all other terms of the offer. The other parties shall then have an optional prior right, for a period of ten (10) days after receipt of the notice, to purchase on the same terms and conditions the interest which the other party proposes to sell; and, if this optional right is exercised, the purchasing parties shall share the purchased interest in the proportions that the interest of each bears to the total interest of all purchasing parties. However, there shall be no preferential right to purchase in those cases where any party wishes to mortgage its interests, or to dispose of its interests by merger, reorganization, consolidation, or sale of all of its assets, or a sale or transfer of its interests to a subsidiary or parent company, or subsidiary of a parent company, or to any company in which any one party owns a majority of the stock.

19. SELECTION OF NEW OPERATOR

Should a sale be made by Operator of its rights and interests, the other parties shall have the right within sixty (60) days after the date of such sale, by majority vote in interest, to select a new Operator. If a new Operator is not so selected, the transferee of the present Operator shall assume the duties of and act as Operator. In either case, the retiring Operator shall continue to serve as Operator, and discharge its duties in that capacity under this agreement, until its successor Operator is selected and begins to function, but the present Operator shall not be obligated to continue the performance of its duties for more than 120 days after the sale of its rights and interests has been completed.

20. MAINTENANCE OF UNIT OWNERSHIP

For the purpose of maintaining uniformity of ownership in the oil and gas leasehold interests covered by this contract, and notwithstanding any other provisions to the contrary, no party shall sell, encumber, transfer or make other disposition of its interest in the leases embraced within the Unit Area and in wells, equipment and production unless such disposition covers either:

(1) the entire interest of the party in all leases and equipment and production; or

(2) an equal undivided interest in all leases and equipment and production in the Unit Area.

Every such sale, encumbrance, transfer or other disposition made by any party shall be made expressly subject to this agreement, and shall be made without prejudice to the rights of the other parties.

If at any time the interest of any party is divided among and owned by four or more co-owners, Operator may, at its discretion, require such co-owners to appoint a single trustee or agent with full authority to receive notices, approve expenditures, receive billings for and approve and pay such party's share of the joint expenses, and to deal generally with, and with power to bind, the co-owners of such party's interests within the scope of the operations embraced in this contract; however, all such co-owners shall enter into and execute all contracts or agreements for the disposition of their respective shares of the oil and gas produced from the Unit Area and they shall have the right to receive, separately, payment of the sale proceeds thereof.

21. RESIGNATION OF OPERATOR

Operator may resign from its duties and obligations as Operator at any time upon written notice of not less than ninety (90) days given to all other parties. In this case, all parties to this contract shall select by majority vote in interest, not in numbers, a new Operator who shall assume the responsibilities and duties, and have the rights, prescribed for Operator by this agreement. The retiring Operator shall deliver to its successor all records and information necessary to the discharge by the new Operator of its duties and obligations.

22. LIABILITY OF PARTIES

The liability of the parties shall be several, not joint or collective. Each party shall be responsible only for its obligations, and shall be liable only for its proportionate share of the costs of developing and operating the Unit Area. Accordingly, the lien granted by each party to Operator in Section 9 is given to secure only the debts of each severally. It is not the intention of the parties to create, nor shall this agreement be construed as creating, a mining or other partnership or association, or to render them liable as partners.

23. RENEWAL OR EXTENSION OF LEASES

If any party secures a renewal of any oil and gas lease subject to this contract, each and all of the other parties shall be notified promptly, and shall have the right to participate in the ownership of the renewal lease by paying to the party who acquired it their several proper proportionate shares of the acquisition cost, which shall be in proportion to the interests held at that time by the parties in the Unit Area.

If some, but less than all, of the parties elect to participate in the purchase of a renewal lease, it shall be owned by the parties who elect to participate therein, in a ratio based upon the relationship of their respective percentage of participation in the unit area to the aggregate of the percentages of participation in the unit area of all parties participating in the purchase of such renewal lease. Any renewal lease in which less than all the parties elect to participate shall not be subject to this agreement.

Each party who participates in the purchase of a renewal lease shall be given an assignment of its proportionate interest therein by the acquiring party.

The provisions of this section shall apply to renewal leases whether they are for the entire interest covered by the expiring lease or cover only a portion of its area or an interest therein. Any renewal lease taken before the expiration of its predecessor lease, or taken or contracted for within six (6) months after the expiration of the existing lease shall be subject to this provision; but any lease taken or contracted for more than six (6) months after the expiration of an existing lease shall not be deemed a renewal lease and shall not be subject to the provisions of this section.

The provisions in this section shall apply also and in like manner to extensions of oil and gas leases.

24. SURRENDER OF LEASES

The leases covered by this agreement, in so far as they embrace acreage in the Unit Area, shall not be surrendered in whole or in part unless all parties consent.

However, should any party desire to surrender its interest in any lease or in any portion thereof, and other parties not agree or consent, the party desiring to surrender shall assign, without express or implied warranty of title, all of its interest in such lease, or portion thereof, and any well, material and equipment which may be located thereon and any rights in production thereafter secured, to the parties not desiring to surrender it. Upon such assignment, the assigning party shall be relieved from all obligations thereafter accruing, but not theretofore accrued, with respect to the acreage assigned and the operation of any well thereon, and the assigning party shall have no further interest in the lease assigned and its equipment and production. The parties assignee shall pay to the party assignor the reasonable salvage value of the latter's interest in any wells and equipment on the assigned acreage, determined in accordance with the provisions of Exhibit "C", less the estimated cost of salvaging and the estimated cost of plugging and abandoning. If the assignment is in favor of more than one party, the assigned interest shall be shared by the parties assignee in the proportions that the interest of each bears to the interest of all parties assignee.

Any assignment or surrender made under this provision shall not reduce or change the assignors' or surrendering parties' interest, as it was immediately before the assignment, in the balance of the Unit Area; and the acreage assigned or surrendered, and subsequent operations thereon, shall not thereafter be subject to the terms and provisions of this agreement.

25. ACREAGE OR CASH CONTRIBUTIONS

If any party receives while this agreement is in force a contribution of cash toward the drilling of a well or any other operation on the Unit Area, such contribution shall be paid to the party who conducted the drilling or other operation and shall be applied by it against the cost of such drilling or other operation. If the contribution be in the form of acreage, the party to whom the contribution is made shall promptly execute an assignment of the acreage, without warranty of title, to all parties to this agreement in proportion to their interests in the Unit Area at that time, and such acreage shall become a part of the Unit Area and be governed by all the provisions of this contract. Each party shall promptly notify all other parties of all acreage or money contributions it may obtain in support of any well or any other operation on the Unit Area.

26. PROVISION CONCERNING TAXATION

Each of the parties hereto elects, under the authority of Section 761(a) of the Internal Revenue Code of 1954, to be excluded from the application of all of the provisions of Subchapter K of Chapter 1 of Subtitle A of the Internal Revenue Code of 1954. If the income tax laws of the state or states in which the property covered hereby is located contain, or may hereafter contain, provisions similar to those contained in the Subchapter of the Internal Revenue Code of 1954 above referred to under which a similar election is permitted, each of the parties agrees that such election shall be exercised. Each party authorizes and directs the Operator to execute such an election or elections on its behalf and to file the election with the proper governmental office or agency. If requested by the Operator so to do, each party agrees to execute and join in such an election.

Operator shall render for ad valorem taxation all property subject to this agreement which by law should be rendered for such taxes, and it shall pay all such taxes assessed thereon before they become delinquent. Operator shall bill all other parties for their proportionate share of all tax payments in the manner provided in Exhibit "C".

If any tax assessment is considered unreasonable by Operator, it may at its discretion protest such valuation within the time and manner prescribed by law, and prosecute the protest to a final determination, unless all parties agree to abandon the protest prior to final determination. When any such protested valuation shall have been finally determined, Operator shall pay the assessment for the joint account, together with interest and penalty accrued, and the total cost shall then be assessed against the parties, and be paid by them, as provided in Exhibit "C".

27. INSURANCE

At all times while operations are conducted hereunder, Operator shall comply with the Workmen's Compensation Law of the State where the operations are being conducted. Operator shall also carry or provide insurance for the benefit of the joint account of the parties as may be outlined in Exhibit "D" attached to and made a part hereof. Operator shall require all contractors engaged in work on or for the Unit Area to comply with the Workmen's Compensation Law of the State where the operations are being conducted and to maintain such other insurance as Operator may require.

In the event Automobile Public Liability Insurance is specified in said Exhibit "D", or subsequently receives the approval of the parties, no direct charge shall be made by Operator for premiums paid for such insurance for operator's fully owned automotive equipment.

28. CLAIMS AND LAWSUITS

All claims for damages to property, personal injury or death and all litigation that arises out of or is incurred as a result of operations hereunder shall be the joint liability of the parties hereto owning an interest in the Unit Area in connection with which such property damage, personal injury or death occurred, and shall be borne in proportion to each such party's percentage interest in such Unit Area; but the administrative responsibility for handling such claims and litigation, including the employment of attorneys for the Operating Joint Account, shall belong to Operator. Each party hereto who receives any such claim or demand shall promptly give notice of same to Operator and provide Operator full and complete information with respect thereto. Operator shall promptly give each Non-Operator written notice of any such claim or demand for an amount in excess of One Thousand Dollars ($1,000.00). Operator may settle any single damage claim or suit involving operations hereunder in the following manner: (1) If settlement can be made for a total payment of One Thousand Dollars ($1,000.00) or less, Operator may settle without the consent of any Non-Operator hereunder; (2) If settlement can be made for a total payment in excess of $1,000.00, Operator may settle only upon receiving the unanimous approval of the parties hereto. Any payment made hereunder shall be made only if it is in complete settlement of said claim or suit. All costs of handling, settling or otherwise discharing such claim or suit shall be charged to the appropriate Operating Joint Acccount. The amounts referred to above are amounts which the parties hereto would be obliged to pay over and above any amounts paid by an insurer or other party.

29. FORCE MAJEURE

If any party is rendered unable, wholly or in part, by force majeure to carry out its obligations under this agreement, other than the obligation to make money payments, that party shall give to all other parties prompt written notice of the force majeure with reasonably full particulars concerning it; thereupon, the obligations of the party giving the notice, so far as they are affected by the force majeure, shall be suspended during, but no longer than, the continuance of the force majeure. The affected party shall use all possible diligence to remove the force majeure as quickly as possible.

The requirement that any force majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes, lockouts, or other labor difficulty by the party involved, contrary to its wishes; how all such difficulties shall be handled shall be entirely within the discretion of the party concerned.

The term "force majeure" as here employed shall mean an act of God, strike, lockout, or other industrial disturbance, act of the public enemy, war, blockade, public riot, lightning, fire, storm, flood, explosion, governmental restraint, unavailability of equipment, and any other cause, whether of the kind specifically enum-

30. NOTICES

All notices authorized or required between the parties, and required by any of the provisions of this agreement, shall, unless otherwise specifically provided, be given in writing by United States mail or Western Union Telegram, postage or charges prepaid, and addressed to the party to whom the notice is given at the addresses listed on Exhibit "A". Any notice to be given under any provision hereof shall be deemed given when deposited in the United States mail or with the Western Union Telegraph Company, with postage or charges prepaid or, as to telephone notice when authorized, when received by the party to whom such notice is given. Each party shall have the right to change its address at any time, and from time to time, by giving written notice thereof to all other parties.

31. ELECTION AT CASING POINT

Notwithstanding anything to the contrary contained herein, consent to the drilling of a well shall not be deemed as consent to the setting of casing and a completion attempt. After any well drilled pursuant to this agreement has reached its authorized depth, Operator, or the party conducting such drilling operations, shall give immediate notice to the Non-Operators participating in said operations. The parties receiving such notice shall have forty-eight (48) hours in which to elect whether or not it or they desires or desire to set casing and to participate in a completion attempt. Failure of a party receiving such notice so to reply within the period above fixed shall constitute an election by that party to participate in the cost of a completion attempt. If all of the parties elect to plug and abandon the well, Operator, or the party conducting the drilling operations, shall plug and abandon same at the expense of all of the parties who participated in such operations. If one or more, but less than all, of the parties elect to set pipe and to attempt a completion, the provisions of Paragraph 12 shall apply to the operations thereafter conducted by less than all parties.

32. REWORKING OPERATIONS

Notwithstanding any language set out in Paragraph 12 to the contrary, each Non-Consenting Party to a reworking operation on a well conducted pursuant to Paragraph 12 shall, upon commencement of such operation, be deemed to have relinquished to Consenting Parties, and the Consenting Parties shall own and be entitled to receive, in proportion to their respective interests, all of such Non-Consenting Party's interest in the well, its leasehold operating rights and share of production therefrom, only insofar as the interval or intervals of the formation or formations which are being reworked and to which such Non-Consenting Party does not desire to join in the reworking thereof, until the proceeds or market value thereof (after deducting production taxes, royalty, overriding royalty and other interests payable out of, or measured by the production from such well, only insofar as the production secured from the interval or intervals of the formation or formations which are subject to said reworking operation, accruing with respect to such interest until it reverts) shall equal the total of those certain costs as further described in subparagraphs (A) and (B) of the third grammatical paragraph under Paragraph 12 hereof.

33. SECONDARY RECOVERY OR PRESSURE MAINTENANCE

If all the parties cannot mutually agree upon a proposed operation for secondary recovery or pressure maintenance for existing production on the Unit Area, any party or parties wishing to conduct such operation may give the other parties written notice of the proposed operation in the same manner as provided in Paragraph 12 for the operations contemplated thereby and such secondary or pressure maintenance operation may be conducted by each Consenting Party following the same procedure and in the same manner as provided in such Paragraph 12; provided, however, that the production which shall be deemed to have been relinquished by each Non-Consenting Party to the Consenting Parties shall be only that portion of resulting production from all affected wells which is an increase over such production prior to the institution of such secondary recovery or pressure maintenance operations.

34. CONTRACTION OF THE UNIT AREA

At the expiration of five (5) years after the effective date hereof, the Unit Area hereunder shall automatically contract and the following lands and formations shall no longer be subject hereto or be included in said Unit Area;

(a) All lands (as to all formations thereunder) that do not lie within 40-acre, quarter-quarter (or equivalent) legal subdivisions any portion of which lies within one-half (1/2) mile of any producing oil well, or 320 acres of any gas well, or injection well or other pressure maintenance well on the Unit Area, or on a fieldwide unit, pooled or communitized tract, spacing or proration unit to which any portion of the Unit Area has been committed and except such portions lands within the Unit Area that have been committed to any such fieldwide unit, pooled tract or spacing unit.

(b) All zones and formations underlying the Unit Area that lie below the base of the deepest formation then producing from a well covered hereby, or a well located on any such unit or tract to which any portion of the Unit Area has been committed, or producible from any such well then shut-in for lack of market, overproduction, or temporarily shut-in for reworking, recompletion or other such remedial operations.

It is agreed, however, that the Unit Area shall not contract as provided above at such expiration of five years from the effective date hereof if a well is then being drilled under this agreement on such lands or to such formations to be eliminated, in which event contraction of such Unit Area shall be delayed until such well shall have been drilled and completed and producible lands and formations discovered by such well shall remain in the Unit Area and subject hereto. Contraction may be likewise further delayed by drilling of additional similar wells with no more than sixty (60) days between completion of one and commencement of another.

35. LATER CREATED LEASEHOLD BURDENS

If any party hereto hereafter creates any overriding royalty, production payment or other burden against its working interest production, and if any other party conducts operations hereunder in which the party so creating said burden against its working interest production elects not to participate under any provision of this agreement, and, as a result, any party conducting such operations becomes entitled to receive the working interest production otherwise belonging to such other party any party conducting such operations shall receive such production free and clear of any burden so created by the other party, and the latter shall save the party conducting such operations completely harmless with respect to the receipt of such working interest production.

36. COVENANTS RUN WITH THE LAND

The terms, provisions, covenants and conditions of this agreement shall be deemed to be covenants running with the lands, the lease or leases and leasehold estates covered hereby, and all of the terms, provisions, covenants and conditions of this agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, executors, administrators, personal representatives, successors and assigns.

37. LAWS AND REGULATIONS

A. All of the provisions of this agreement are expressly subject to all applicab laws, orders, rules and regulations of any governmental body or agency having jurisdiction in the premises, and all operations contemplated hereby shall be conducted in conformity therewith. Any provision of this agreement which is inconsistent with any such laws, orders, rules or regulations is hereby modified so as to conform therewith, and this agreement, as so modified, shall continue in full force and effect.

This agreement may be signed in counterpart, and shall be binding upon the parties and upon their heirs, successors, representatives and assigns.

There is no Exhibit "B" to this Operating Agreement.

TRANSOCEAN OIL, INC.

ATTEST:

By: _____
Vice President

_____
Secretary

OPERATOR

SANTA FE PACIFIC RAILROAD COMPANY

ATTEST:

By: _____
President

_____
Assistant Secretary

ATTEST:

_____

_____

COPAS — 196.

Recommended by the Council of Petroleum Accountants Societies of North America.

EXHIBIT " C "

Attached to and made a part of that certain Operating Agreement dated ..... between TRANSOCEAN OIL, INC. as Operator, and the other parties signatory thereto.

ACCOUNTING PROCEDURE

(JOINT OPERATIONS)

I. GENERAL PROVISIONS

1. Definitions

"Joint Property" shall mean the real and personal property subject to the agreement to which this "Accounting Procedure" is attached.

"Joint Operations" shall mean all operations necessary or proper for the development, operation, protection and maintenance of the Joint Property.

"Operator" shall mean the party designated to conduct the Joint Operations.

"Non-Operators" shall mean the nonoperating parties, whether one or more.

"Joint Account" shall mean the account showing the charges and credits accruing because of the Joint Operations and which are to be shared by the Parties.

"Parties" shall mean Operator and Non-Operators.

"Material" shall mean personal property, equipment or supplies acquired or held for use on the Joint Property.

"Controllable Material" shall mean material which at the time is so classified in the Material Classification Manual as most recently recommended by the Council of Petroleum Accountants Societies of North America, or as maintained by Operator.

2. Conflict with Agreement

In the event of a conflict between the provisions of this Accounting Procedure and the provisions of the agreement to which this Accounting Procedure is attached, the provisions of the agreement shall control

3. Collective Action by Non-Operators

Where an agreement or other action of Non-Operators is expressly required under this Accounting Procedure and if the agreement to which this Accounting Procedure is attached contains no contrary provisions in regard thereto, the agreement or action of a majority in interest of the Non-Operators shall be controlling on all Non-Operators.

4. Statements and Billings

Operator shall bill Non-Operators on or before the last day of each month for their proportionate share of costs and expenses, for the preceding month. Such bills will be accompanied by statements reflecting the total charges and credits as set forth under Subparagraph A below:

A. Statement in detail of all charges and credits to the Joint Account.

B. Statement of all charges and credits to the Joint Account, summarized by appropriate classifications indicative of the nature thereof.

C. Statement of all charges and credits to the Joint Account summarized by appropriate classifications indicative of the nature thereof, except that items of Controllable Material and unusual charges and credits shall be detailed.

5. Payment and Advances by Non-Operators

Each Non-Operator shall pay its proportion of all such bills within fifteen (15) days after receipt thereof. If payment is not made within such time, the unpaid balance shall bear interest at rate of eight per cent (8%) per annum until paid.

6. Adjustments

Payment of any such bills shall not prejudice the right of any Non-Operators to protest or question the correctness thereof; provided however, all bills and statements rendered to Non-Operators by Operator during any calendar year shall conclusively be presumed to be true and correct after twenty-four (24) months following the end of any such calendar year, unless within the said twenty-four (24) month period a Non-Operator takes written exception thereto and makes claim on Operator for adjustment. No adjustment favorable to Operator shall be made unless it is made within the same prescribed period. The provisions of this paragraph shall not prevent adjustments resulting from a physical inventory of the Joint Property as provided for in Section VII.

7. Audits.

A Non-Operator, upon notice in writing to Operator and all other Non-Operators, shall have the right to audit Operator's accounts and records relating to the accounting hereunder for any calendar year within the twenty-four (24) month period following the end of such calendar year; provided however, the making of an audit shall not extend the time for the taking of written exception to and the adjustment of accounts as provided for in Paragraph 6 of this Section I. Where there are two or more Non-Operators, the Non-Operators shall make every reasonable effort to conduct joint or simultaneous audits in a manner which will result in a minimum of inconvenience to the Operator.

II. DIRECT CHARGES

Subject to limitations hereinafter prescribed, Operator shall charge the Joint Account with the following items:

1. Rentals and Royalties

Delay or other rentals and royalties when such rentals and royalties are paid by Operator for the Joint Account of the Parties., including a reasonable cost to the Operator for making the necessary disbursements.

2. Labor

A. Salaries and wages of Operator's employees directly engaged on the Joint Property in the conduct of the Joint Operations, and salaries or wages of employees who are temporarily assigned to and directly employed on the Joint Property.

B. Operator's cost of holiday, vacation, sickness and disability benefits and other customary allowances paid to the employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III; except that in the case of those employees only a pro rata portion of whose salaries and wages are chargeable to the Joint Account under Paragraph 1 of Section III, not more than the same pro rata portion of the benefits and allowances herein provided for shall be charged to the Joint Account. Cost under this Paragraph 2B may be charged on a "when and as paid basis" or by "percentage assessment" on the amount of salaries and wages chargeable to the Joint Account under Paragraph 2A of this Section II and Paragraph 1 of Section III. If percentage assessment is used, the rate shall be based on the Operator's cost experience.

C. Expenditures or contributions made pursuant to assessments imposed by governmental authority which are applicable to Operator's labor cost of salaries and wages chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.

D. Reasonable personal expenses of those employees whose salaries and wages are chargeable to the Joint Account under Paragraph 2A of this Section II and for which expenses the employees are reimbursed under Operator's usual practice.

Employee Benefits
Operator's current cost of established plans for employees' group life insurance, hospitalization, pension, retirement, stock purchase, thrift, bonus, and other benefit plans of a like nature, applicable to Operator's labor cost; provided however, the total of such charges shall not exceed twenty percent (20%) of Operator's labor costs chargeable to the Joint Account under Paragraphs 2A and 2B of this Section II and Paragraph 1 of Section III.

4. **Material**
Material purchased or furnished by Operator for use on the Joint Property. So far as it is reasonably practical and consistent with efficient and economical operation, only such Material shall be purchased for or transferred to the Joint Property as may be required for immediate use; and the accumulation of surplus stocks shall be avoided.

5. **Transportation**
Transportation of employees and Material necessary for the Joint Operations but subject to the following limitations:
A. If Material is moved to the Joint Property from the Operator's warehouse or other properties, no charge shall be made to the Joint Account for a distance greater than the distance from the nearest reliable supply store or railway receiving point where like material is available, except by agreement with Non-Operators.
B. If surplus Material is moved to Operator's warehouse or other storage point, no charge shall be made to the Joint Account for a distance greater than the distance to the nearest reliable supply store or railway receiving point, except by agreement with Non-Operators. No charge shall be made to Joint Account for moving Material to other properties belonging to Operator, except by agreement with Non-Operators.
C. In the application of subparagraphs A and B above, there shall be no equalization of actual gross trucking costs of $100 or less.

6. **Services**
A. The cost of contract services and utilities procured from outside sources other than services covered by Paragraph 8 of this Section II and Paragraph 2 of Section III.
B. Use and service of equipment and facilities furnished by Operator as provided in Paragraph 5 of Section IV.

7. **Damages and Losses to Joint Property**
All costs or expenses necessary for the repair or replacement of Joint Property made necessary because of damages or losses incurred by fire, flood, storm, theft, accident, or any other cause, except to the extent that the damage or loss could have been avoided through the exercise of reasonable diligence on the part of Operator. Operator shall furnish Non-Operators written notice of damages or losses incurred as soon as practicable after a report thereof has been received by Operator.

8. **Legal Expense**
All costs and expenses of handling, investigating and settling litigation or claims arising by reason of the Joint Operations or necessary to protect or recover the Joint Property, including, but not limited to, attorneys' fees, court costs, cost of investigation or procuring evidence and amounts paid in settlement or satisfaction of any such litigation or claims; provided, (a) no charge shall be made for the services of Operator's legal staff or other regularly employed personnel (such services being considered to be Administrative Overhead under Section III), except by agreement with Non-Operators, and (b) no charge shall be made for the fees and expenses of outside attorneys unless the employment of such attorneys is agreed to by Operator and Non-Operators.

9. **Taxes**
All taxes of every kind and nature assessed or levied upon or in connection with the Joint Property, the operation thereof, or the production therefrom, and which taxes have been paid by the Operator for the benefit of the Parties.

10. **Insurance Premiums**
Premiums paid for insurance required to be carried on the Joint Property for the protection of the Parties.

11. **Other Expenditures**
Any other expenditure not covered or dealt with in the foregoing provisions of this Section II, or in Section III, and which is incurred by the Operator for the necessary and proper conduct of the Joint Operations.

III. INDIRECT CHARGES

Operator may charge the Joint Account for indirect costs either by use of an allocation of district expense items plus a fixed rate for administrative overhead, and plus the warehousing charges, all as provided for in Paragraphs 1, 2, and 3 of this Section III OR by combining all three of said items under the fixed rate provided for in Paragraph 4 of this Section III, as indicated next below:

OPERATOR SHALL CHARGE THE JOINT ACCOUNT UNDER THE TERMS OF:

☐ Paragraphs 1, 2 and 3. (Allocation of district expense plus fixed rate for administrative overhead plus warehousing.)
☒ Paragraph 4. (Combined fixed rate)

1. **District Expense**
Operator shall charge the Joint Account with a pro rata portion of the salaries, wages and expenses of Operator's production superintendent and other employees serving the Joint Property and other properties of the Operator in the same operating area, whose time is not allocated directly to the properties, and a pro rata portion of the cost of maintaining and operating a production office known as Operator's _____ office located at or near _____ (or a comparable office if location changed), and necessary sub-offices (if any), maintained for the convenience of the above-described office, and all necessary camps, including housing facilities for employees if required, used in connection with the operations of the Joint Property and other properties in the same operating area. The expense of, less any revenue from, such facilities may, at the option of Operator, include depreciation of investment or a fair monthly rental in lieu of depreciation. Such charges shall be apportioned to all properties served on some equitable basis consistent with Operator's accounting practice.

2. **Administrative Overhead**
Operator shall charge administrative overhead to the Joint Account at the following rates, which charge shall be in lieu of the cost and expense of all offices of the Operator not covered by Paragraph 1 of this Section III, including salaries, wages and expenses of personnel assigned to such offices. Such charges shall be in addition to the salaries, wages and expenses of employees of Operator authorized to be charged as direct charges as provided in Paragraphs 2 and 8 of Section II.

WELL BASIS (RATE PER WELL PER MONTH)

	DRILLING WELL RATE (Use Total Depth)	PRODUCING WELL RATE (Use Current Producing Depth)		
Well Depth	Each Well	First Five	Next Five	All Wells Over Ten

The cost and expense of services from outside sources in connection with matters of taxation, traffic, accounting, or matters before or involving governmental agencies shall be considered as included in the overhead rates provided for in this Paragraph 2 of Section III, unless such cost and expense are agreed upon between Operator and Non-Operators as a direct charge to the Joint Account.

3. **Operator's Fully Owned Warehouse Operating and Maintenance Expense**
(Describe fully the agreed procedure to be followed by the Operator.)

4. **Combined Fixed Rates**
Operator shall charge the Joint Account for the services covered by Paragraph 1, 2 and 3 of this Section III, the following fixed per well rates:

WELL BASIS (RATE PER WELL PER MONTH)

Well Depth	DRILLING WELL RATE (Use Total Depth) Each Well	PRODUCING WELL RATE (Use Current Producing Depth) First Five	Next Five	All Wells Over Ten
TO BE NEGOTIATED				

Said fixed rate (shall) (shall not) include salaries and expenses of production foremen.

5. **Application of Administrative Overhead or Combined Fixed Rates**
The following limitations, instructions and charges shall apply in the application of the per well rates as provided under either Paragraph 2 or Paragraph 4 of this Section III:
   A. Charges for drilling wells shall begin on the date each well is spudded and terminate on the date the drilling or completion rig is released, whichever is later, except that no charge shall be made during the suspension of drilling operations for fifteen (15) or more consecutive days.
   B. The status of wells shall be as follows:
      (1) Producing gas wells, injection wells for recovery operations, water supply wells utilized for water flooding operations and salt water disposal wells shall be considered the same as producing wells.
      (2) Wells permanently shut down but on which plugging operations are deferred shall be dropped from the well schedule at the time the shutdown is effected. When such a well is plugged a charge shall be made at the producing well rates.
      (3) Wells being plugged back, drilled deeper, converted to a source or input well, or which are undergoing any type of workover that requires the use of a drilling or workover rig shall be considered the same as drilling wells.
      (4) Temporarily shut-down wells, which are not produced or worked upon for a period of a full calendar month, shall not be included in the well schedule, provided however, wells shut in by governmental regulatory body shall be included in the well schedule only in the event the allowable production is transferred to some other well or wells on the Joint Property. In the event of a unit allowable, all wells capable of producing will be counted in determining the charge.
      (5) Gas wells shall be included in the well schedule if directly connected to a permanent sales outlet even though temporarily shut in due to overproduction or failure of purchaser to take the allowed production.
      (6) Wells completed in multiple horizons, in which the production is not commingled down hole, shall be considered as a producing well for each separately producing horizon.
   C. The well rates shall apply to the total number of wells being drilled or operated under the agreement to which this Accounting Procedure is attached, irrespective of individual leases.
   D. The well rates shall be adjusted on the first day of April of each year following the effective date of the agreement to which this Accounting Procedure is attached. The adjustment shall be computed by multiplying the rate currently in use by the percentage increase or decrease in the average weekly earnings of Crude Petroleum and Gas Production Workers for the last calendar year compared to the preceding calendar year as shown by "The Index of Average Weekly Earnings of Crude Petroleum and Gas Production Workers" as published by the United States Department of Labor, Bureau of Labor Statistics. The adjusted rates shall be the rates currently in use, plus or minus the computed adjustment.

6. For the construction of compressor plants, water stations, secondary recovery systems, salt water disposal facilities, and other such projects, as distinguished from the more usual drilling and producing operations, Operator in addition to the Administrative Overhead or Combined Fixed Rates provided for in Paragraph 2 and 4 of this Section III, shall charge the Joint Account with an additional overhead charge as follows:
   A. Total cost less than $25,000, no charge.
   B. Total cost more than $25,000 but less than $100,000, _____% of total cost.
   C. Total cost of $100,000 or more, _____% of the first $100,000 plus _____% of all over $100,000 of total cost.
   Total cost shall mean the total gross cost of any one project. For the purpose of this Paragraph the component parts of a single project shall not be treated separately and the cost of drilling wells shall be excluded.

7. The specific rates provided for in this Section III may be amended from time to time by mutual agreement between the Parties hereto if, in practice, the rates are found to be insufficient or excessive.

IV. BASIS OF CHARGES TO JOINT ACCOUNT

Subject to the further provisions of this Section IV, Operator will procure all Material and services for the Joint Property. At the Operator's option, Non-Operator may supply Material or services for the Joint Property.

1. **Purchases**
Material purchased and service procured shall be charged at the price paid by Operator after deduction of all discounts actually received.

2. **Material furnished from Operator's Warehouse or Other Properties**
   A. New Material (Condition "A")
      (1) Tubular goods, two inch (2") and over, shall be priced on Eastern Mill base (i. e. Youngstown, Ohio; Lorain, Ohio; and Indiana Harbor, Indiana) on a minimum carload basis effective at date of movement and f. o. b. railway receiving point nearest the Joint Property, regardless of quantity. In equalized hauling charges, Operator is permitted to include ten cents (10c) per hundred-weight on all tubular goods furnished from his stocks in lieu of loading and unloading costs sustained.
      (2) Other Material shall be priced at the current replacement cost of the same kind of Material, effective at date of movement and f. o. b. the supply store or railway receiving point nearest the Joint Property where Material of the same kind is available.
      (3) The Joint Account shall not be credited with cash discounts applicable to prices provided for in this Paragraph 2 of Section IV.
   B. Used Material (Condition "B" and "C")
      (1) Material in sound and serviceable condition and suitable for reuse without reconditioning, shall be classified as Condition "B" and priced at seventy-five per cent (75%) of the current price of new Material.
      (2) Material which cannot be classified as Condition "B" but which,
         (a) After reconditioning will be further serviceable for original function as good secondhand Material (Condition "B"), or
         (b) Is serviceable for original function but substantially not suitable for reconditioning, shall be classified as Condition "C" and priced at fifty per cent (50%) of current new price.
      (3) Obsolete Material or Material which cannot be classified as Condition "B" or Condition "C" shall be priced at a value commensurate with its use. Material no longer suitable for its original purpose but usable for some other purpose, shall be priced on a basis comparable with that of items normally used for such other purpose.
      (4) Material involving erection costs shall be charged [illegible]

...ials and equipment are not re...y obtainable at the customary supply point at...t prices specified in Paragraphs 1 and 2 of this ...because of national emergencies, strikes or other unusual causes over which the ...perator has no control, the Operator may charge ...count for the required materials on the basis of the Operator's direct cost and expense incurred in procuring such materials, in making ...s for use, and in moving it to the location, provided, however, that at least ten days prior notice in writing is furnished to Non-Operator ...proposed action to be taken by Operator in obtaining or supplying the material and/or equipment called for under the provisions of this ...graph, whereupon Non-Operator shall have the right by so electing and notifying Operator within such ten days after receiving notice from the ...rator, to furnish in kind, or in tonnage as the parties may agree, at the location, nearest railway receiving point, or Operator's storage point ...thin a comparable distance, all or part of his share of material and/or equipment suitable for use and acceptable to the Operator. Transporta...tion costs on any such material furnished by Non-Operator, at any point other than at the location, shall be borne by such Non-Operator. If, pur...suant to the provisions of this paragraph, any Non-Operator furnishes material and/or equipment in kind, appropriate adjustments of accounts between Operator and Non-Operator shall be made. Operator agrees to acquire the necessary short supplies and equipment required to conduct operations upon the jointly owned premises and to charge the joint account therefor as herein provided unless Non-Operator elects to supply all or part of same within the specified period of time.

4. **Warranty of Material Furnished by Operator**
Operator does not warrant the Material furnished. In case of defective Material, credit shall not be passed to the Joint Account until adjustment has been received by Operator from the manufacturers or their agents.

5. **Equipment and Facilities Furnished by Operator**
   A. Operator shall charge the Joint Account for use of equipment and facilities at rates commensurate with cost of ownership and operation. Such rates shall include cost of maintenance, repairs, other operating expense, insurance, taxes, depreciation and interest on investment not to exceed six per cent (6%) per annum, provided such rates shall not exceed those currently prevailing in the immediate area within which the Joint Property is located. Rates for automotive equipment shall generally be in line with the schedule of rates adopted by the Petroleum Motor Transport Association, or some other recognized organization, as recommeded uniform charges against Joint Property operations. Rates for laboratory services shall not exceed those currently prevailing if performed by outside service laboratories. Rates for trucks, tractors and well service units may include wages and expenses of operator.
   B. Whenever requested, Operator shall inform Non-Operators in advance of the rates it proposes to charge.
   C. Rates shall be revised and adjusted from time to time when found to be either excessive or insufficient.

V. DISPOSAL OF MATERIAL

The Operator may purchase, but shall be under no obligation to purchase, interest of Non-Operators in surplus Material. The disposition of surplus Controllable Material, not purchased by Operator, shall be subject to agreement between Operator and Non-Operators, provided Operator shall dispose of normal accumulations of junk and scrap Material either by transfer or sale from the Joint Property.

1. **Material Purchased by the Operator or Non-Operators**
Material purchased by either the Operator or Non-Operators shall be credited by the Operator to the Joint Account for the month in which the Material is removed by the purchaser.

2. **Division in Kind**
Division of Material in kind, if made between Operator and Non-Operators, shall be in proportion to the respective interests in such Material. The Parties will thereupon be charged individually with the value of the Material received or receivable. Proper credits shall be made by the Operator in the monthly statement of operations.

3. **Sales to Outsiders**
Sales to outsiders of Material from the Joint Property shall be credited by Operator to the Joint Account at the net amount collected by Operator from vendee. Any claim by vendee related to such sale shall be charged back to the Joint Account if and when paid by Operator.

VI. BASIS OF PRICING MATERIAL TRANSFERRED FROM JOINT ACCOUNT

Material purchased by either Operator or Non-Operators or divided in kind, unless otherwise agreed to between Operator and Non-Operators shall be priced on the following basis:

1. **New Price Defined**
New price as used in this Section VI shall be the price specified for New Material in Section IV.

2. **New Material**
New Material (Condition "A"), being new Material procured for the Joint Property but never used, at one hundred per cent (100%) of current new price (plus sales tax if any).

3. **Good Used Material**
Good used Material (Condition "B"), being used Material in sound and serviceable condition, suitable for reuse without reconditioning:
   A. At seventy-five per cent (75%) of current new price if Material was charged to Joint Account as new, or
   B. At sixty-five per cent (65%) of current new price if Material was originally charged to the Joint Account as secondhand at seventy-five percent (75%) of new price.

4. **Other Used Material**
Used Material (Condition "C"), at fifty per cent (50%) of current new price, being used Material which:
   A. Is not in sound and serviceable condition but suitable for reuse after reconditioning, or
   B. Is serviceable for original function but not suitable for reconditioning.

5. **Bad-Order Material**
Material (Condition "D"), no longer suitable for its original purpose without excessive repair cost but usable for some other purpose at a price comparable with that of items normally used for such other purpose.

6. **Junk Material**
Junk Material (Condition "E"), being obsolete and scrap Material, at prevailing prices.

7. **Temporarily Used Material**
When the use of Material is temporary and its service to the Joint Property does not justify the reduction in price as provided for in Paragraph 3 B of this Section VI, such Material shall be priced on a basis that will leave a net charge to the Joint Account consistent with the value of the service rendered.

VII. INVENTORIES

1. **Periodic Inventories, Notice and Representation**
At reasonable intervals, inventories shall be taken by Operator of the Joint Account Material, which shall include all such Material as is ordinarily considered controllable. Written notice of intention to take inventory shall be given by Operator at least thirty (30) days before any inventory is to begin so that Non-Operators may be represented when any inventory is taken. Failure of Non-Operators to be represented at an inventory shall bind Non-Operators to accept the inventory taken by Operator, who shall in that event furnish Non-Operators with a copy thereof.

2. **Reconciliation and Adjustment of Inventories**
Reconciliation of inventory with charges to the Joint Account shall be made, and a list of overages and shortages shall be jointly determined by Operator and Non-Operators. Inventory adjustments shall be made by Operator with the Joint Account for overages and shortages, but Operator shall be held accountable to Non-Operator only for shortages due to lack of reasonable diligence.

3. **Special Inventories**
Special inventories may be taken whenever there is any sale or change of interest in the Joint Property. It shall be the duty of the party selling to notify all other Parties as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by such inventory.

EXHIBIT "D"

Attached to and made part of that certain Operating Agreement dated _____, between TRANSOCEAN OIL, INC., as Operator, and the other parties signatory thereto.

INSURANCE

Operator and Opertor's contractors shall, during the drilling and completing of any and all well or wells on the Unit Area and during the performance of all operations, carry the following described minimum insurance coverage on the Unit Area:

A. Workman's Compensation

Full compliance with the statutory requirements of the laws of the States of Texas, New Mexico and the laws of any other state that shall be applicable.

B. Employer's Liability

Limits: $100,000 per accident
The above policies shall contain endorsements covering voluntary compensation liability.

C. Public Liability

Comprehensive General Liability insurance as follows:

Bodily Injury - $300,000 each occurrence
Property Damage - $100,000 each occurrence
- $100,000 aggregate

Hazards covered to be all operations of the insured in connection with oil or gas lease operations including trip cover, independent contractor, completed operations and blanket waiver of subrogation.

D. Automobile Liability

Comprehensive insurance as follows:

Bodily Injury - $100,000 each person
$300,000 each accident
Property Damage - $100,000 each occurrence

Coverage includes owned, non-owned and hired automobiles.

E. Umbrella

Blanket Excess Liability - Limits: $3,000,000

(1) $25,000 retained limit
(2) Excess of Employer's Liability, Comprehensive General Liability and Comprehensive Automobile Liability
(3) Blanket waiver of subrogation
(4) Exclusion for seepage, pollution and contamination
(5) Oil Industry Limitation endorsement