

STATE OF NEW MEXICO, County of San Juan SS. 107
I hereby certify this instrument was filed for record
on October 16, 1957, at 8:46 o'clock A.M.
and duly recorded in book 228 page 157 of the
Records of said county.
Virginia H. Pettit
Probate Clerk and acting Register

THE STATE OF NEW MEXICO }
COUNTY OF SAN JUAN }

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS:

That, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STANOLIND OIL AND GAS COMPANY, a corporation, and EARL A. BENSON and WM. V. MONTIN (hereinafter referred to as "Assignors"), do hereby bargain, sell, assign, transfer and convey unto LLOYD D. LOCKE and LLOYD B. TAYLOR, doing business as and under the name of Locke-Taylor Drilling Company, their respective heirs and assigns (hereinafter referred to as "Assignees"), all of the Assignors' right, title and interest in and to the following described oil, gas and mineral lease, covering land situated in San Juan County, New Mexico, to wit:

(Stanolind Lease No. 74463)

Lessor: Helen Zimmerman and R. J. Zimmerman, her husband
Lessee: Charles Newbold
Dated: February 20, 1947
Recorded: Volume 125, at Page 153, Records of San Juan County, New Mexico

insofar as said lease covers the following described land in said County and State, to wit:

The East Half of the Northeast Quarter (E/2 of NE/4), the Southwest Quarter of the Northeast Quarter (SW/4 of NE/4), and 13 acres in the South part of the Northwest Quarter of the Northeast Quarter of Section 23, T-29-N, R-13-W,
FROM THE SURFACE THEREOF DOWN TO THE BASE OF THE PICTURED CLIFFS FORMATION

(said lease and land above described as to the depth hereinabove specified, being sometimes hereinafter referred to as the "lease acreage"), subject to the following terms, covenants and conditions:

1. In addition to any and all other overriding royalties, production payments and other encumbrances to which said lease acreage may be subject, the Assignor hereby excepts and reserves unto themselves, their respective successors, heirs and assigns, in the proportion of one half (1/2) to Stanolind Oil and Gas Company, one fourth (1/4) to Earl A. Benson, and one fourth (1/4) to Wm. V. Montin, the following overriding royalty:

101-A

(a) Five percent or eight-eighths ($\frac{5\%}{8/8}$) of all oil, distillate, condensate and other liquid hydrocarbons produced and saved from said lease acreage under said lease, or any extensions or renewals thereof, which shall be delivered free of all cost and expense, except taxes on production, at the well or wells on said lease acreage or, at the Assignors' option, to the credit of the Assignors into the pipe line to which said well or wells may be connected;

(b) Five percent or eight-eighths ($\frac{5\%}{8/8}$) of all gas and casing-head gas produced and saved from said lease acreage under said lease, or any extensions or renewals thereof, the market value (at the well) of which shall be paid to the Assignors free of all cost and expense, except taxes on production.

2. In addition to the foregoing overriding royalty and to any other overriding royalties, production payments and other encumbrances to which said lease acreage may be subject, the Assignors hereby except and reserve unto themselves, their respective successors, heirs and assigns, in the proportion of one half ($\frac{1}{2}$) to Stanolind Oil and Gas Company, one fourth ($\frac{1}{4}$) to Earl A. Benson, and one fourth ($\frac{1}{4}$) to Wm. V. Montin, five percent or eight-eighths ($\frac{5\%}{8/8}$) of all the oil, distillate, condensate, gas, casinghead gas and other hydrocarbon substances produced and saved from said lease acreage under said lease, or any extension or renewal thereof, until the Assignors, their successors, heirs or assigns, shall have received therefrom, free of all costs, expenses and charges for development and operations, the net total sum of One Thousand Nine Hundred Ninety Five Dollars (\$1,995.00) in excess of taxes on production; provided, that, at the option of the Assignors, the above specified portion of said production, or any of it, shall be delivered to the Assignors free of said costs, expenses and charges at the well or wells on said lease acreage or, at the Assignors' option, to the credit of the Assignors into the pipe line to which said well or wells may be connected.

3. With respect to the overriding royalty and production payment herein excepted and reserved by the Assignors, the Assignors and the Assignees agree, as follows:

(a) That oil and gas used in drilling and operations on said lease acreage and in the handling of production therefrom shall be deducted before said overriding royalty and said production payment are computed.

10772

(b) That the Assignees shall furnish to the Assignors authentic itemized monthly reports of all production from said lease acreage, such reports to be mailed not later than the fifteenth day of the month following that for which the report is made.

4. As to any wells drilled on said lease acreage by the Assignees after the delivery of this assignment, the Assignees shall give the Assignors access to said wells and the derrick floor at all reasonable times and, upon request of the Assignors, shall furnish to the Assignors well samples of all cores and cuttings consecutively taken, unless the Assignors themselves elect to take such samples, and, at the request of the Assignors, the Assignees shall furnish to the Assignors copies of any electrical well formation surveys made.

5. In the event that the Assignees should elect to surrender, abandon or release all or any of their rights in said lease acreage or any part thereof, the Assignees shall notify the Assignors not less than sixty (60) days in advance of such surrender, expiration, abandonment or release and, if requested to do so by the Assignors, the Assignees immediately shall reassign such rights in said lease acreage, or such part thereof, to the Assignors.

6. This assignment is made subject to all the terms and the express and implied covenants and conditions of the above described lease, insofar as it covers the said lease acreage, which terms, covenants and conditions the Assignees hereby assume and agree to perform with respect to the said lease acreage. Said terms, covenants and conditions, insofar as the said lease acreage is concerned, shall be binding on the Assignees, not only in favor of the lessors and their heirs and assigns, but also in favor of the Assignors and their successors, heirs and assigns.

7. This assignment is made without warranty of any kind.

8. Assignors have heretofore, as owners of the aforesaid lease, executed that certain Unit Agreement for the Development and Operation of the Gallegos Canyon Area dated November 1, 1950, formed under the Act of Congress approved February 25, 1920, wherein Earl A. Benson and Wm. V. Montin are named Unit Operators, and Assignors have also executed that certain Unit Accounting Agreement under said Unit Agreement dated January 15, 1951. The land covered by said lease is within the boundaries of the unit area of said Unit Agreement, but is not yet within any participating area formed or designated thereunder. The lessors of said lease have

107-6
refused to execute said Unit Agreement. Assignors make no representation or warranty as to whether the said lease acreage is or is not committed to or affected by said Unit Agreement or Unit Accounting Agreement by reason of the execution by Assignors of the instruments above referred to, or either of them, and Assignees accept this Assignment without prejudice to their right to contend that the lease acreage herein assigned is acquired free from the provisions of said Unit Agreement and Unit Accounting Agreement, but in the event said lease acreage shall be found to be subject to the terms of said agreements, Assignees accept said lease acreage subject to all the terms and provisions of said agreements.

9. All notices, reports and other communications required or permitted hereunder, or desired to be given with respect to the rights or interests herein assigned or reserved, shall be deemed to have been properly given or delivered when delivered personally or sent by registered mail or telegraph, with all postage or charges fully prepaid, and addressed to the Assignors and Assignees, respectively, as follows:

Assignors:

Stanolind Oil and Gas Company
Oil and Gas Building
P. O. Box 1410
Fort Worth, Texas

Benson-Montin
316 Petroleum Building
Oklahoma City, Oklahoma

Assignees:

Lacke-Taylor Drilling Company
407 North Allen
Farmington, New Mexico

10. The terms, covenants and conditions hereof shall be binding upon, and shall inure to the benefit of the Assignors and Assignees, the successors and assigns of Stanolind Oil and Gas Company, and the respective heirs, administrators, executors, devisees, representatives and assigns of the other parties hereto; and such terms, covenants and conditions shall be covenants running with the land above described and the lease acreage herein assigned and with each transfer or assignment of said land or lease acreage.

TO HAVE AND TO HOLD said lease acreage unto the Assignees, their respective heirs and assigns, subject to the terms, covenants and conditions hereinabove set forth.

EXECUTED THIS 23rd day of January, 1953

Earl A. Benson
EARL A. BENSON
William V. Montin
WM. V. MONTIN

Earl A. Benson
EARL A. BENSON
William V. Montin
WM. V. MONTIN

ATTEST:
[Signature]
Assistant Secretary

STANOLIND OIL AND GAS COMPANY
BY [Signature]
Attorney in Fact

APPROVED
[Signature]

STATE OF California

COUNTY OF San Diego

On this 23rd day of January, 1953, before me personally appeared EARL A. BENSON and wife, [Signature], to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.

My Commission Expires:
Jan 1, 1955

[Signature]
Notary Public in and for
San Diego County,

STATE OF California

COUNTY OF San Diego

On this 23rd day of January, 1953, before me personally appeared WM. V. MONTIN and wife, [Signature], to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.

My Commission Expires:
Jan 1, 1955

[Signature]
Notary Public in and for
San Diego County,

107-6
THE STATE OF TEXAS |
COUNTY OF TARRANT |

On this 23rd day of Jan, ¹⁹⁵³ 1952, before me appeared E. J. Bedlow, to me personally known, who, being by me duly sworn did say that he is the Attorney in Fact of Stanolind Oil and Gas Company, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said E. J. Bedlow acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.

Asaeth J. Pickens
Notary Public in and for
Tarrant County, Texas

My Commission Expires:
6-1-53



STATE OF NEW MEXICO }
COUNTY OF SAN JUAN }

I hereby certify that the foregoing

Assignment

is a true copy of the original on file in my
said office this 22nd day of

July 19 91

Christ Bandis
Clerk
Vera S. Brown, Deputy

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
10345
Case No. 10344 Exhibit No. _____
Submitted by Locke
Hearing Date 2/27/92

U.S. GEOLOGICAL SURVEY
 FOSWELL, NEW MEXICO

U.S. MAR 22 1954

REVISED 1-1-54

EXHIBIT "A"

ATTACHED TO GALLEGOS CANYON
 UNIT AGREEMENT

SAN JUAN COUNTY, NEW MEXICO

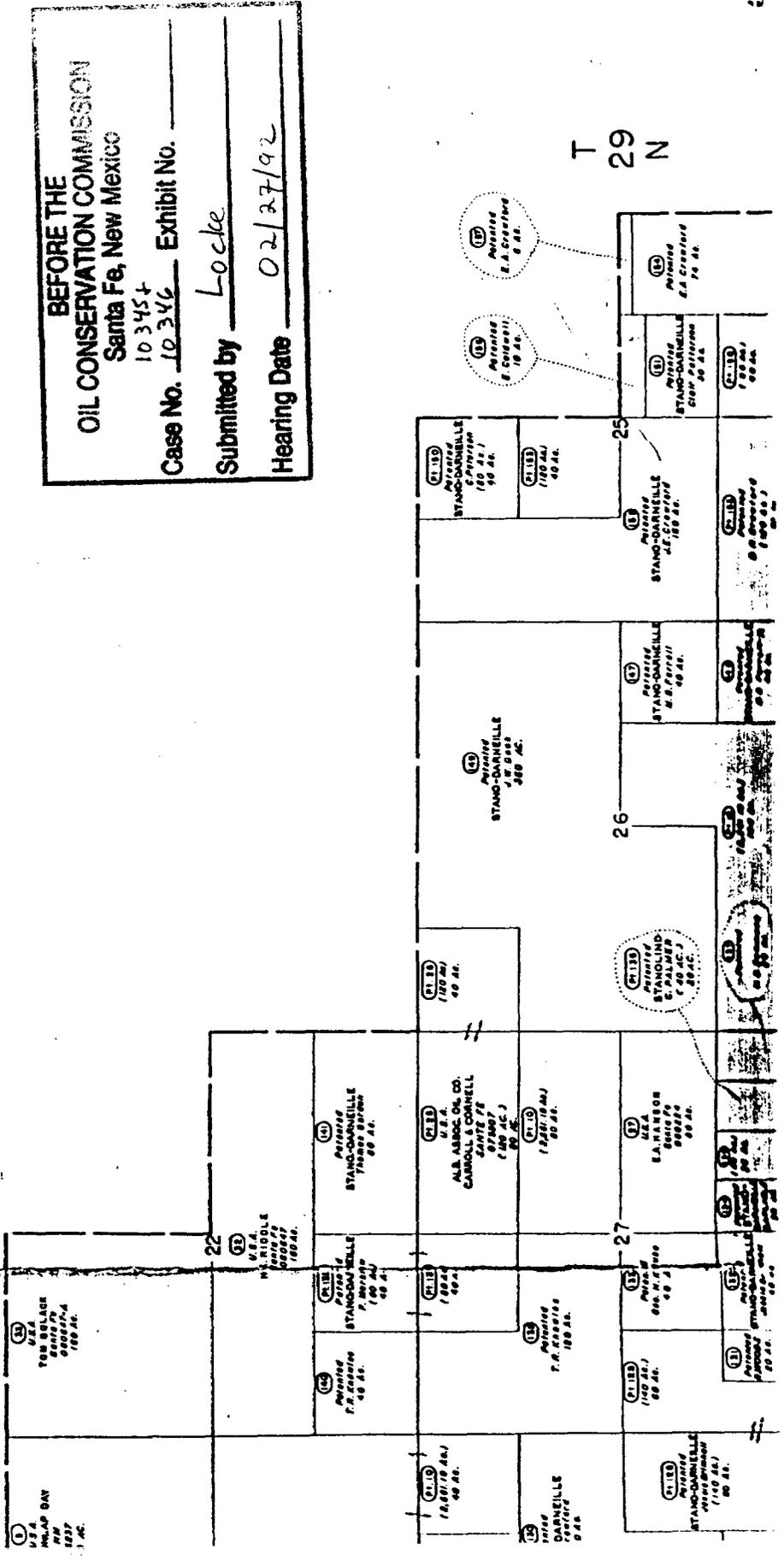
RECEIVED

APR 2 1954

U. S. GEOLOGICAL SURVEY
 FARMINGTON, N. M.

LEGEND

- ① TRACT NUMBER
- ② INDICATES PART OF TRACT
- ③ UNIT BOUNDARY
- ④ PICTURED CLIFFS PARTICIPATING AREA BOUNDARY



Oil and Gas Mining Lease
 (New Mexico) 1-21

Oil and Gas Mining Lease

Acorn Printing Co.

THIS AGREEMENT entered into this the 20th day of February, 1947
 between Helen Zimmerman and R. J. Zimmerman, her husband Box 452 Farmington, N.M.
 hereinafter called lessor,
 and Charles Newbold of Aztec, New Mexico, hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of One and no/100 Dollars (\$ 1.00)
 is hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted and leased and
 hereby grants, leases and lets unto the lessee for the purpose of mining and operating for and producing oil and gas, casinghead gas and
 casinghead gasoline, laying pipelines, building tanks, storing oil, building power stations, telephone lines, and other structures thereon to
 produce, save, take care of and manufacture all of such substances, and for housing and boarding employees, the following described tract
 of land in San Juan County, New Mexico, to wit: the East one-half Northeast
Quarter; Southwest Quarter of the Northeast Quarter and Thirteen acres in
the South Part of the Northwest Quarter of the Northeast Quarter.

in Section 23 Township 29N Range 13W and containing 137.00 acres, more or less.

2. This lease shall remain in force for a term of ten (10) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or
 any of them is or can be produced.

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the
 equal one-eighth part of all oil produced and saved from the leased premises, or at lessee's option, may pay to the lessor for such one-eighth
 royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessee shall pay lessor, as royalty, one eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas
 only is found, and where not sold shall pay Fifty (\$50.00) Dollars per annum as royalty from each well, and while such royalty is so paid
 such well shall be held to be a producing well under paragraph numbered two hereof. The lessor to have gas free of charge from any gas
 well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the
 well, the use of said gas to be at the lessor's sole risk and expense. The lessee shall pay to the lessor for gas produced from any oil well and
 used by the lessee for the manufacture of gasoline, or any other product, as royalty, one-eighth of the market value of such gas. If said gas
 is sold by the lessee, then as royalty one-eighth of the proceeds of the sale thereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this
 lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or for the
 lessor's credit in the First National Bank at Farmington, N. M., or its
 successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this
 lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of _____

One Hundred Thirty Seven and no/100 Dollars (\$ 137.00) which shall
 operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner
 and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. ~~The~~
~~payments or tenders of rental herein referred to may be made in currency, draft or check at the option of the lessee and the depositing of~~
~~such check or draft or check in any post office, with sufficient postage and properly addressed to the lessor, or said bank, on or before the~~
~~usual paying day, shall be deemed payment as herein provided.~~ Notwithstanding the death of the lessor, or his successor in interest,
 the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of
 such person.

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or
 holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing
 rental paying date, or provided the lessee begins or resumes the payment of the rentals in the manner and amount herein above provided;
 (and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in
 force).

7. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the
 royalties and rentals herein provided for shall be paid to the said lessor only in the proportion which his interest bears to the whole undivided
 fee.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water
 from the wells of the lessor. When required by lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by
 its operation to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises
 without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all ma-
 chinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the coven-
 ants hereof shall extend to the heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the
 rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assign-
 ment or a certified copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect
 to the assigned portion or portions arising subsequent to the date of assignment.

10. If the leased premises are now or if same shall hereafter be owned in severally or in separate tracts, the premises, nevertheless, shall
 be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and
 paid to such separate owners in the proportions that the acreage owned by each such separate owners bears to the entire leased acreage.
 There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be here-
 after divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this
 lease shall be assigned as to a part or parts of the above described lands, and the holder or owner of any such part or parts shall fail
 or make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or af-
 fect this lease in so far as it covers a part or parts of said land upon which said lessee or any assigns hereof shall make due payment of
 said rental. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments hereof unless and
 until all parties designate, in writing, in a recordable instrument to be filed with this lease, a common agent to receive all payments due
 hereunder, and to execute division and transfer orders on behalf of said parties, and their respective successors in title.

11. Lessor hereby warrants and agrees to defend the title to this land herein described and agrees that the lessee, at its option, may pay
 and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exer-
 cises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge
 of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence drilling
 operations at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations

All payments or tenders may be made by check or draft or bill of exchange thereof, mailed or delivered on or before the rental paying date.

are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount hereinabove provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

14. Lessee may at any time surrender this lease, in whole or in part, by delivering or mailing a release or releases thereof to the Lessor or by placing a release or releases thereof of record in the proper county.

15. It is agreed that this lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions or stipulations until it shall have first been finally judicially determined that such failure exists, and after such final determination, lessee is given a reasonable time therefrom to comply with any such covenants, conditions or stipulations.

~~16. All expenses and obligations of this lease, both before and after production, shall be subject to all Federal and State laws, executive orders, rules and regulations, and notwithstanding anything herein to the contrary, this lease shall not expire, terminate or be forfeited in whole or in part, nor shall Lessee be liable for damages for failure to comply with any of said covenants so long as or if compliance therewith is hindered, delayed or prevented by such law, order, rule or regulation. If drilling operations or compliance with the provisions of this lease, both expressed and implied, is hindered, delayed or prevented by reason of any such law, order, rule or regulation at the expiration of the primary term hereof, the primary term shall be and the same is hereby extended for the full term of such hindrance, delay or prevention and for a period of one (1) year after such law, order, rule or regulation causing or resulting in the delay, hindrance or prevention has as to the lands herein leased become wholly ineffective. Prior to the discovery of oil, gas or other mineral upon the leased premises the extension herein granted shall be ineffective unless Lessee shall, at or before the expiration of the primary term and during the period of such hindrance, delay or prevention, continue to pay or tender the amount of the rentals hereinabove mentioned as to all lands then subject to this lease on each anniversary rental paying date as the same become due and payable or until drilling operations are commenced or production of oil, gas or other mineral is obtained in accordance with the other provisions of this lease, and the payment or tender of such rentals at such times shall have the same force and effect as rental payments paid or tendered during the primary term hereinabove mentioned. If rental payments have been suspended under the terms of this lease~~

Notary Public

My Commission expires: _____

First above written.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my notarial seal the day and year

and acknowledged that he executed the same as the free act and deed of said

to me known to be the person who executed the foregoing instrument in behalf of

personally appeared

On this _____ day of _____ 1947 before me

STATE OF NEW MEXICO
COUNTY OF _____

(SEAL) ACKNOWLEDGMENT OF NATURAL PERSON ACTING AS ATTORNEY

My Commission expires: March 27th, 1948

Notary Public

First above written.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my notarial seal the day and year

executed the same as their free act and deed.

to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they

personally appeared Helen Zimmerman and R. J. Zimmerman, her husband

On this 26th day of Feb. 1947, before me

STATE OF NEW MEXICO
COUNTY OF SAN JUAN

ACKNOWLEDGMENT OF NATURAL PERSON

MID-CONTINENT 11 Revised 1941
OIL AND GAS LEASE

FROM

Helen Zimmerman et al.

TO

Charles Newbold

No. Acres _____ Term _____

Dated _____, 1947

Section _____ Twp. _____ Rge. _____

County _____

STATE OF New Mexico

County of San Juan

This instrument was filed for record on the

19 day of April, 1947

at 10:38 o'clock A.M., and duly recorded

in Book 125 Page 153 of the
record of this office.

Isela Dial
County Clerk

When Recorded I. P. Hine
Return to

P.O. Box 335, Albuquerque, N.M.

by reason of the commencement of operations for drilling or on account of the production of oil, gas or other minerals prior to the time Lessee is hindered, delayed or prevented by any such law, order, rule or regulation, Lessee may resume the payment of tenent of the annual delay rental on the rental date next ensuing after Lessee has been hindered, delayed or prevented from complying with provisions of this lease as aforesaid, and the resumption of the payment of delay rentals shall have the same force and effect as though rentals had been continuously paid on each rental paying date, and by continuing such rental payments Lessee may extend this lease beyond the primary term for the full period hereinabove mentioned.

15. During the term of this lease, oil, gas or other mineral is discovered upon the leased premises, but Lessee is prevented from producing the same by reason of any of the aforementioned laws, orders, rules or regulations, this lease shall nevertheless be considered as producing and shall continue in full force and effect until Lessee is permitted to produce the oil, gas or other mineral and as long thereafter as such production continues in paying quantities or drilling or servicing operations are continued as elsewhere herein provided.

16. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee. All express or implied covenants of this lease shall be subject to all Federal and State Laws, Executive Orders, Rules or Regulations, and this lease shall not be terminated, in whole or in part, nor lessee held liable in damages for failure to comply therewith, if compliance is prevented by, or if such failure is the result of, any such Law, Order, Rule or Regulation.

WITNESS:

Heida Zimmerman

Heida Zimmerman

UNRECORDED
APR 10 1968

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

10345

Case No. 10346 Exhibit No. _____

Submitted by LOCKE

Hearing Date 2/27/92

November 10, 1967

In support of this application, the following items are attached hereto and made a part hereof:

1. An ownership map showing the boundaries of the Unit Area and the proposed Participating Areas.
2. Schedules showing the lands entitled to participation in the unitized substances produced from the Fruitland formation, with the percentage of participation of each tract indicated thereon.
3. A geological and engineering report supporting and justifying selection of the Participating Areas.

The Participating Areas and their proposed effective dates are predicated upon the knowledge and information obtained on the completion in paying quantities of Unit Wells Nos. 220, 255, 256, and 261.

Applicant respectfully requests that the Director approve the herein above selection of lands.

Dated this 10th day of November, 1967.

Respectfully submitted,

PAN AMERICAN PETROLEUM CORPORATION

J. B. Richard

Attachments

886

PAN AMERICAN PETROLEUM CORPORATION

SECURITY LIFE BUILDING

DENVER, COLORADO 80202

PRODUCING DEPARTMENT
H. T. HUNTER
DIVISION PRODUCTION
MANAGER

DISTRICT SUPERINTENDENTS
W. M. JONES
A. E. PIPER
T. M. CURTIS
JOINT INTEREST
SUPERINTENDENT
S. B. RICHARDS

November 10, 1967

File: AMR-2411-986.511

Re: Application for Approval of Initial Participating Area and First, Second and Third Enlargements for the Fruitland Formation, Gallegos Canyon Unit, San Juan County, New Mexico

RECEIVED
NOV 21 1967
U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

Director (6)
United States Geological Survey
Washington 25, D. C.

Commissioner of Public Lands (3)
State of New Mexico
Capital Annex Building
Santa Fe, New Mexico

THROUGH:

Regional Oil & Gas Supervisor
United States Geological Survey
P. O. Box 1857
Roswell, New Mexico

All Working Interest Owners
Gallegos Canyon Unit
(See Attached Addressee List)

Oil Conservation Commission (3)
State of New Mexico
Capital Annex Building
Santa Fe, New Mexico

Gentlemen:

Pan American Petroleum Corporation, as Unit Operator for the Gallegos Canyon Unit Agreement, approved by the Director of the U. S. Geological Survey, effective July 25, 1951, pursuant to the provisions of Section 10 thereof, respectfully submits for the approval of said Director the selection of the following described lands to constitute the Initial Participating Area and First, Second, and Third Enlargements thereof for the Fruitland Formation, to wit:

Initial Participating Area:	E/2 Section 13 - T28N - R12W
First Enlargement :	W/2 Section 18 - T28N - R11W
Second Enlargement :	W/2 Section 13 - T28N - R12W
Third Enlargement :	E/2 Section 18 - T28N - R11W

*Schedule OK
11-21-67*

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NOV 17 2 46 PM '67
STATE LAND OFFICE
SANTA FE, N.M.

<u>Area</u>	<u>Effective Date</u>	<u>Acres In Revision</u>	<u>Total Acres</u>
Initial	June 14, 1966	320	320
1st Enlargement	October 1, 1966	315.68	635.68
2nd Enlargement	January 1, 1967	320	955.68
3rd Enlargement	May 1, 1967	320	1275.68

ORC



File: AMR-2411-986.511

-3-

November 10, 1967

APPROVED *Arthur W. Baker*
ACTING Director, United States Geological
Survey (Subject to like approval by
appropriate State officials)

Date DEC 15 1967

APPROVED *Stephen B. Lenz*
Commissioner of Public Lands
(Subject to like approval of USGS
and Oil Conservation Commission)

Date November 20, 1967

APPROVED *A. H. Carter, Jr.*
Oil Conservation Commission
(Subject to like approval of USGS
and Commissioner of Public Lands)

Date Nov. 20, 1967

887

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. ^{10345 +} 10346 Exhibit No. _____

Submitted by Locke

Hearing Date 02/27/92

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>10345+</u> <u>10346</u>	Exhibit No. _____
Submitted by <u>Locke</u>	
Hearing Date <u>02/27/92</u>	

5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
Fax (713) 780-5273
Telex 9108813603

October 31, 1990



Mrs. Louise Locke
c/o Don Locke
139 1/2 E. 2nd
Rifle, Colorado 81650

Re: Offer to Purchase Leasehold Interest
Gallegos Canyon Unit
San Juan County, New Mexico

Dear Mr. Locke:

BHP Petroleum (Americas) Inc. (BHP) offers to purchase from Mrs. Louise L. Locke one hundred percent (100%) of Mrs. Locke's right, title and interest in and to the following described oil and gas lease insofar as such lease covers and affects those certain depths from the surface down to the Base of the Pictured Cliffs formation.

LESSOR	LEGAL DESCRIPTION	ACRES	
		GROSS	NET
William B. Allen and Melba J. Allen, his wife and Eula L. Allen, a widow	T29N, R13W Section 23: NW1/4	160.00	160.00

This offer is subject to the following terms and conditions:

1. The purchase price for the above described lease is \$20,000.00, payable at closing for assignment of all of Mrs. Locke's right, title and interest in such lease from the surface down to the base of the Pictured Cliffs formation.
2. The effective date of the proposed transaction will be October 31, 1990.
3. Closing for the transaction contemplated herein shall take place by overnight delivery of a properly executed assignment in a form substantially identical to the assignment enclosed herewith, from you as Mrs. Locke's Attorney-in-Fact to BHP and the delivery of funds by check from BHP on or before November 20, 1990.
4. This offer is subject to BHP's review of and satisfaction with title to Mrs. Locke's leasehold interest including any contractual obligations or other salient factors affecting such title.

Mr. Don Locke
October 31, 1990
Page 2

5. At any time and from time to time after the effective date hereof, upon BHP's request, you, as Mrs. Locke's Attorney-in-Fact, agree to execute, acknowledge and deliver or cause to be delivered, all further documents or instruments necessary to complete the transaction contemplated herein.

If the foregoing terms and conditions are acceptable, please so indicate by signing in the space provided below and returning one signed duplicate of this letter by November 9, 1990.

Thank you in advance for your prompt reply. Please call if BHP can be of any further assistance.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.



Donald Reinhardt
Senior Landman
Inland Business Unit

DR/ld
Enclosure

ACCEPTED AND AGREED TO this
_____ day of November, 1990.

By: _____
Don Locke
Attorney-in-Fact

RICHARD T.C. TULLY, P.A.

ATTORNEY AT LAW
111 NORTH ORCHARD AVENUE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY
MICHAEL CUNNINGHAM

505-327-3388

June 20, 1991

Robert G. Stovall, Esq.
General Counsel
New Mexico Oil Conservation Division
P. O. Box 2088
Santa Fe, NM 87504

Frank T. Chavez
Supervisor and Oil & Gas Inspector
New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Ron Fellows
Area Manager
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

Re: Locke-Taylor Drilling Company
Tycksen #1 Well, Gallegos Canyon Unit #391 Well,
and Gallegos Canyon Unit #390 Well
San Juan County, New Mexico

Gentlemen:

This lawfirm represents Louise Y. Locke who is the owner of the operating rights from the surface to the base of the Pictured Cliffs Formation of the N/2 of Section 23, T-29-N, R-13-W, N.M.P.M., San Juan County, New Mexico. The Howard Tycksen Pooled Unit #1 Well, with a N/2 of Section 23 dedication, is located in the NE/4 of Section 23, and has been producing from the Fruitland Formation since April 19, 1954 (over 37 years). The N/2 of Section 23 from the surface to the base of the Pictured Cliffs Formation and the Howard Tycksen Pooled Unit #1 Well have never been committed to the Gallegos Canyon Unit.

BHP Petroleum (Americas) Inc. has filed Applications for Permit to Drill the Gallegos Canyon Unit #391 and #390 Wells, with both wells to be Fruitland Formation wells.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico 10345+	
Case No. 10346	Exhibit No. _____
Submitted by	<u>Locke</u>
Hearing Date	<u>02/27/92</u>

Robert G. Stovall, Esq.
Frank T. Chavez
Ron Fellows
June 20, 1991
PAGE TWO

BHP has located the Gallegos Canyon Unit #391 Well in the NE/4 of Section 23; the Well has been drilled to total depth, but not completed; and it has an E/2 of Section 23 dedication. The Gallegos Canyon Unit #390 Well has been located in the SW/4 of Section 23; it has a W/2 of Section 23 dedication; but we do not know the status of the drilling of this well.

The wellhead for the Gallegos Canyon Unit #391 Well is located approximately 130 feet from the wellhead of the Howard Tycksen Pooled Unit #1 Well, and approximately 100 feet from the meterhouse of the Howard Tycksen Pooled Unit #1 Well.

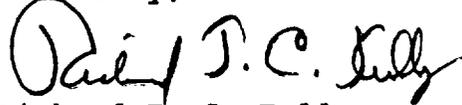
Our client has notified BHP of the trespass in the NE/4 of Section 23, but the attempts to negotiate a settlement have come to a standstill. BHP does recognize the ownership of Louise Y. Locke from the surface to the base of the Pictured Cliffs Formation in the N/2 of Section 23.

The Fruitland Formation ownership of our client in the N/2 of Section 23 brings into question the E/2 and the W/2 dedications of the Gallegos Canyon Unit #391 and #390 Wells because our client owns 100% of the N/2, or 50% in the E/2 and 50% in the W/2 of Section 23.

This letter is to request the NMOCD and the BLM to cease all further operations of BHP for the Gallegos Canyon Unit #391 and #390 Wells until this trespass matter is resolved. In particular, our client is concerned that if BHP completes the Gallegos Canyon #391 Well in the NE/4 that these activities and operations will adversely affect the Howard Tycksen Pooled Unit #1 Well.

Please advise if we can provide further information or assistance in securing the cessation of any further operations of BHP for these two wells until the trespass matter is resolved.

Sincerely,



Richard T. C. Tully

RTCT:sak

cc: Louise Y. Locke
c/o Don Locke
139-1/2 East 2nd Street
Rifle, CO 81650

S155/52532L

June 18, 1991



**GALLEGOS CANYON UNIT
WORKING INTEREST OWNERS**
(See Attached Address List)

Re: Amended 1991 Plan of Development
Gallegos Canyon Unit
San Juan County, NM

Ladies and Gentlemen:

Please find attached a copy of BHP's Amended 1991 Plan of Development for the Gallegos Canyon Unit. You will note this amended plan is designed to further facilitate the evaluation of Fruitland coal seam gas and Pictured Cliffs gas. Please note also a new location for the GCU #398.

It is BHP's intention to submit the Amended Plan of Development to the Bureau of Land Management as soon as possible. Please advise of any comments or suggestions regarding the Plan of Development. If BHP has not heard from you by July 4, 1991, we will assume you have no objections and will file the plan with BLM.

Should you have any questions or desire additional information, please do not hesitate to contact me.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.

A handwritten signature in black ink, appearing to read "Donald Reinhardt", written in a cursive style.

Donald Reinhardt
Senior Landman
Inland Business Unit

DR:CFL

Enclosures

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>10346</u>	Exhibit No. _____
Submitted by <u>Locke</u>	
Hearing Date <u>02/27/92</u>	

WORKING INTEREST OWNERS
ADDRESS LIST

Gallegos Canyon Unit

Amoco Production Company
ATTN: Southern Div. Land Manager
P. O. Box 800
Denver, CO 80201

Dugan Production Corporation
P. O. Box 208
Farmington, NM 87401

Paul Slayton
P. O. Box 2035
Roswell, NM 88201

Fina Oil & Chemical Company
ATTN: Kevin Pfister
1004 N. Big Spring
P. O. Box 2990
Midland, TX 79702

Donald S. Fulsaa
Individually and as Executor of
Russell Fulsaa Estate
4865 Lowry Road
Oakland, CA 94605

Marilyn A. Fulsaa
2440 Bryant Street
Palo Alto, CA 94301

Richard M. Fulsaa
West 1417 Kiernan
Spokane, WA 99250

MMH Trust
P. O. Box 489
Roswell, NM 88202-0489

Maalfred S. Johnson and
Harold K. Johnson Estate
643 Montezuma Court
Walnut Creek, CA 94598

Margaret C. Johnson
1114 Laurel Drive
Lafayette, CA 94549

Maryan Klinger Trust
4777 Grouse Run, No. 140
Stockton, CA 95207

Dorothy E. Mengotto
19100 Crest Avenue, No. 10
Castrol Valley, CA 94546

Meridian Oil Production, Inc.
P. O. Box 4289
Farmington, NM 87499

Conoco, Inc.
ATTN: Administrative Manager
3817 NW Expressway
Oklahoma City, OK 73112

Arley P. Geniusz Trust
1405 E. Central Road, Apt. 120C
Arlington Heights, IL 60005

Weig Family Trust
6633 Minnehaha Avenue
Lincolnwood, IL 60646

Texaco, Inc.
ATTN: Joint Operations
P. O. Box 46555
Denver, CO 80201-6555

Marbob Energy Corporation
P. O. Drawer 217
Artesia, NM 88211-0217

Total Minatome Corporation
P. O. Box 4326
Houston, TX 77210

Wood Oil Company
3100 Mid-Continent Tower
Tulsa, OK 74103



FAX MESSAGE

PLEASE DELIVER

TO: Mrs. Montague

OFFICE: BHP - 303 - 832 - 5042
Denver, Co

FROM: Gail Keller

OFFICE: F R A

DATE: 7/11/89

NUMBER OF PAGES: 37
WCS.



BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>10345+</u>	Exhibit No. _____
Submitted by <u>Locke</u>	
Hearing Date <u>02/27/92</u>	

REVENUE ACCOUNT FOR FARMINGTON AREA, 1962

Tract No. F. No. 20, Lessor	Description	Number of Acres Conveyed to Trust	Number of Acres in Trust Area	Legal Op. Certificate No. & Date	Trust	Interest Rate 5% 1/2	OREI to 1/2 Percent of of 1/2	Notes or Application of Trust	Percent of Total
104 171878	1/4 Sec. 23-29-33	0	160.00	Patented 12-23-21	George Allen Zacary John L. Allen Alice Gertrude William S. Allen	4.25 4.25 4.25	William S. Allen et al John L. Allen Alice Gertrude William S. Allen et al George S. Allen et al	Have the Base of the Notched Cliff Formation Below the Base of the Notched Cliff Formation for American Have the Base of the Notched Cliff Formation Below the Base of the Notched Cliff Formation for American Have the Base of the Notched Cliff Formation Below the Base of the Notched Cliff Formation for American Have the Base of the Notched Cliff Formation Below the Base of the Notched Cliff Formation for American	100.00 100.00 100.00 100.00
105 171879	1/2 Sec. 23-29-33	15.00	25.00	Patented 4-23-21	John Dutton	2.50	George S. Allen for American	Have the Base of the Notched Cliff Formation Below the Base of the Notched Cliff Formation for American	100.00
106 171880	1/2 Sec. 23-29-33	12.00	22.00	Patented 9-27-27	John S. & Anna Let Barrett Larson & Dorothy W. Gilford William S. Allen	1.25 1.25 1.25 1.25	George S. Allen for American George S. Allen for American George S. Allen for American George S. Allen for American	100.00 100.00 100.00 100.00	
106-1 171881	1/2 Sec. 23-29-33	26.00	26.00	Patented 3-13-27	Dora S. McCarthy John L. Allen Alice Gertrude William S. Allen	1.75 1.75 1.75 1.75	George S. Allen for American George S. Allen for American George S. Allen for American George S. Allen for American	100.00 100.00 100.00 100.00	
106-1 171882	1/2 Sec. 23-29-33	2.00	2.00	Patented 10-3-22	Dora S. McCarthy John L. Allen Alice Gertrude William S. Allen	1.75 1.75 1.75 1.75	George S. Allen for American George S. Allen for American George S. Allen for American George S. Allen for American	100.00 100.00 100.00 100.00	

MERIDIAN OIL

RECEIVED
OCT 25 1990
IEU LAND DEPT

October 19, 1990

BHP Petroleum Inc.
Attn: Donald Reinhardt
5847 San Felipe, Suite 3600
Houston, TX 77057

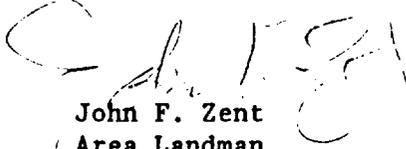
Re: Gallegos Canyon Unit
GCU #386
NE/4 NE/4 Section 13 T29N-R13W
GCU #391
NE/4 NE/4 Section 23 T29N-R13W
San Juan County, New Mexico

Dear Donald:

Enclosed please find an executed copy of BHP's drilling AFE for each of the two captioned wells. Enclosed also is Meridian's Well Requirement Sheet for the two wells. Meridian respectfully requests that BHP provide the data as outlined on said requirement sheet.

If you have any questions in this regard, please contact the undersigned at 505-326-9758.

Very truly yours,



John F. Zent
Area Landman

JFZ:11

Enclosure

GCU #386, GCU 391
ID#1+40

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
10345+	
Case No. 10346	Exhibit No. _____
Submitted by	Locke
Hearing Date	02/27/92



Amoco Production Company

Amoco Building
P.O. Box 591
Tulsa, Oklahoma 74102

August 19, 1975

FILE: E-31-85

Locke Taylor Drilling Company
801 Second Avenue
Durango, Colorado 81301

Dear Sirs:

In regard to your phone call on the 18th of August, 1975, concerning the Tycksen (formerly called Dustin Pool Gas Unit) property. Our records indicate we have not received any payment for our interest since 1971. We have a 1/2 of 5% of 8/8 ORI and a production payment of 1/2 of 5% of 8/8 until \$997.50 is paid, which indicates a balance of \$754.33 due us.

This interest is from the surface to the base of the Pictured Cliffs Formation. We understand the wells are still productive. When may we receive our interest due us?

Sincerely yours,

J. C. Doak *JCB*

LRB:kh/2766
Attachments

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>103454</u>	Exhibit No. _____
Submitted by <u>Locke</u>	
Hearing Date <u>02/27/92</u>	

TYPE PROPERTY (31) Production Payment Unit - Producing

TYPE UNIT

1	DISTRICT (PROD.)	Roswell	29	UNIT NAME	Dustin Pool Gas Unit		
2	DISTRICT (EXPL.)	Albuquerque	29	UNIT NUMBER: ACCTS.	7215	LAND	127289
3	AREA	Farmington	31	COUNTY	San Juan (23)		
4	FIELD OR BLOCK	(Undesignated)		STATE	New Mexico	A.F.E. NO.	19,113
5	OPERATOR	Locke-Taylor Drilling Company		S.O. AG. W.I.I.	\$997.50 payable out of 1.0390625% of 8/8		
6	CONTRACT NUMBER	UNIT AGREEMENT (DECLARATION) DATED	9-30-53	DATE APPROVED	EFFECTIVE DATE OF UNIT	9-30-53	
7	SPACING ORDER NO.	OPERATING AGREEMENT DATED		PREFERENTIAL RIGHT TO PURCHASE: <input type="checkbox"/> YES <input type="checkbox"/> NO			

8	CO-OWNER'S NAME AND ADDRESS						INTEREST
9							
10							
11							

12	DRILLING OBLIGATION	ACRES
13		GROSS 320.00
14		NET 133.00
15		NET BOOK 0.00

16 DESCRIPTION OF ACREAGE:
17 GAS RIGHTS ONLY FROM THE SURFACE TO THE BASE OF THE PICTURED CLIFFS FORMATION under
18 N/2 Section 23, T-29N, R-13W.

24 SPECIAL PROVISIONS:

Lease No. & Name	E/D	Interest	Leasecall Acres	Surveyed Gross Acres To Unit	Description to Unit
28 74463 - ORI 29 Helen Zimmerman 30 (Locke-Taylor)	2-20-57	\$997.50 payable out of 31 1/2 of 5% of 32 8/8	137.00	133.00	E/2 NE/4, SW/4 NE/4 and 13 acres in So. part NW/4 NE/4 Sec. 23, T-29N, R-13W

34 Stanolind's Production Payment acquired under Assignment to Locke-Taylor Drilling
35 Company dated January 23, 1953. See Special Charge-Off List No. B-762.
36
37 At the time this gas payment is liquidated, cancel oil payment on Exploration Department
38 records under Lease No. 74463. The original production payment was payable out of oil
39 or gas.
40
41
42
43
44
45
46
47

48	FIRST PRODUCTION: WELL NO.	1	DATE COMPLETED	10-22-52	TOTAL DEPTH	1230'	PAY FORMATION	Fruitland
49	TOP OF PAY	900'	INITIAL PRODUCTION	370	MCFPD			

51	PURCHASER AT LEASE		GATHERER & TRANSPORTER				
52	TRUCKING CONTRACT NO.	HAULING CHARGE		HAULING CONTRACTED BY			
53	DISTRIBUTION OF TRUCKING COSTS			BASIS OF SALE			
54	PRICE BASIS						
55	PROPORTION OF PRODUCTION CONTROLLED BY STANOLIND: OIL			% GAS AND CONDENSATE		D.O. SETTLEMENT % TO BE MADE BY:	
56	SALES CONTRACTS:	PURCHASER	PRODUCT	NUMBER	DATE	TERM	DATE CONNECTED
57							
58							
59							

AUDITED
H. H. ...

TYPE PROPERTY (37) ORI Unit - Producing

TYPE UNIT Spacing

1	DISTRICT (PROD.)	Roswell	29	UNIT NAME	Dustin Pool Gas Unit		
2	DISTRICT (EXPL.)	Albuquerque	29	UNIT NUMBER: ACCTG.	7215	LAND	127289 - ORI
3	AREA	Farmington	31	COUNTY	San Juan (23)		
4	FIELD OR BLOCK	(Undesignated)		STATE	New Mexico		A.F.E. NO. 19.113
5	OPERATOR	Locke-Taylor Drilling Company			S.O. NO. ORI 1.0390625% of 8/8		
6	CONTRACT NUMBER	UNIT AGREEMENT (DECLARATION) DATED	9-30-53	DATE APPROVED	EFFECTIVE DATE OF UNIT 9-30-53		
7	SPACING ORDER NO.	OPERATING AGREEMENT DATED		PREFERENTIAL RIGHT TO PURCHASE: <input type="checkbox"/> YES <input type="checkbox"/> NO			
8	CO-OWNER'S NAME AND ADDRESS						INTEREST
9							
10							
11							
12	DRILLING OBLIGATION						ACRES
13							GROSS 320.00
14							NET 133.00
15							NET BOOK 0.00
16	DESCRIPTION OF ACREAGE:						
17	GAS RIGHTS ONLY FROM THE SURFACE TO THE BASE OF THE PICTURED CLIFFS FORMATION under						
18	N/2 Section 23, T-29N, R-13W.						
19							
20							
21							
22							
23							
24	SPECIAL PROVISIONS:						
25							
26							
27	<u>Lease No. & Name</u>	<u>E/D</u>	<u>Interest</u>	<u>Leasecall Acres</u>	<u>Surveyed Gross Acres To Unit</u>	<u>Description to Unit</u>	
28							
29	74463 - ORI	2-20-57	1/2 of 5%	137.00	133.00	E/2 NE/4, SW/4 NE/4	
30	Helen Zimmerman		of 8/8 ORI			and 13 acres in So.	
31	(Locke-Taylor)					part of NW/4 NE/4	
32						Sec. 23, T-29N,	
33						R-13W	
34							
35							
36	Stanolind's ORI acquired under assignment to Locke-Taylor Drilling Company dated						
37	January 23, 1953. See Special Charge-Off List No. B-762.						
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48	FIRST PRODUCTION: WELL NO.	1	DATE COMPLETED	10-22-52	TOTAL DEPTH	1230'	PAY FORMATION Fruitland
49	TOP OF PAY	900'	INITIAL PRODUCTION	370 MCFPD			
50							
51	PURCHASER AT LEASE			GATHERER & TRANSPORTER			
52	TRUCKING CONTRACT NO.		HAULING CHARGE		HAULING CONTRACTED BY		
53	DISTRIBUTION OF TRUCKING COSTS			BASIS OF SALE			
54	PRICE BASIS						
55	PROPORTION OF PRODUCTION CONTROLLED BY STANOLIND: OIL			% GAS AND CONDENSATE		D.O. SETTLEMENT TO BE MADE BY:	
56	SALES CONTRACTS:	PURCHASER	PRODUCT	NUMBER	DATE	TERM	DATE CONNECTED
57							
58							
59							

AUDITED
H. H. Colquhoun

Locke Exhibit A

Locke Exhibits A through P
Except for N and Q
Incomplete Set

GENERAL OFFICES
318 19 PETROLEUM BUILDING
OKLAHOMA CITY, OKLAHOMA
PHONE 7-8844

OIL PRODUCERS AND OPERATORS
November 8, 1952

EARL A. BENSON
WM. V. MONTIN

RECEIVED
NOV 10 1952
U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

The United States Geological Survey
Washington, District of Columbia

Via
The United States Geological Survey
Roswell, New Mexico

Re: Gallegos Canyon Unit,
San Juan County, New Mexico.

Gentlemen:

Benson and Montin and Stanolind Oil and Gas Company would like to withdraw tract 102 from the Gallegos Canyon Unit Agreement. This tract is located in the N/2 of Section 23, Township 29N, Range 13W and contains 133 acres. We have tried unsuccessfully to obtain the royalty owner's commitment of this tract to the Unit.

Well spacing for Pictured Cliffs production in this area is 320 acres per well. The remaining 187 acres in the N/2 of this section, which is required for a well spacing unit, has been leased by an independent operator who prefers not to join the Unit, and whose royalty owner absolutely refuses to become a party to the Unit. This operator, Locke-Taylor Drilling Company, proposed the drilling of a Pictured Cliffs well in the N/2 of Section 23 last June and requested that we farm out to them our 133 acres inasmuch as they preferred not to join the Unit and since it was impossible to obtain the unitization commitment of any of the royalty owners owning land in the N/2 of Section 23.

We felt that it was advantageous to the Unit from the standpoint of information obtained to have a well drilled at this location and both Stanolind and Benson and Montin, working interest owners of tract 102, agreed to farm out their interest to Locke-Taylor for this proposed test. However, since this tract had been committed to the Gallegos Canyon Unit insofar as working interest was concerned, we realized that some legal action might be required to withdraw this land from the Unit Agreement. We solicited an opinion from Mr. Canfield of the USGS Roswell office, who referred us to Mr. Duncan of the USGS Washington office.

It happened that Mr. Duncan was at that time visiting in Farmington and we were able to discuss this matter with him. Mr. Duncan advised us that ordinarily the USGS does not consider a tract fully committed to a unit, unless the royalty owners commit their interest as well as the working interest owner's, and that as such, tract 102 would not be considered fully committed to the Unit. He further said that he was of the opinion that we could farm out the tract, insofar as the USGS was concerned and that he felt the USGS would offer no objection. Mr. Duncan advised us that when we were ready to make the final assignments of our interests, it would be well to direct a letter to the USGS, setting out our problem and

NOTED

NOV 10 1952

3431

JACK A. ABLE

requesting any proceedings that the USGS might at that time require. Locke and Taylor have now completed their obligation to Benson and Montin and Stanolind, and have earned a working interest in tract 102. Accordingly, we wish to follow Mr. Duncan's suggestion and request herewith instructions as to how we should proceed to officially remove tract 102 from the Gallegos Canyon Unit Agreement, insofar as the USGS is concerned.

Very truly yours,
BENSON AND MONTIN,

by: Albert R. Greer
Albert R. Greer,
Field Sup't.

ARG/mp

cc: United States Geological Survey
Farmington, New Mexico
Att'n: Mr. Phil McGrath

Stanolind Oil and Gas Company
Albuquerque, New Mexico
Att'n: Mr. Ben Kee

Benson and Montin
Oklahoma City, Oklahoma

3432

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. 10345 +
10346 Exhibit No. A

Submitted by Locke

Hearing Date ~~02/27/92~~ 03/12/92

LOCKER B

Office Memorandum • UNITED STATES GOVERNMENT

TO : Oil & Gas Supervisor, Roswell, New Mexico

DATE: November 24, 1952

FROM : District Engineer, Farmington, New Mexico

SUBJECT: Gallegos Canyon Unit, I-Sec. No. 844, and Rincon Unit, I-Sec. No. 916 - offsets and non-unit wells within unit areas.

Attached plats show wells offsetting the subject units with the initial production of the wells. The attached list gives the operator, well name and number, location and tie-in or first delivery date.

P. T. McGrath

PTMcGra th:jhb

Encl: Attached list of units I-Sec. No. 844 and No. 916 (Non-unit wells).

RECEIVED
NOV 26 1952
U. S. GEOLOGICAL SURVEY
ROSWELL, NEW MEXICO

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>103451</u>	Exhibit No. <u>B</u>
Submitted by <u>Locke</u>	
Hearing Date <u>03/12/54</u>	

NOTED
JUN 8 1954
T. E. GODFREY

NOTED
JUN 8 1954
KNAUF

NOTED
JUN 7 1954
CANFIELD

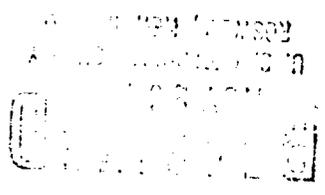
NOTED
NOV 26 1952

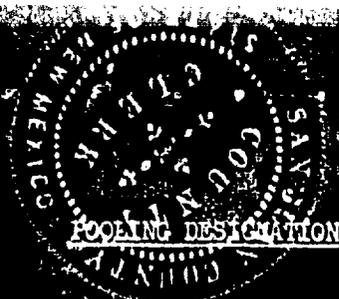
J. H. ...

This action necessary

612154
3425

<u>Operator:</u>	<u>Well Number & Name:</u>	<u>Location:</u>	<u>Time-in or first delivery date:</u>
Bay Petroleum Co.	#1 Callow	SE 1/4 sec. 27, T. 29 N., R. 13 W.	Not Producing
Benson & Montin, Inc.	#1 Lilly	NE 1/4 sec. 4, T. 27 N., R. 12 W.	11-14-52
"	#1 Payne	NE 1/4 sec. 36, T. 28 N., R. 12 W.	10-13-52
"	#2	NW 1/4 sec. 36, T. 28 N., R. 12 W.	9-21-52
"	#6	NW 1/4 sec. 35, T. 28 N., R. 12 W.	9-18-52
"	#7	SW 1/4 sec. 35, T. 28 N., R. 12 W.	9-18-52
"	#8	SE 1/4 sec. 36, T. 28 N., R. 12 W.	9-18-52
"	#2 Rhodes	SW 1/4 sec. 31, T. 28 N., R. 11 W.	10-13-52
Danube Oil Co.	#5 Thompson	NW 1/4 sed. 3, T. 27 N., R. 12 W.	2-28-52
"	#7	SW 1/4 sec. 3, T. 27 N., R. 12 W.	4-1-52
"	#3	SE 1/4 sec. 3, T. 27 N., R. 12 W.	1-5-52
"	#2 Harmon	NW 1/4 sec. 2, T. 27 N., R. 12 W.	1-5-52
James D. Hancock & Co. Ltd.	#1 Hancock	NE 1/4 sec. 3, T. 27 N., R. 12 W.	7-18-52
Locke & Taylor	#1 Foutz - T. 142	NW 1/4 sec. 5, T. 27 N., R. 12 W.	3-28-52
"	#1 Tyckson	NE 1/4 sec. 23, T. 29 N., R. 13 W.	Not Producing
Lowry et al Opr. Acct.	#1-44 Doswell	SW 1/4 sec. 34, T. 27 N., R. 6 W.	Will tie-in week of Nov. 24.
"	#8-36	NE 1/4 sec. 5, T. 26 N., R. 6 W.	"
"	#9-37	SW 1/4 sec. 5, T. 26 N., R. 6 W.	"
"	#1-43	SW 1/4 sec. 13, T. 26 N., R. 7 W.	"
"	#1-42	SW 1/4 sec. 14, T. 26 N., R. 7 W.	"
Robert Mead #1-B Scott	#1-D Scott	NW 1/4 sec. 5, T. 26 N., R. 6 W.	"
"	"	SE 1/4 sec. 14, T. 26 N., R. 7 W.	"





STATE OF NEW MEXICO. } 88. 23.
County of San Juan
I hereby certify that this instrument was
filed for record on the 9 day of
Feb. 1951
at 7:37 o'clock A.M. and duly re-
corded in Book 270 page 33
of the Records of said county.

Lida Dial
Probate Clerk and ex-officio Recorder.
Bonnie Lane
Deputy

WHEREAS, Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, are the owners and holders of that certain oil and gas lease executed and delivered by William S. Allen and Melva J. Allen, husband and wife, and Ula Allen, a widow, lessors, dated and executed December 13, 1951, reference to which is more particularly made in that certain instrument recorded in Book 186 at page 178 of the records in the office of the County Clerk and Recorder of San Juan County, New Mexico, covering and embracing the following described land situate in said San Juan County, to-wit:

The NW $\frac{1}{4}$, Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., containing 160 acres, more or less; and,

WHEREAS, the said Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, are the owners and holders of that certain oil and gas lease executed and delivered by John A. Lee and Elinore K. Lee, husband and wife, lessors, to Lloyd D. Locke and Lloyd B. Taylor, which said lease is recorded in Book 192 at Page 161 of the public records in the office of the County Clerk and Recorder of San Juan County, New Mexico, covering and embracing the following described lands situate in San Juan County, New Mexico, to-wit:

Beginning at a point on the North line of Sec. 23, 40 rods E. from the NW corner of the NE $\frac{1}{4}$ of said section, thence S. 746.8 feet, thence E. 770 feet, thence N. 746.8 feet, thence W. 770 feet, to place of beginning, all in Twp. 29N, Rge. 13W, N.M.P.M., containing 12 acres, more or less; and,

WHEREAS, Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, are the owners and holders of that certain oil and gas lease executed and delivered by Helen Zimmerman and R. J. Zimmerman, husband and wife, on February 20, 1947, to Charles Newbold, Aztec, New Mexico, which said lease is recorded in Book 125 and Page 153 of the public records of San Juan County, New Mexico, and which said lease was assigned to said Lloyd D. Locke

AFC 13113 1-A

Lock-Taylor Exhibit "C"

and Lloyd B. Taylor, dba Locke-Taylor Drilling Company, insofar as said lease pertains to and covers the oil and gas and petroleum products to and including the Pictured Cliffs formation and all other geological formations lying and being lesser in depth than the Pictured Cliffs formation, covering the following described land situate in the County of San Juan, New Mexico, to-wit:

The $E\frac{1}{2}$ of the $NE\frac{1}{4}$, the $SW\frac{1}{4}$ of the $NE\frac{1}{4}$ and 13 acres in the south part of the $NW\frac{1}{4}$ of the $NE\frac{1}{4}$, all in Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., containing 133 acres, more or less; and

WHEREAS, B. E. Dustin and Ruth Dustin, husband and wife, and Louis Dustin, a widow, executed and delivered to Earl A. Benson and William V. Montin, of Oklahoma City, Oklahoma, that certain oil and gas lease dated the 21st day of April, 1951, which said lease is recorded in Book 175 at Page 137 of the Public records in the office of the County Clerk and Recorder of San Juan County, New Mexico, and the said Earl A. Benson and William V. Montin, joined by their respective wives, executed and delivered to Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, an assignment of the aforesaid oil and gas lease to and including the Pictured Cliffs formation and any and all geological formations situated at a lesser depth than the Pictured Cliffs formation, as to the following described lands situate and being in San Juan County, New Mexico, to-wit:

Beginning at the NW corner of the $NE\frac{1}{4}$ of Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., thence South 60 rods; thence east 40 rods; thence North 60 rods; thence West 40 rods to the place of beginning, containing 15 acres, more or less; and,

WHEREAS, it is specifically provided in each of the aforesaid oil and gas leases, or amendments thereto, that the owners of said respective oil and gas leases at any time, and from time to time, may pool or unitize all or any part or parts of the lands embraced in said respective

leases, as is more particularly set out in said respective leases; and the said Lloyd D. Locke and Lloyd B. Taylor, doing business under the name and style of Locke-Taylor Drilling Company, joined by Stanolind Oil and Gas Company, a corporation, and joined by said Earl A. Benson and William V. Montin, joined by their respective wives, have elected to pool or unitize all of the lands embraced in said several respective leases under a unitized drilling unit, embracing the N $\frac{1}{2}$ of Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., to conform with the spacing rules and regulations provided by the Oil Conservation Commission of the State of New Mexico.

NOW, THEREFORE, we, the said Lloyd D. Locke and Lloyd B. Taylor doing business under the name and style of Locke-Taylor Drilling Company, of Farmington, New Mexico, and said Stanolind Oil and Gas Company, a corporation, and joined by said Earl A. Benson and William V. Montin, so by these presents unitize and pool all and singular the lands embraced in said respective oil and gas leases, as hereinabove more particularly described, into one drilling unit and acreage pool for the purpose of operating and drilling, producing and marketing ~~oil~~ gas, and hydrocarbon substances from the said lands embraced in said above mentioned leases, embracing and covering all and singular the following described lands situate in San Juan County, New Mexico, as one drilling unit or pool, to-wit:

Handwritten notes:
 076
 WJM
 PUG
 PUG

The N $\frac{1}{2}$ of Sec. 23, Twp. 29N, Rge. 13W, N.M.P.M., containing 320 acres, more or less.

PROVIDED, HOWEVER, that this Pooling Designation and Declaration shall apply to and be binding upon said Stanolind Oil and Gas Company, a corporation, and Earl A. Benson and William V. Montin as embracing and pertaining to only those geological formations lying in and above the Pictured Cliffs formation.

IT HEREBY IS FURTHER DECLARED by the said Lloyd D. Locke and Lloyd B. Taylor, dba Locke-Taylor Drilling Company, and said Stanolind Oil and

Gas Company, a corporation, and said Earl A. Benson and William V. Montin, that all of the production of gas and hydrocarbon substances produced and saved from any and all wells drilled on the said hereinabove described lands be, and they hereby are unitized and pooled under one unit of lands, provided, however, that such unitization shall apply only to the Pictured Cliffs formation and other formations of lesser depth or depths than the Pictured Cliffs formation insofar as the same pertains to said lands embraced in the aforesaid lease to said Stanolind Oil and Gas Company, a corporation, and the lands embraced in said lease to Earl A. Benson and William V. Montin, more particularly hereinabove described.

IN WITNESS WHEREOF, the said Lloyd D. Locke and Lloyd B. Taylor have hereunto set their hands this 30 day of Sept., 1953, and said Stanolind Oil and Gas Company, a corporation, has caused its name to be hereto subscribed and attested by its duly authorized and acting officials, this 14th day of December, ¹⁹⁵⁴~~1953~~, and said Earl A. Benson and William V. Montin have hereunto set their hands this 30th day of October, 1953.

Lloyd D. Locke
LLOYD D. LOCKE

Lloyd B. Taylor
LLOYD B. TAYLOR

AND
STANOLIND OIL & GAS COMPANY

BY: Carl F. [Signature]
ATTORNEY-IN-FACT



Earl A. Benson
EARL A. BENSON

William V. Montin
WILLIAM V. MONTIN



[Signature]
ASSISTANT SECRETARY

STATE OF COLORADO)
COUNTY OF LA PLATA) SS.

On this 30th day of September, 1953, before me personally appeared Lloyd D. Locke, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Ray M. Doon

My Commission Expires:

July 25 1956

STATE OF COLORADO)
COUNTY OF LA PLATA) SS.

On this 30th day of September, 1953, before me personally appeared Lloyd B. Taylor, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Ray M. Doon

My Commission Expires:

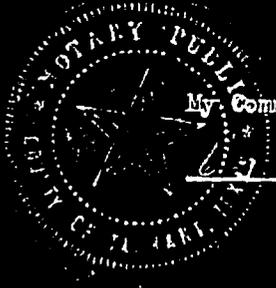
July 25 1956

STATE OF TEXAS)
) SS.
COUNTY OF TARRANT)

On this 14th day of December, ¹⁹⁵⁴1953, before me
appeared E. J. Bedford, to me personally known,
who, being by me duly sworn did say that he is the Attorney in Fact
of Stanolind Oil and Gas Company, and that the seal affixed to said
Instrument is the corporate seal of said corporation and that said
instrument was signed and sealed in behalf of said corporation by
authority of its board of directors, and said E. J. Bedford
acknowledged said instrument to be the free act and deed of said
corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my
seal on this, the day and year first above written.

Notary Public in and for
Tarrant County, Texas



My Commission Expires:
6-30-55

STATE OF OKLAHOMA)
) SS:
COUNTY OF OKLAHOMA)

On this 30th day of October, 1953, before me personally appeared Earl A. Benson, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Lucile Stevenson
Notary Public

My Commission Expires:
Aug 3, 1957



STATE OF OKLAHOMA)
) SS.
COUNTY OF OKLAHOMA)

On this 30th day of October, 1953, before me personally appeared William V. Montin, to me known to be the person named in and who signed the foregoing instrument, and he acknowledged that he signed the same as his free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above in this certificate written.

Lucile Stevenson
Notary Public

My Commission Expires:
Aug 3, 1957



STATE OF NEW MEXICO }
COUNTY OF SAN JUAN }

I hereby certify that the foregoing

Leasing, Resignature

is a true copy of the original on file in my
said office this 22nd day of

July 19 91

Carla Sandif Clerk
Vera B. Brown Registrar

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

10345

Case No. 10344 Exhibit No. C

Submitted by Locke

Hearing Date 2/27/92 03/12/92

OIL CONSERVATION COMMISSION

Santa Fe, New Mexico

10345

Case No. 10346 Exhibit No. D

Submitted by LOCKE

Hearing Date 2/27/92 03/12/92

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AMENDMENT TO OIL AND GAS LEASE

STATE OF NEW MEXICO, County of San Juan... I hereby certify that this instrument was filed for record... and duly recorded in book 266, page 180 of the Records of said County.



STATE OF NEW MEXICO)
COUNTY OF SAN JUAN)

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, on the 20th day of February, 1947, Helen Zimmerman and R. J. Zimmerman, her husband

as Lessor, did execute and deliver an oil and gas lease to Charles Newbold as Lessee, covering the following described land situated in the County of San Juan, State of New Mexico, to wit:

The East one-half of the Northeast Quarter (E $\frac{1}{2}$ NE $\frac{1}{4}$); Southwest Quarter of the Northeast Quarter (SW $\frac{1}{4}$ NE $\frac{1}{4}$) and Thirteen (13) acres in the South part of the Northwest Quarter of the Northeast Quarter, all in Section 23, Township Twenty Nine (29) North, Range 13 West, San Juan County, New Mexico, containing 137 Acres more or less.

said lease having been recorded in Volume 123 at Page 153 of the Records of San Juan County, New Mexico; and

WHEREAS, the above described lease is in full force and effect and is presently owned and held by Stanolind Oil and Gas Company, and Locke-Taylor Drilling Co., Stanolind Oil and Gas Company and Benson & Montin, and

WHEREAS, the undersigned parties are the owners of all or a part of the oil and gas in and under the above described land, subject to said lease, and desire to amend and supplement said lease so as to include the additional provisions hereinafter set forth;

NOW THEREFORE, in consideration of the premises and the sum of One Dollar (\$1.00) and other good and valuable considerations in hand paid to the undersigned parties by Stanolind Oil and Gas Company, the receipt and sufficiency of which are hereby acknowledged, the undersigned parties do hereby and by these presents amend and supplement the above described oil and gas lease so as to include therein the following:

"Lessee is hereby given the power and right, at any time during the term of this lease, as to all or any part of the land described herein and as to any one or more of the formations thereunder and the minerals therein or produced therefrom, at its option and without Lessor's joinder or further consent, to pool and unitize the leasehold estate and the Lessor's royalty estate created by this lease with the rights of any third parties in all or any part of the land described herein, and with any other land, lands, lease, leases, mineral and royalty rights, or any of them, adjacent, adjoining or located within the immediate vicinity of the land covered by this lease, whether owned by Lessee or some other person, firm or corporation, so as to create by such pooling and unitization, one or more drilling or production units. Each such drilling or production unit shall not exceed 320 acres, whether created for the purpose of drilling for or producing oil, gas, casinghead gas or casinghead gasoline, or any combination of such minerals, therefore, except that larger units may be created to conform to the spacing

Lease No 74463

EXHIBIT "F"

140-A

or well unit patterns prescribed by State or Federal authorities having jurisdiction in the premises. The commencement, drilling, completion of or production from a well on any portion of a unit created hereunder, including the completion of a well capable of producing gas only from which gas is not being sold or used, shall for all purposes, except the payment of royalties, have the same effect upon the terms and provisions of this lease, as if a well were commenced, drilled, completed producing, or capable of producing gas only and shut-in (gas not being sold or used) on the land embraced by this lease. As to each such unit so created by Lessee, Lessor agrees to accept and shall receive out of the production or the proceeds from the production from such unit, such portion of the royalties elsewhere herein specified as the number of acres out of this lease placed in any such unit bears to the total number of acres included in such unit; provided, however, that, anything to the contrary contained in this lease notwithstanding, in the event a well capable of producing gas only is completed on a unit created hereunder and gas is not sold or used from said well, Lessor agrees to accept and shall receive as royalty, an amount equal to One Dollar (\$1.00) for each acre herein recited to be covered by this lease, payable annually at the end of each year during which such gas is not sold or used, and while said royalty is so paid or tendered, this lease shall continue in full force and effect and said well shall be considered a producing well under the paragraph hereof setting forth the term of this lease. The Lessee may place and use on each unit created hereunder common measuring and receiving tanks for production from such unit. If Lessee does create any such unit or units under the option herein granted, then Lessee shall execute in writing and file for record in the County or Counties in which each such unit or units created hereunder may be located, an instrument identifying and describing each such unit or units. The provisions of this paragraph shall be construed to be covenants running with the land and shall inure to the benefit of and be binding upon the parties hereto, their heirs, legal representatives, successors and assigns." THE ABOVE ONE DOLLAR PER ACRE SHUT IN SHALL APPLY TO THE PRESENT WELL NOW IN PRODUCTION AS TO PAST SHUT IN PAYMENTS.

Except as herein amended and supplemented, the terms and provisions of the above described lease shall remain in full force and effect as originally written. This instrument shall be binding upon all of the parties who sign the same regardless of whether it is signed by all of the parties owning interests in the oil and gas in and under the above described land. This amendment may be executed in as many counterparts as deemed necessary, and, when so executed shall have the same effect as if all parties had executed the same instrument.

EXECUTED THIS 1st day of October, 1957

Helen Zimmerman
Helen Zimmerman
H. J. Zimmerman
H. J. Zimmerman

We the undersigned, Howard H. Tykseen and Zelma H. Tykseen present owners of a n undivided one-half (1/2) interest in and to the above described tract approve this Amendment to to the lease.

Howard H. Tykseen
Howard H. Tykseen
Zelma H. Tykseen
Zelma H. Tykseen

140-B

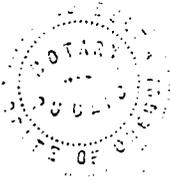
STATE OF OREGON }
COUNTY OF Multnomah } ss.

On this 1st day of Oct 1954, before me appeared Helen Zimmerman and R. J. Zimmernam, her husband, to me known to the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my notarial seal the day and year first above written.

Michael J. Beck
Notary Public

My commission expires 11-10-55



STATE OF NEW MEXICO }
COUNTY OF SAN JUAN } ss.

On this 15 day of Sept 1954, before me personally appeared Howard H. Tykseen and Zelma H. Tykseen, his wife, to me known to be the persons described in and who executed the foregoing instrument and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have set me official signature and affixed my notarial seal the day and year first above written.

Willis Martin
Notary Public

My commission expires Feb 24-1956



PLAN OF DEVELOPMENT FOR THE CALENDAR YEAR 1955
PICTURED CLIFFS ZONE - GALLEGOS CANYON UNIT
SAN JUAN COUNTY, NEW MEXICO

TO: The Oil and Gas Supervisor (6)
United States Geological Survey
Roswell, New Mexico

Commissioner of Public Lands (3)
State of New Mexico
Santa Fe, New Mexico

Oil Conservation Commission (3)
State of New Mexico
Santa Fe, New Mexico

In compliance with the Section 9 of the Gallegos Canyon Unit Agreement dated November 1, 1950, Stanolind Oil and Gas Company, as successor Unit Operator to Benson-Montin, on behalf of itself and all other owners of oil and gas leases or of operating rights under oil and gas leases covering lands committed to the Gallegos Canyon Unit, hereby submits a Plan of Development for the Pictured Cliffs Zone of said Gallegos Canyon Unit as follows:

1. Description of Participating Area in Pictured Cliffs Zone: The participating area for the Pictured Cliffs Zone is comprised of the following described acreage:

T-27-N, R-12-W:

Section 4

Section 5, NE/4

T-28-N, R-11-W:

Section 31, S/2

T-28-N, R-12-W:

All of Sections 7 through 10 and 14 through 36

W/2 Section 11 .

T-28-N, R-13-W:

All of Sections 12, 13, and 24

E/2 of Section 11

E/2 of Section 14

T-29-N, R-12-W:

All of Sections 19 and 29 through 33

T-29-N, R-13-W:

All of Sections 24, 25, 26, 35, and 36

All located in San Juan County, New Mexico comprising approximately 25,785 acres.

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>10345 +</u> <u>10346</u>	Exhibit No. <u>E</u>
Submitted by <u>Lodge</u>	
Hearing Date <u>02-27-52</u> 03/12/52	

17185.

2. Past Development History of Pictured Cliffs Zone: Sixty-eight wells have now been drilled in the Gallegos Canyon Unit. The following tabulation reflects the current status of development for the unit:

<u>Well</u>	<u>Location</u>	<u>Completion Date</u>	<u>Initial Potential (MCF)</u>	<u>Remarks *</u>
GCU #1	SW 19-29N-12W	9-28-51	1475	
GCU #2	SW 35-29N-12W	11-1-51	Dry Hole	Outside Participating Area
GCU #3	SW 24-28N-12W	11-1-51	550	
GCU #4	NE 34-28N-12W	11-1-51	3970	
GCU #5	NE 13-28N-13W	11-1-51	4830	
GCU #6	SW 22-28N-12W	2-8-52	2830	
GCU #7	NE 30-28N-12W	11-1-51	750	
GCU #8	SW 22-28N-12W	12-7-51	125(Dakota)	Non-commercial determination for Dakota approved by U.S.G.S. Well being operated on lease basis as V. W. McManus (Dakota) #1.
GCU #9	SW 32-28N-12W	2-6-53	1210	
GCU #10	SW 33-28N-12W	1-23-53	2519	
GCU #11	SW 34-28N-12W	10-28-52	887	
GCU #12	NE 33-28N-12W	1-23-53	2930	
GCU #13	SW 27-28N-12W	11-13-52	2305	
GCU #14	SW 26-28N-12W	10-28-52	1300	
GCU #15	SW 25-28N-12W	10-28-52	147	
GCU #16	NE 27-28N-12W	9-19-52	2265	
GCU #17	Sec. 28-28N-12W	8-18-52	6035	
GCU #18	NE 21-28N-12W	4-3-53	2486	
GCU #19	NE 20-28N-12W	8-25-53	3120	
GCU #20	SW 17-28N-12W	3-16-53	2215	
GCU #21	SW 18-28N-12W	2-26-53	7672	
GCU #22	NE 18-28N-12W	2-22-53	2580	
GCU #23	SW 13-28N-13W	3-17-53	1604	
GCU #24	SE 34-28N-12W	1-23-53	3590	
GCU #25	SW 26-29N-13W	6-29-53	87	
GCU #26	NE 25-29N-13W	9-26-53	134	
GCU #27	SW 30-29N-12W	5-6-53	Dry Hole	Initial Participating Area. Temporarily Abandoned. (PC)

17195

GCU #28	NE 30-29N-12W	6-26-53	734	
GCU #29	SW 32-29N-12W	9-22-53	Dry Hole	Initial Participating Area. Plugged and Abandoned.
GCU #30	SE 33-28N-12W	5-17-53	1885	
GCU #31	NW 34-28N-12W	4-3-53	1130	
GCU #32	SW 7-28N-12W	8-18-53	2310	
GCU #33	SW 21-28N-12W	9-12-53	3400	
GCU #34	Sec. 28-28N-12W	6-29-53	1951	
GCU #35	Sec.20-28N-12W	9-12-53	5020	
GCU #36	NE 19-28N-12W	9-12-53	4593	
GCU #37	SW 19-28N-12W	9-11-53	1350	
GCU #38	NE 24-28N-13W	8-25-53	1230	
GCU #39	SW 16-28N-12W	8-18-53	1120	
GCU #40	NE 29-28N-12W	9-12-53	3165	
GCU #41	NE 32-28N-12W	6-26-53	1470	
GCU #42	SW 12-28N-13W	10-31-53	3120	
GCU #43	NE 14-28N-13W	11-16-53	1930	
GCU #44	SW 35-29N-13W	12-10-53	2172	
GCU #45	SW 29-28N-12W	12-10-53	887	
GCU #46	NE 17-28N-12W	10-15-53	Dry Hole	Initial Participating Area. Permanently Abandoned.
GCU #48	SW 30-28N-12W	1-4-54	768	
GCU #49	NE 31-28N-12W	11-29-53	1050	
GCU #50	SW 21-28N-12W	8-15-53	Dry Hole	Shallow test Farmington Sand. Plugged and Abandoned.
GCU #51	NE 36-28N-12W	9-19-52	917	First Enlargement Participating Area. (PC)
GCU #52	NW 36-28N-12W	9-10-52	449	Ditto Above.
GCU #53	SW 36-28N-12W	10-19-54	1250	Ditto Above.
GCU #54	SE 36-28N-12W	3-17-54	196	Ditto Above.
GCU #55	Sec.35-28N-12W	12-18-52	2100	Ditto Above.
GCU #56	NW 35-28N-12W	9-18-52	1480	Ditto Above.
GCU #57	SW 35-28N-12W	8-18-52	1280	Ditto Above.
GCU #58	SE 35-28N-12W	9-10-52	1270	Ditto Above.
GCU #59	SW 31-28N-11W	10-10-52	1750	Ditto Above.
GCU #60	SE 31	10-10-52	971	Ditto Above.
GCU #61	NE 4-27N-12W	11-13-53	648	Ditto Above.

GCU #62	NW 4-27N-12W	12-30-52	3400	Ditto Above
GCU #63	NE 5-27N-12W	12-10-52	2658	Ditto Above
GCU #64	SE 4-27N-12W	12-30-52	2658	Ditto Above
GCU #65	SW 36-29N-13W	5-27-54	1020	
GCU #66	NE 35-29N-13W	4-7-54	2516	
GCU #67	NE 22-28N-12W	4-9-54	350	
GCU #68	NE 14-28N-12W	5-29-54	113	
✓ GCU #69	NE 28-29N-12W	10-11-54	205	Outside Pictured Cliffs Participating Area.

*All wells are in Initial Participating Area Pictured Cliffs Formation unless shown otherwise.

The Texas Company completed their Navajo "A" No. 1 in the NE of Section 6, T-27-N, R-12-W on December 14, 1953, for a potential of 1350 MCFD outside of the unit area. An application for an enlargement of the unit area and the Pictured Cliffs Participating Area to include the acreage proven productive by this well is pending approval of the U. S. Geological Survey.

3. Proposed Additional Wells: Based on our present interpretation of the Pictured Cliffs production trend, only two locations offer drilling prospects for 1955. Accordingly, the Unit Operator proposes to drill the following two Pictured Cliffs locations during 1955:

SW/4 Sec. 24, T-28-N, R-13-W T-6
 SW/4 Sec. 31, T-28-N, R-12-W 20

This drilling program has received sufficient concurrence under provisions of Paragraph 5 of the Unit Accounting Agreement to constitute approval by the working interest owners in the unit.

4. Well Casing Program: The well casing program will generally follow the program currently used in the Pictured Cliffs wells in San Juan County, including such surface casing and other casing as may be required by the Supervisor, the Commissioner, and the Commission, or as set forth in approvals of the applicable U.S.G.S. and State of New Mexico forms. The producing string of casing may be set and cemented either on top or through or partially through the producing zone.

5. Off-set Obligations: The Unit Operator on behalf of the owners of working, royalty, and other interests, in the Gallegos Canyon Unit, will take appropriate and adequate measures to prevent drainage from lands subject to the Gallegos Canyon Unit Agreement, by wells on lands not subject to said agreement or pursuant to applicable regulations, will pay a fair and reasonable compensatory royalty as provided in Section

17135

15 of the Gallegos Canyon Unit Agreement.

6. Further Development: This Plan of Development for the Pictured Cliffs Zone shall constitute the future drilling obligations of the Unit Operator pursuant to the provisions of the Gallegos Canyon Unit Agreement for the Pictured Cliffs Zone for the period ending December 31, 1955. It is further agreed that prior to the expiration of this Plan of Development another plan of development shall be submitted to the above named addressed for further development of the unit.

7. Effective Date: This Plan of Development shall be effective January 1, 1955.

8. Modifications: It is understood that portions of the Plan of Development herein outlined are dependent upon certain information to be obtained prior and subsequent to drilling and other contingencies such as availability of well casing; and for these reasons this Plan of Development may be modified from time to time with the approval of the Supervisor, the Commissioner, and the Commission, to meet changing conditions. Submitted this _____ day of _____, 19 ____.

STANOLIND OIL AND GAS COMPANY, Unit Operator

By: _____
Attorney-in-fact

APPROVED: _____
Regional Oil and Gas Supervisor
United States Geological Survey

DATE: _____

APPROVED: _____
Commissioner of Public Lands
State of New Mexico

DATE: _____

APPROVED: _____
Secretary Director
New Mexico Oil Conservation Commission

DATE: _____

17135

WORKING INTEREST OWNERS
GALLEGOS CANYON UNIT
SAN JUAN COUNTY, NEW MEXICO

Mid-Continent Petroleum Corporation
P. O. Box 381
Tulsa, Oklahoma

Aztec Oil and Gas Company
920 Mercantile Securities Building
Dallas, Texas

Albuquerque Associated Oil Co.
Albuquerque,
New Mexico

Mr. L. B. Hodges
Roswell, *B-671*
New Mexico

Miss Elma R. Jones
764 Twentieth Avenue
San Francisco, California

Miss Pauline S. McNaughton
1423 Madison Street
Oakland, California

The Texas Company
P. O. Box 2332
Houston, Texas

Mr. Glenn J. Smith
1st. National Bldg.
Tulsa, Oklahoma

New Mexico Natural Gas Company
Box 553
Sheboygan, Wisconsin

Brookhaven Oil Company
P. O. Box 644
Albuquerque, New Mexico

Mr. L. M. Johnson
Box 594
Greensboro, N. C.

Mr. E. H. Colby
118 Woodstock
Crystal Lake, Illinois

Texas Pacific Coal and Oil Co.
P. O. Box 2110
Fort Worth, Texas

Mr. George J. Darnielle
3251 Coldwater Canyon
North Hollywood, California

Devonian Gas and Oil Company
1103 House Building
Pittsburg, Pennsylvania

Mr. Edward J. Johnson
223 Greenbank Avenue
Piedmont 10, California

17185

PAN AMERICAN PETROLEUM CORPORATION

P. O. Box 480, Farmington, New Mexico
December 20, 1960

TEXAS PACIFIC COAL AND OIL COMPANY

RECEIVED

DEC 23 1960

LAND & LEASING DEPARTMENT
RECEIVED

DEC 29 1960

TITLE AND DEEDS DEPARTMENT

File: E-917-416

Subject: 1961 Plan of Development
Gallegos Canyon Unit
San Juan County, New Mexico

The Oil and Gas Supervisor (6)
United States Geological Survey
Roswell, New Mexico

Oil Conservation Commission (3)
State of New Mexico
Santa Fe, New Mexico

Commissioner of Public Lands (3)
State of New Mexico
Santa Fe, New Mexico

All Working Interest Owners
Gallegos Canyon Unit
(See Attached Addressee List)

Gentlemen:

In compliance with Section 9 of the Gallegos Canyon Unit Agreement dated November 1, 1950, designated I-Sec. No. 844, Pan American Petroleum Corporation, as Unit Operator, respectfully submits for your approval a Plan of Development for the calendar year 1961. The recommended 1961 Plan of Development has been approved by a majority of the Working Interest Owners as provided by the Unit Operating Agreement.

History of Past Development - There has been, to date, a total of 86 wells drilled in the Gallegos Canyon Unit. Of these, 67 are Pictured Cliffs producers, 4 are Gallup-Dakota duals, 1 a single Dakota completion well, 2 Gallup wells, 1 Fruitland completion, and 11 wells that are either dry holes or abandoned Pictured Cliffs wells.

An initial Gallup Participating Area has been established for the commercial production from Gallegos Canyon Unit No. 83. The performance of other Gallup completions are being carefully observed inasmuch as information now available indicates that the Gallup may prove to be non-commercial in these completions. One Gallup completion has already been classified non-commercial (Gallegos Canyon Unit No. 84), and application has been made for the non-commercial determination of the Gallup in the Gallegos Canyon Units No. 86 and 87, and in all probability, applications will also be made for the non-commercial determination for the two remaining Gallup completions.

A non-commercial determination application has also been made for the Fruitland formation in Gallegos Canyon Unit No. 77.

An initial Dakota Participating Area has been approved as well as a First Enlargement thereof, and application has been filed for a Second Enlargement of the Gallegos Canyon Unit Dakota Participating Area.

1-10-61 EX. F

The Oil and Gas Supervisor
Commissioner of Public Lands
Oil Conservation Commission
All Working Interest Owners

-2-

December 20, 1960

File: E-917-416

Subject: 1961 Plan of Development
Gallegos Canyon Unit
San Juan County, New
Mexico

Attached is a tabulation showing wells by producing formation, production data, etc., for the Gallegos Canyon Unit.

Proposed Additional Wells - It is planned to drill six additional Dakota wells during 1961, the location of which will be around the perimeter of the Gallegos Canyon Unit Area. We propose to drill no additional Pictured Cliffs wells during 1961 in view of the high risk involved insofar as further development of this zone is concerned. Prospects for further Gallup development in the Unit Area will be determined from information derived from the drilling of Dakota wells, inasmuch as the Gallup overlies the Dakota and log analysis will be the basis for future Gallup development and/or exploration.

Well Casing Program - The well casing program will generally follow the program currently used in similar wells in San Juan County, including such surface casing and other casing as may be required by the Supervisor, the Commissioner and the Commission, or as set forth in approvals of the applicable U.S.G.S. and State of New Mexico forms. The producing string of casing may be set and cemented on top, partially through or completely through the producing zone.

Off-Set Obligations - Appropriate and adequate measures will be taken to prevent drainage of unitized substances from lands subject to the Gallegos Canyon Unit Agreement, or, pursuant to applicable regulations, fair and reasonable compensatory royalty will be paid as provided in Section 15 of said Agreement.

Further Development - This plan of development shall constitute the drilling obligations of the Unit Operator under the terms of the Gallegos Canyon Unit Agreement for the period ending December 31, 1961. Before this plan expires, another plan for further development of the unit area will be submitted.

Modifications - It is understood that this plan of development is dependent upon certain information to be obtained prior to and subsequent to drilling, and upon other contingencies, such as availability of well casing; therefore, this plan of development may be modified from time to time to meet changing conditions.

Effective Date - This plan of development shall be effective January 1, 1961.

The Oil and Gas Supervisor
Commissioner of Public Lands
Oil Conservation Commission
All Working Interest Owners

-3-

December 20, 1960
File: E-917-416
Subject: 1961 Plan of Development
Gallegos Canyon Unit
San Juan County, New
Mexico

Dated: December 19, 1960.

PAN AMERICAN PETROLEUM CORPORATION
Unit Operator.

By: L. O. Perry
Area Superintendent

RF:
Attach.

Approved: _____ Date: _____
Regional Oil & Gas Supervisor
United States Geological Survey

Approved: _____ Date: _____
Commissioner of Public Lands
State of New Mexico

Approved: _____ Date: _____
Oil Conservation Commission
State of New Mexico

STATISTICAL REVIEW OF OPERATIONS
GALLEGOS CANYON UNIT
DECEMBER 1, 1960

Total Wells Drilled In Unit	86
Unit Area	43,146.82 acres

Pictured Cliffs Statistics

Pictured Cliffs Participating Area	27,456.46 acres
Total Wells Drilled	78
Dry Holes	10
Producing Wells as of 12-1-60	67
Temporarily Abandoned Wells	1
Current Production	
October, 1960	161,901 MCF
November, 1960	92,365 MCF
Cumulative Production to 12-1-60	26,878,991 MCF

Dakota Statistics

Dakota Participating Area	3,840 acres
Proposed Second Enlargement	11,027.02 acres
Total Wells Drilled	5
Producing Wells	1
Current Production	
October, 1960	13,265 MCF
November, 1960	12,927 MCF
Cumulative Production to 12-1-60	200,076 MCF

Gallup Statistics

Gallup Participating Area	360 acres
Total Wells Drilled	6
Producing Wells	6
Current Production	
October, 1960	6,036 bbls./oil
November, 1960	5,575 bbls./oil
Cumulative Production to 12-1-60	77,963 bbls./oil

Fruitland Statistics

Total Wells Drilled	1 (Non-Commercial)
Current Production	
October, 1960	5,854 MCF
November, 1960	3,356 MCF
Cumulative Production to 12-1-60	32,792 MCF

MAILING LIST OF WORKING INTEREST OWNERS
GALLAGOS CANYON UNIT AREA
SAN JUAN COUNTY, NEW MEXICO

San Potrofina Co, of Texas
P. O. Box 2159
El Paso, Texas

Continental Oil and Gas Company
Maritime Securities Building
Dallas 1, Texas

Robert Berry
Washington Street
Washington, Iowa

Bookhaven Oil Company
P. O. Box 396
Saltsdale, Arizona

Wm. F. Colby, Trustee
P. O. Box 1
Crystal Lake, Illinois

W. H. and Dyvena Crawford
Farmington, New Mexico

George J. Darneille
521 Bordley
Houston, Texas

Ernest A. Hanson
P. O. Box 852
Roswell, New Mexico

L. B. Hodges
P. O. Box 671
Roswell, New Mexico

Edward J. Johnson
23 Greenbank Avenue
Berkeley 10, California

Southern Union Gas Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas
Attn: D. W. Whitlow

Elma R. Jones
764 Twentieth Avenue
San Francisco, California

Nathan Kessler
5900 States Drive
Oakland, California

George H. Krause, et al
P. O. Box 1107
Colorado Springs, Colorado

Delta Oil Company of Utah
2606 Oak Lawn Avenue
Dallas 19, Texas

El Paso Natural Gas Company
P. O. Box 1492
El Paso, Texas

W. H. and Eula Stark
Route 3
Farmington, New Mexico

Petro-Atlas Inc.
2000 National Bank of Tulsa Building
Tulsa 3, Oklahoma

John J. Redfern, Jr.
P. O. Box 1747
Midland, Texas

H. K. Riddle
65 East 4th South
Salt Lake City, Utah

Robb Woods
501 W. Grand River Street
Clinton, Missouri

Skelly Oil Company
Tulsa 2, Oklahoma
Attn: Mr. D. E. Smith

Summit Oil Company
Fidelity Union Tower Building
1507 Pacific Avenue
Dallas, Texas

Sunray Mid-Continent Oil Company
P. O. Box 2692
Denver 1, Colorado
Attn: Mr. A. W. Wadman

Olen F. Featherstone
Roswell Petroleum Building
Roswell, New Mexico

Locke-Taylor Drilling Co.
801 Second Avenue
Durango, Colorado

Texaco, Inc.
P. O. Box 3109
Midland, Texas

Texas Pacific Coal and Oil Company
P. O. Box 2110
Fort Worth 1, Texas

John H. Trigg
P. O. Box 6529
Roswell, New Mexico

Wood Oil Company
Room 800, Midstates Building
Tulsa, Oklahoma.

Tom Bolack
1010 N. Dustin
Farmington, New Mexico

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
Case No. 10346 ¹⁰³⁴⁵⁷ Exhibit No. F
Submitted by Loche
Hearing Date 03/12/92

August 18, 1989



Amoco Production Company
Post Office Box 800
Denver, CO 80201

Attn: Leon Thurmon

RE: 1989 Plan of Development and 1988 Review of Operations
Gallegos Canyon Unit
Pictured Cliffs, Farmington and Fruitland Formations
San Juan County, New Mexico

Gentlemen:

Attached are BHP's 1989 Plan of Development and 1988 Review of Operations for those lands which BHP sub-operates in the Gallegos Canyon Unit. BHP requests that you review and submit the plan at your earliest convenience to the five agencies listed on this attachment due to a September 10, 1989 deadline.

Should you have questions or comments in connection with the plan, please contact the undersigned. Also, to enable BHP to track the progress of its plan, please provide a copy of your submittal to BHP at the time of submission to the various agencies.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.

A handwritten signature in cursive script that reads "Donald C Wood".

Donald Wood
Engineering Manager
Rocky Mountain Region

DW:PWA:gb

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>103454</u>	Exhibit No. <u>G</u>
Submitted by <u>Locke</u>	
Hearing Date <u>02/27/92 03/12/92</u>	

Date

Bureau of Land Management
P. O. Box 1449
Santa Fe, NM 87501

Bureau of Land Management
P. O. Box 6770
Albuquerque, NM 87197-6770

New Mexico State Land Office
Oil & Gas Development
P. O. Box 1148
Santa Fe, NM 87501-1148

Oil & Conservation Commission
State of New Mexico
P. O. Box 2088
Santa Fe, NM 87501

Office of District Engineer
Bureau of Land Management
1235 La Plata Highway
Farmington, NM 87401

RE: 1989 Plan of Development and 1988 Review of Operations
Gallegos Canyon Unit
Pictured Cliffs, Farmington and Fruitland Formations
San Juan County, New Mexico

Gentlemen:

Amoco Production Company, as Operator of the Gallegos Canyon Unit, on behalf of BHP Petroleum (Americas), Inc., the Sub-Operator of certain unit lands, submits the following 1988 Review of Operations and proposed 1989 Plan of Development.

1988 Review of Operations

Total cumulative and 1988 production for those wells operated by BHP Petroleum (Americas) Inc. within the Gallegos Canyon Unit is summarized below.

<u>Formation</u>	<u>1988 Production</u> <u>12/31/88, MMCF</u>	<u>Cum. Production</u> <u>12/31/88, MMCF</u>
Pictured Cliffs	3,758.277	83,680.877
Fruitland	505.093	2,834.143
Farmington	3.231	54.772

BHP completed five (5) Pictured Cliffs wells and recompleted one (1) Fruitland well during 1988. The following table provides information for each of these wells.

<u>Well#</u>	<u>Location</u>	<u>Spud Date</u>	<u>Comp. Date</u>	<u>Perforations</u>	<u>Initial Rate</u>
		Dual			
331	29-29N-12W	Recomp.	7/6/88	936'-948' Fruit	230 M/D
363	26-29N-14W	5/11/88	5/27/88	1572'-1584" PC	275 M/D
364	25-29N-13W	4/26/88	5/23/88	1210'-1226' PC	414 M/D
365	25-29N-13W	4/30/88	5/25/88	1246'-1266' PC	465 M/D
367	31-29N-12W	5/3/88	5/26/88	1455'-1470' PC	543 M/D
368	26-28N-12W	5/6/88	7/13/88	1589'-1618' PC	210 M/D

1989 Plan of Development

BHP proposes to drill five (5) Fruitland coal seam wells and six (6) Fruitland coal seam/Fruitland sandstone dual wells as shown on the attached map and tabulated below.

<u>Well</u>	<u>Location</u>	<u>Formation(s)</u>
381	NE Sec. 20-29N-12W	Fruitland Coal
382	SW Sec. 13-29N-13W	Fruitland Coal
383	NE Sec. 18-29N-12W	Fruitland Coal
384	NE Sec. 21-29N-12W	Fruitland Coal
385	SW Sec. 17-29N-12W	Fruitland Coal
373	SWSW Sec. 12-28N-13W	Fruitland Coal/Fruitland Sd.
375	SENE Sec. 17-28N-12W	Fruitland Coal/Fruitland Sd.
377	NE Sec. 24-29N-13W	Fruitland Coal/Fruitland Sd.
378*	SE Sec. 34-28N-12W	Fruitland Coal/Fruitland Sd.
379	NE Sec. 30-28N-12W	Fruitland Coal/Fruitland Sd.
380	SW Sec. 23-28N-12W	Fruitland Coal/Fruitland Sd.

*Exception location for coal seam gas well for which BHP intends to apply for an exception to allow dual completion.

Drilling will commence upon all formal approvals including AFE's. These locations are limited to the lands which BHP sub-operates and do not include any wells which would require submittal by Amoco to the unit working interest owners.

In addition to the above drilling, BHP will recomplete the GCU #340 well located SWNW Section 24-T29N, R13W, in the Fruitland Sand situated at 917'-934'. This well was originally completed as a Pictured Cliffs well, but water production and related trucking costs have resulted in uneconomic operations.

1989 Plan of Development
Gallegos Canyon Unit
Page 3

We respectfully submit this Plan of Development and request your approval at your earliest convenience. Please provide notice to both Amoco and BHP upon approval of the plan.

Very truly yours,

AMOCO PRODUCTION COMPANY

cc: BHP Petroleum (Americas) Inc.
1560 Broadway, Suite 1900
Denver, Colorado 80202

COMMUNICATIONS SECTION
FARMINGTON, NEW MEXICO

MINERAL BRANCH
BRANCH CHIEF _____
CLERK _____
FLUIDS LOG _____
FLUIDS USE _____
FSM _____
I & E _____
I & SW _____
ALL SURV _____
FILES _____

Americas
5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
Fax (713) 780-5273
Telex 9108813603



BHP
Petroleum

April 16, 1990

Bureau of Land Management
P.O. Box 1449
Santa Fe, NM 87501

Bureau of Land Management
P.O. Box 6770
Albuquerque, NM 87197-6670

New Mexico State Land Office
Oil & Gas Development
P.O. Box 1148
Santa Fe, NM 87501-1148

State of New Mexico
Oil Conservation Commission
P.O. Box 2088
Santa Fe, NM 87501

Bureau of Land Management
Office of District Engineer
1235 LaPlata Highway
Farmington, NM 87401

Re: 1989 Review of Operations
1990 Plan of Development
Gallegos Canyon Unit
Pictured Cliffs, Fruitland, and Farmington Formations
San Juan County, New Mexico

Gentlemen:

As a sub-operator of certain unit lands within the Gallegos Canyon Unit located in San Juan County, New Mexico, BHP Petroleum (Americas) Inc. (BHP P(A)) submits for your review and approval the following 1989 Review of Operations and the 1990 Plan of Development.

1989 REVIEW OF OPERATIONS

For the BHP P(A) operated unit wells within the Gallegos Canyon Unit, the production of gas and water by reservoir for 1989 and on a cumulative basis to 12/31/89 is shown in Table I. A production curve for the summation of all unit wells is attached.

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
103454
Case No. 10346 Exhibit No. H
Submitted by Locke
Hearing Date 02/27/92 03/12/92

TABLE I
1989 PRODUCTION AND CUMULATIVE PRODUCTION

<u>Formation</u>	<u>1989 Production</u>		<u>Cumulative Production</u>	
	<u>Gas, MMCF</u>	<u>Water, BW</u>	<u>Gas, MMCF</u>	<u>Water, BW</u>
Pictured Cliffs	4,063.621	208,946	87,744.498	2,966,431
Fruitland	510.330	15,812	3,344.473	63,766
Farmington	2.227	80	56.999	80

The only development action taken by BHP P(A) in 1989 was the recompletion of the GCU No. 340. This well, located in the SW NW of section 24 T29N-R13W, had an initial test rate of 596 MCFD from Fruitland sand perms at 917'-934'. The drilling program proposed in the 1989 Plan of Development was not commenced in 1989 due to rig availability and permitting problems. As is further discussed in the 1990 Plan of Development, this program has been partially carried over into the 1990.

1990 PLAN OF DEVELOPMENT

In 1990, BHP P(A) proposes to drill 37 wells and recomplete 3 existing wells. Well number, location, and objective formation for these wells is summarized in Table II and Table III and also shown on the attached plat. Well numbers 373, 375, 379, and 380 proposed in the 1989 Plan of Development have been deferred to a later date pending further evaluation of the Fruitland Coal in the southern half of the Unit.

Commencement of this work will begin upon formal approval of AFEs, permits, and any applicable location exceptions.

We respectfully submit this Plan of Development and request your approval at your earliest convenience. Please provide both BHP P(A) and the Unit operator, Amoco Production Company, notice of approval of this plan.

Thank you.

Very truly yours,

BHP Petroleum (Americas) Inc.

Paul C. Bertoglio

Paul C. Bertoglio
Sr. Petroleum Engineer
Inland Business Unit

cc: Amoco Production Company
1670 Broadway
P.O. Box 800
Denver, CO 80201
Attn: Rocky Mountain Land Manager

Approved **APR 26 1990**
[Signature]
Chief, Branch of
Mineral Resources
Farmington Resource Area

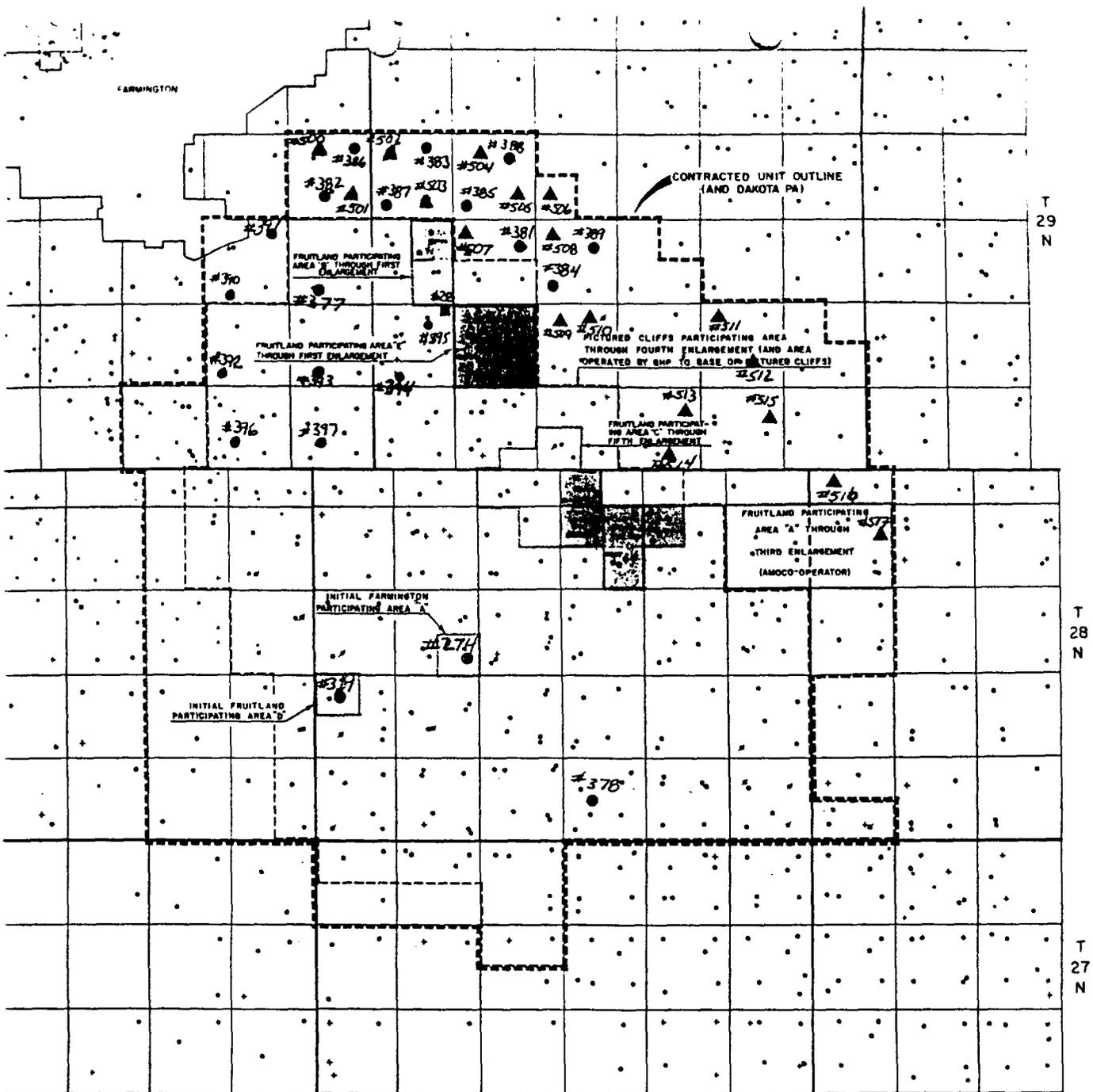
Take Original SE in A-8 1990

TABLE II
1990 PROPOSED DRILLING WELLS

<u>Well No.</u>	<u>Location</u>	<u>Primary Objective</u>
377	SE SW Sec. 24 29N-13W	Fruitland Coal
378	NE SW Sec. 34 28N-12W	Fruitland Coal
381	SE NE Sec. 20 29N-12W	Fruitland Coal
382	SE SW Sec. 13 29N-13W	Fruitland Coal
383	NW NE Sec. 18 29N-12W	Fruitland Coal
384	SW SW Sec. 21 29N-12W	Fruitland Coal
385	SW SW Sec. 17 29N-12W	Fruitland Coal
386	NE NE Sec. 13 29N-13W	Fruitland Coal
387	SW SW Sec. 18 29N-12W	Fruitland Coal
388	SW NE Sec. 17 29N-12W	Fruitland Coal
389	SW NE Sec. 21 29N-12W	Fruitland Coal
390	SE SW Sec. 23 29N-13W	Fruitland Coal
391	NE NE Sec. 23 29N-13W	Fruitland Coal
392	SW SW Sec. 26 29N-12W	Fruitland Coal
393	SE SW Sec. 25 29N-12W	Fruitland Coal
394	SE SW Sec. 30 29N-12W	Fruitland Coal
395	NW NE Sec. 30 29N-12W	Fruitland Coal
396	NE SW Sec. 35 29N-12W	Fruitland Coal
397	NE SW Sec. 36 29N-12W	Fruitland Coal
500	NE NW Sec. 13 29N-13W	Pictured Cliffs
501	NW SE Sec. 13 29N-13W	Pictured Cliffs
502	SW NW Sec. 18 29N-12W	Pictured Cliffs
503	SW SE Sec. 18 29N-12W	Pictured Cliffs
504	NE NW Sec. 17 29N-12W	Pictured Cliffs
505	NE SE Sec. 17 29N-12W	Pictured Cliffs
506	NW SW Sec. 16 29N-12W	Pictured Cliffs
507	NW NW Sec. 20 29N-12W	Pictured Cliffs
508	NW NW Sec. 21 29N-12W	Pictured Cliffs
509	NE NW Sec. 28 29N-12W	Pictured Cliffs
510	NW NE Sec. 28 29N-12W	Pictured Cliffs
511	NW NW Sec. 26 29N-12W	Pictured Cliffs
512	NW SE Sec. 26 29N-12W	Pictured Cliffs
513	SE NE Sec. 34 29N-12W	Pictured Cliffs
514	SW SE Sec. 34 29N-12W	Pictured Cliffs
515	SE NE Sec. 35 29N-12W	Pictured Cliffs
516	NW SW Sec. 7 28N-11W	Pictured Cliffs
517	SE NE Sec. 18 28N-11W	Pictured Cliffs

TABLE III
1990 PROPOSED RECOMPLETIONS

<u>Well No.</u>	<u>Location</u>	<u>Objective Zone</u>
28	NE NE Sec. 30 29N-12W	Fruitland Sand
274	SE SE Sec. 20 28N-12W	Fruitland Coal
319	SE NW Sec. 30 28N-12W	Fruitland Coal



- - Fruitland Sand
- - Fruitland Coal
- ▲ - Pictured Cliffs

LANDS ADDED BY THIS APPLICATION

ROCKY MOUNTAIN REGION

1612 STE. 2000

8075 600

ENGLEWOOD, COLORADO 80111

10000 2000-2000

GALLEGOS CANYON UNIT

SAN JUAN COUNTY, NEW MEXICO

PARTICIPATING AREA MAP FOR

FARMINGTON, FRUITLAND AND

PICTURED CLIFFS FORMATIONS

1:50,000
1:50,000
1:50,000
1:50,000

5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
Fax (713) 780-5273
Telex 9108813603

July 23, 1990



Mr. Robert Hopkins
Meridian Oil Production, Inc.
P. O. Box 4289
Farmington, NM 87499

Re: Proposed Development Wells
Gallegos Canyon Unit
San Juan County, NM

Dear Mr. Hopkins:

BHP Petroleum (Americas) Inc. proposes the drilling of the following wells in Gallegos Canyon Unit on drilling blocks in which Meridian owns a leasehold interest:

Well Name	Location	Drilling Block	Primary Objective
GCU #386	NE/4 NE/4 Sec. 13-T29N, R13W	E/2 Sec. 13-T29N, R13W	Fruitland Coal
GCU #391	NE/4 NE/4 Sec. 23-T29N, R13W	E/2 Sec. 23-T29N, R13W	Fruitland Coal
GCU #392	SW/4 SW/4 Sec. 26-T29N, R13W	W/2 Sec. 26-T29N, R13W	Fruitland Coal
GCU #393	SE/4 SW/4 Sec. 25-T29N, R13W	W/2 Sec. 25-T29N, R13W	Fruitland Coal
GCU #394	SE/4 SW/4 Sec. 30-T29N, R12W	W/2 Sec. 30-T29N, R12W	Fruitland Coal
GCU #395	NW/4 NE/4 Sec. 30-T29N, R12W	E/2 Sec. 30-T29N, R12W	Fruitland Coal
GCU #396	NW/4 NE/4 Sec. 35-T29N, R13W	E/2 Sec. 35-T29N, R13W	Fruitland Coal
GCU #397	NE/4 SW/4 Sec. 36-T29N, R13W	W/2 Sec. 36-T29N, R13W	Fruitland Coal
GCU #500	NE/4 NW/4 Sec. 13-T29N, R13W	NW/4 Sec. 13-T29N, R13W	Pictured Cliffs
GCU #501	NW/4 SE/4 Sec. 13-T29N, R13W	SE/4 Sec. 13-T29N, R13W	Pictured Cliffs
GCU #509	NE/4 NW/4 Sec. 28-T29N, R12W	NW/4 Sec. 28-T29N, R12W	Pictured Cliffs
GCU #511	NW/4 NW/4 Sec. 26-T29N, R13W	NW/4 Sec. 26-T29N, R13W	Pictured Cliffs
GCU #513	SE/4 NE/4 Sec. 34-T29N, R13W	NE/4 Sec. 34-T29N, R13W	Pictured Cliffs
GCU #514	SW/4 SE/4 Sec. 34-T29N, R13W	SE/4 Sec. 34-T29N, R13W	Pictured Cliffs
GCU #515	SE/4 NE/4 Sec. 35-T29N, R13W	NE/4 Sec. 35-T29N, R13W	Pictured Cliffs

*All
GCU #392-397
units*

Enclosed for Meridian's consideration are two copies each of AFEs for each of the proposed wells. Please advise within thirty (30) days whether or not Meridian wishes to participate in any of the above described wells.

Very truly yours,

Donald Reinhardt
Landman
Inland Business Unit

DR:CFL

Enclosures

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

103454
Case No. 10346 Exhibit No. I

Submitted by Locke

Hearing Date 02/27/92 03/12/92

scott

RECEIVED 5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
Fax: (713) 780-5273
Telex: 9108813603
AUG 13 1990

August 10, 1990

Lock "J"
EX

Mr. Michael E. Cuba
Amoco Production Company
P. O. Box 800
Denver, CO 80201



Re: Proposed Farmout Wells
Farmout Contract dated October 20, 1989
Gallegos Canyon Unit
San Juan County, NM

Dear Mr. Cuba:

BHP Petroleum (Americas) Inc. is required to drill a total of fifteen wells during calendar year 1990 in order to maintain its rights under an amended Farmout Contract with Amoco dated October 20, 1989. BHP has staked and is now permitting the below listed wells which it intends to drill under the terms of the said farmout.

<u>Well</u>	<u>Location</u>	<u>Objective</u>
GCU #386	NE/4 NE/4 Section 13-T29N, R13W	Fruitland Coal
GCU #387	SW/4 SW/4 Section 18-T29N, R12W	Fruitland Coal
GCU #388	SW/4 NE/4 Section 17-T29N, R12W	Fruitland Coal
GCU #390	SE/4 SW/4 Section 23-T29N, R13W	Fruitland Coal
GCU #391	NE/4 NE/4 Section 23-T29N, R13W	Fruitland Coal
GCU #500	NE/4 NW/4 Section 13-T29N, R13W	Pictured Cliffs
GCU #501	NW/4 SE/4 Section 13-T29N, R13W	Pictured Cliffs
GCU #502	Lot 2, Section 18-T29N, R12W	Pictured Cliffs
GCU #503	SW/4 SE/4 Section 18-T29N, R12W	Pictured Cliffs
GCU #504	NE/4 NW/4 Section 17-T29N, R12W	Pictured Cliffs
GCU #505	NE/4 SE/4 Section 17-T29N, R12W	Pictured Cliffs
GCU #506	NW/4 SW/4 Section 16-T29N, R12W	Pictured Cliffs
GCU #507	NW/4 NW/4 Section 20-T29N, R12W	Pictured Cliffs
GCU #509	NE/4 NW/4 Section 28-T29N, R12W	Pictured Cliffs
GCU #510	NW/4 NE/4 Section 28-T29N, R12W	Pictured Cliffs
GCU #511	NW/4 NW/4 Section 26-T29N, R12W	Pictured Cliffs
GCU #512	NW/4 SE/4 Section 26-T29N, R12W	Pictured Cliffs
GCU #513	SE/4 NE/4 Section 34-T29N, R12W	Pictured Cliffs
GCU #514	SW/4 SE/4 Section 34-T29N, R12W	Pictured Cliffs
GCU #515	SE/4 NE/4 Section 35-T29N, R12W	Pictured Cliffs
GCU #516	Lot 4 Section 7-T28N, R11W	Pictured Cliffs

1990
under AMOCO PERM

In addition to the wells described above, BHP will also resume operations on the GCU #382 which were suspended in July due to the lack of a certain drilling permit from the City of Farmington, New Mexico. The necessary permit has been issued and operations will resume once a drilling rig arrives. Once the GCU #382 is completed, a request for an assignment of leasehold will be submitted for the interest earned in the drilling of the first five wells.

As noted above, the wells listed above are being permitted now. Please review the list and advise as soon as possible should Amoco has any objections to any of the proposed wells or locations.

Amoco Production Company
Page 2
August 10, 1990

We appreciate your continued support in this project. Please let us know if we can be of any additional assistance.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Donald Reinhardt".

Donald Reinhardt
Landman
Inland Business Unit

DR:CFL

cc: BHP Petroleum (Americas) Inc.
Lee McLean
Jason Edgington
Bob McNeil
Randall Davis

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. 10345+
10346 Exhibit No. J

Submitted by Locke

Hearing Date 02/27/92 03/12/92

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
10345+
Case No. 10346 Exhibit No. K
Submitted by Locke
Hearing Date ~~02/27/92~~ 03/12/92



**AUTHORITY FOR EXPENDITURE
Inland Business Unit
(Drilling, Workovers, Recomp.'s, Etc.)**

Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101208

Contract/Agreement No. _____ Land Lease No. _____ Budget Year 1991

Project must be commenced by: Date _____

Lease Name & Well No. Gallegos Canyon Unit No.390		Prospect Name _____ Prospect No. _____		Activity No. <u>NM003000390</u> Focal Area <u>FA106</u>	
Field or Area Basin Fruitland Field		Location SE/SW Section 23 T29N - R13W		County and State San Juan, New Mexico	
Type of AFE Drill, Complete, Equip		Development (X) Exploratory () AAPG Class: _____ Others _____		Formation & Depth Fruitland Coal - ±1470' Well TD - 1640'	
Last Well on Lease Yes () No ()				Expected Production Gas - (X) Oil - ()	
Project Description: (To Include Special Provisions and Remarks) Drill, complete, and equip a 1640 foot Fruitland Coal well at the referenced location.				BHP Interest BPO W.I. <u>100.00</u> NRI <u>76.75</u> APO W.I. _____ NRI _____	

ESTIMATED COSTS

COMPANY	WORKING INTEREST OR ALLOCATION %		DRILLING WELLS		OTHER
	To Csg. Pt.	Aft. Csg. Pt.	Dry Hole	Producer	Total Cost
BHP Petroleum	100		43,655	132,130	
Total	100		43,655	132,130	
Less: Contributions			(- 0 -)	(- 0 -)	()
Net Costs			43,655	132,130	

Prepared by Paul C. Bertoglio *PCB* Date May 14, 1990

Recommended:							
Operations	Date	Land	Date	Marketing	Date	Technology	Date
_____	_____	_____	_____	_____	_____	<i>QC M&S</i>	<u>5/24/90</u>
_____	_____	_____	_____	_____	_____	_____	_____
<i>Slam Clean</i>	<u>6-4-90</u>	_____	_____	_____	_____	_____	_____
Approved <i>JM Edgington</i>							<u>6/5/90</u> Date

Joint interest Approval - It is recognized that the amounts provided for herein are estimates only, and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, either more or less than herein set out.

Company By _____ Title _____ Date _____

PROJECT JUSTIFICATION

BHP Net Working Interest: <u>100%</u>	Before Payout <u>100%</u>	After Payout <u>100%</u>
BHP Net Revenue Interest: <u>76.75%</u>	Before Payout <u>76.75%</u>	After Payout <u>76.75%</u>
Expected Benefits:	Net Increase in Ultimate Recovery <u>0</u>	Bbls. <u>528,634</u> MMCF
	Net Increase in Current Production <u>0</u>	Bbls/D <u>154</u> MCF/D
Future Cash Flow (Before Investment) \$ <u>1,112,528 (BTAX)</u>		Net Cash Flow (After Investment) \$ <u>645,492 (ATAX)</u>
Net Present Value \$ <u>305,415 (ATAX)</u>	@ <u>14</u> % Discount	
Net Present Value/Investment <u>3.291 (ATAX)</u>		Payout - Years <u>1.922</u>
Discounted Cash Flow Rate of Return <u>100</u> %		- Months _____
F&D Cost \$ <u>1.18</u> /BOE		



**DETAILED COST ESTIMATE
DRILLING, RECOMPLETIONS AND WORKOVERS**

Lease Name & Well No. Gallegos Canyon Unit No. 390

AFE No. 9101208

Location SE/SW Section 23 T29N - R13W

County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

<u>CODE 4527-20</u>	<u>Gross Cost</u>	<u>To Csg Pt.</u>
01 Rotary Footage		
<u>1,640 ft. @ \$ 9.00</u>	<u>\$ 14,760</u>	
02 Rotary Daywork		
<u>2 days WDP @ \$ 4,000 day</u>	<u>8,000</u>	
<u> days WOPD @ \$ day</u>		
03 Drillsite Camp Expense		
05 Rotary Turnkey		
06 Drilling Deals (W.I.)		
07 Rental Tools/Equipment	<u>1,500</u>	
08 Rig Move		
09 Inspection Services		
10 Trucking/Boats	<u>2,000</u>	
11 Personnel Transportation		
12 Power/Fuel		
13 Drlg Mud & Additives	<u>2,000</u>	
14 Drill Bits/Reamers		
16 Water	<u>1,200</u>	
17 Mud Logging		
18 Open Hole Logs	<u>4,000</u>	
20 DST's/Surveys		
22 Cement & Cementing	<u>2,000</u>	
24 Cores		
29 Directional Drilling		
30 Engineering & Consulting		
31 Location Dirtwork/Cln Up	<u>2,500</u>	
32 Geological		
34 Drlg Permits/Bonds		
35 Drlg Title Opinion		
36 Stake/Survey Location	<u>500</u>	
37 Right of Way/Damages	<u>2,000</u>	
38 Well Control Insurance		
40 Overhead - Drlg		
41 Material & Supplies		
42 Co. Labor/Supervision	<u>1,200</u>	
43 Contract Labor		
44 Other Drilling Costs		
Supplemental		
Total TCP	<u>\$ 41,660</u>	
BHP Net	<u>\$ 41,660</u>	

TANGIBLE DRILLING COSTS

<u>CODE 4515-10</u>	<u>X-on</u>	<u>TCP</u>
	<u>Hand</u>	
01 Installation Cost		<u>\$ 250</u>
06 Casinghead		<u>500</u>
07 Cond./Surface Csg		
<u>120 ft 7" 23# K-55</u>		
<u>@ \$ 10.37 ft</u>		<u>1,245</u>
10 Inter./Liner Csg		
<u> ft</u>		
<u>@ \$ ft</u>		
<u> ft</u>		
<u>@ \$ ft</u>		
Supplemental		
Total Tangible TCP		<u>\$ 1,995</u>
BHP Net		<u>\$ 1,995</u>
Total Drilling Cost TCP		<u>\$ 43,655</u>
BHP Net Cost TCP		<u>\$ 43,655</u>

<u>CODE 4527-30</u>	<u>Gross</u>
	<u>Completion Costs</u>
01 Completion Rig	<u>\$ 7,500</u>
03 Camp Expense	
04 Wireline Services	
07 Rental Tools/Equipment	<u>1,000</u>
09 Inspection Services	
10 Trucking/Boats	<u>2,000</u>
11 Personnel Transportation	
12 Power/Fuel	
14 Drill Bits/Reamers	
15 Completion Fluids	
16 Water	<u>1,000</u>
18 Cased Hole Logs	
19 Perforate	<u>1,500</u>
20 Well Surveys & Testing	
21 Acidize & Frac	<u>17,500</u>
22 Cement & Cementing	<u>5,000</u>
23 Squeeze Jobs	
30 Engr. & Consulting	
31 Location Dirtwork/Cln. Up	<u>1,500</u>
37 ROW/Damages	
40 Overhead - Completion	
41 Material & Supplies	<u>2,000</u>
42 Co. Labor/Supervision	<u>1,500</u>
43 Contract Labor	
45 Other Completion Costs	
Supplemental	
Total Comp. Costs	<u>\$ 40,500</u>
BHP Net	<u>\$ 40,500</u>

<u>CODE 4515-20</u>	<u>X-on</u>	<u>Comp. Costs</u>
	<u>Hd</u>	
01 Installation Costs		<u>\$ 1,500</u>
02 Sucker Rods		<u>1,500</u>
03 Btm Hole Pump		<u>1,200</u>
04 Pumping Unit		<u>5,000</u>
05 Prime Mover		<u>7,500</u>
06 Wellhead/Tree		<u>2,500</u>
07 Casing:		
<u>1,640 ft 4 1/2" 10.5# J-55</u>		
<u>@ \$ 5.00 ft</u>		
<u> ft</u>		
<u>@ \$ ft</u>		
<u> ft</u>		
<u>@ \$ ft</u>		
<u> ft</u>		
<u>@ \$ ft</u>		
<u> ft</u>		<u>8,200</u>
08 Tubing:		
<u>1,525 ft 2 3/8" 4.7# J-55</u>		
<u>@ \$ 3.00 ft</u>		<u>4,575</u>
09 Hyd. & Other Pmp Equip.		
20 Packers		
23 Other Well Equipment		

<u>CODE 4515-21</u>	<u>Gross</u>
	<u>Completion Costs</u>
01 Installation Costs	<u>\$ 5,000</u>
11 Tanks	<u>1,500</u>
12 Buildings	
13 Compressors	
14 Elec Line & Equip.	
15 Sepr. & Treaters	<u>2,500</u>
16 Line Pipe	<u>5,000</u>
17 Dehy. Equipment	
18 Other Lse Equipment	
19 Misc Valves & Ftgs.	<u>2,000</u>
Supplemental	
Total Tang Comp. Cost	<u>\$ 47,975</u>
BHP NET	<u>\$ 47,975</u>

TOTAL WELL COSTS GROSS \$ 132,130
BHP NET \$ 132,130

PREPARED BY: Paul C. Bertoglio

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
10345 +
Case No. 10346 Exhibit No. L-1
Submitted by Locke
Hearing Date 02/27/92 03/02/92



**AUTHORITY FOR EXPENDITURE
Inland Business Unit
(Drilling, Workovers, Recomp.'s, Etc.)**

Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101209

Contract/Agreement No. C-EXRM02634 Land Lease No. _____ Budget Year 1991
C-EXRM02709

Project must be commenced by: Date December 31, 1990

Lease Name & Well No. Gallegos Canyon Unit No.391 Prospect Name Gallegos Canyon Activity No. NM003100391
Gallegos Canyon Unit No.391 Prospect No. PR350028 Focal Area FA 202

Field or Area Basin Fruitland Field Location NE/NE Section 23 T29N - R13W County and State San Juan, New Mexico

Type of AFE Drill, Complete, Equip Development (X) Exploratory () Formation & Depth Fruitland Coal - ±1170' Expected Production
 Last Well on Lease Yes () No () AAPG Class: _____ Others _____ Well TD - 1350' Gas - (X) Oil - ()

Project Description: (To Include Special Provisions and Remarks)
Drill, complete, and equip a 1350 foot Fruitland Coal well at the referenced location.
 *Interest subject to partner elections.

BHP Interest
 BPO
 * W.I. 62.50
 NRI 48.75
 APO
 W.I. _____
 NRI _____

ESTIMATED COSTS

COMPANY	WORKING INTEREST OR ALLOCATION %		DRILLING WELLS		OTHER Total Cost
	To Csg. Pt.	Aft. Csg. Pt.	Dry Hole	Producer	
BHP Petroleum	62.50		25,653	79,528	
Meridian Oil Production, Inc.	37.50		15,392	47,717	
Total	100.00		41,045	127,245	
Less: Contributions			(- 0 -)	(- 0 -)	()
Net Costs			41,045	127,245	

Prepared by Paul C. Bertoglio *PCB* Date May 14, 1990

Recommended:
 Operations _____ Date _____ Land _____ Date _____ Marketing _____ Date _____ Technology S.C.G.M. / J. M. / J. M. Date 5/29/90
J.M. / J.M. 6-4-90 _____ _____ _____ _____ _____ _____ _____ _____

Approved J.M. Edgington 6/5/90
 Date

Joint Interest Approval - It is recognized that the amounts provided for herein are estimates only, and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, either more or less than herein set out.

MERIDIAN OIL By R. du Costa Title _____ Date 10/17/90
 Company

PROJECT JUSTIFICATION

BHP Net Working Interest: 62.50% Before Payout 62.5% After Payout 62.50%
 BHP Net Revenue Interest: 48.75% Before Payout 48.75% After Payout 48.75%
 Expected Benefits: Net Increase in Ultimate Recovery 0 Bbls. 335.777 MCF
 Net Increase in Current Production 0 Bbls/D 99 MCF/D
 Future Cash Flow (Before Investment) \$ 706,655 (BTAX) Net Cash Flow (After Investment) \$ 410,003 (ATAX)
 Net Present Value \$ 193,944 (ATAX) @ 14 % Discount Payout - Years 1.922
 Net Present Value/Investment 3.291 (ATAX) - Months _____
 Discounted Cash Flow Rate of Return 100 %
 F&D Cost \$ 1.18 /BOE



**DETAILED COST ESTIMATE
DRILLING, RECOMPLETIONS AND WORKOVERS**

Lease Name & Well No. Gallegos Canyon Unit No. 391

AFE No. 9101209

Location NE/NE Section 23 T29N - R13W

County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

CODE 4527-20		Gross Cost To Csg Pt.
01 Rotary Footage		
<u>1,350</u> ft. @ \$ <u>9.00</u>		\$ <u>12,150</u>
02 Rotary Daywork		
<u>2</u> days WDP @ \$ <u>4,000</u> day		<u>8,000</u>
_____ days WOPD @ \$ _____ day		_____
03 Drillsite Camp Expense		_____
05 Rotary Turnkey		_____
06 Drilling Deals (W.I.)		_____
07 Rental Tools/Equipment		<u>1,500</u>
08 Rig Move		_____
09 Inspection Services		_____
10 Trucking/Boats		<u>2,000</u>
11 Personnel Transportation		_____
12 Power/Fuel		_____
13 Drg Mud & Additives		<u>2,000</u>
14 Drill Bits/Reamers		_____
16 Water		<u>1,200</u>
17 Mud Logging		_____
18 Open Hole Logs		<u>4,000</u>
20 DST's/Surveys		_____
22 Cement & Cementing		<u>2,000</u>
24 Cores		_____
29 Directional Drilling		_____
30 Engineering & Consulting		_____
31 Location Dirtwork/Cln Up		<u>2,500</u>
32 Geological		_____
34 Drg Permits/Bonds		_____
35 Drg Title Opinion		_____
36 Stake/Survey Location		<u>500</u>
37 Right of Way/Damages		<u>2,000</u>
38 Well Control Insurance		_____
40 Overhead - Drg		_____
41 Material & Supplies		_____
42 Co. Labor/Supervision		<u>1,200</u>
43 Contract Labor		_____
44 Other Drilling Costs		_____
Supplemental		_____
Total TCP		\$ <u>39,050</u>
BHP Net		\$ <u>24,406</u>

CODE 4527-30		Gross Completion Costs
01 Completion Rig		\$ <u>7,500</u>
03 Camp Expense		_____
04 Wireline Services		_____
07 Rental Tools/Equipment		<u>1,000</u>
09 Inspection Services		_____
10 Trucking/Boats		<u>2,000</u>
11 Personnel Transportation		_____
12 Power/Fuel		_____
14 Drill Bits/Reamers		_____
15 Completion Fluids		_____
16 Water		<u>1,000</u>
18 Cased Hole Logs		_____
19 Perforate		<u>1,500</u>
20 Well Surveys & Testing		_____
21 Acidize & Frac		<u>17,500</u>
22 Cement & Cementing		<u>5,000</u>
23 Squeeze Jobs		_____
30 Engr. & Consulting		_____
31 Location Dirtwork/Cln. Up		<u>1,500</u>
37 ROW/Damages		_____
40 Overhead - Completion		_____
41 Material & Supplies		<u>2,000</u>
42 Co. Labor/Supervision		<u>1,500</u>
43 Contract Labor		_____
45 Other Completion Costs		_____
Supplemental		_____
Total Comp. Costs		\$ <u>40,500</u>
BHP Net		\$ <u>25,312</u>

CODE 4515-10	X-on Hand	TCP
01 Installation Cost		\$ <u>250</u>
06 Casinghead		<u>500</u>
07 Cond./Surface Csg		_____
<u>120</u> ft 7" 23# K-55		_____
@\$ <u>10.37</u> ft		<u>1,245</u>
10 Inter./Liner Csg		_____
_____ ft		_____
@\$ _____ ft		_____
_____ ft		_____
@\$ _____ ft		_____
Supplemental		_____
Total Tangible TCP		\$ <u>1,995</u>
BHP Net		\$ <u>1,247</u>
Total Drilling Cost TCP		\$ <u>41,045</u>
BHP Net Cost TCP		\$ <u>25,653</u>

CODE 4515-20	X-on Hd	Comp. Costs
01 Installation Costs		\$ <u>1,500</u>
02 Sucker Rods		<u>1,500</u>
03 Btm Hole Pump		<u>1,200</u>
04 Pumping Unit		<u>5,000</u>
05 Prime Mover		<u>7,500</u>
06 Wellhead/Tree		<u>2,500</u>
07 Casing:		_____
<u>1,350</u> ft 4 1/2" 10.5# J-55		_____
@\$ <u>5.00</u> ft		_____
_____ ft		_____
@\$ _____ ft		_____
_____ ft		_____
@\$ _____ ft		<u>6,750</u>
08 Tubing:		_____
<u>1,250</u> ft 2 3/8" 4.7# J-55		_____
@\$ <u>3.00</u> ft		<u>3,750</u>
09 Hyd. & Other Pmp Equip.		_____
20 Packers		_____
23 Other Well Equipment		_____
CODE 4515-21		_____
01 Installation Costs		\$ <u>5,000</u>
11 Tanks		<u>1,500</u>
12 Buildings		_____
13 Compressors		_____
14 Elec Line & Equip.		_____
15 Sepr. & Treaters		<u>2,500</u>
16 Line Pipe		<u>5,000</u>
17 Dehy. Equipment		_____
18 Other Lse Equipment		_____
19 Misc Valves & Figs.		<u>2,000</u>
Supplemental		_____
Total Tang Comp. Cost		\$ <u>45,700</u>
BHP NET		\$ <u>28,563</u>

TOTAL WELL COSTS GROSS \$ 127,245
BHP NET \$ 79,528

PREPARED BY: Paul C. Bertoglio

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
103454
Case No. 10346 Exhibit No. L-2
Submitted by Locke
Hearing Date ~~02/27/92~~ 03/12/92

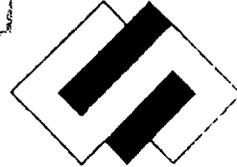
**BEFORE THE
OIL CONSERVATION COMMISSION**
Santa Fe, New Mexico
10345+

Case No. 10346 Exhibit No. M-1

Submitted by Locke

Hearing Date 02/27/92 03/12/92

BHP PETROLEUM (AMERICAS) INC.
5847 San Felipe, Suite 3600
Houston, Texas 77057
Telephone (713) 780-5000
Fax (713) 780-5461



FACSIMILE TRANSMISSION

Date: December 11, 1990

To: Richard Tully

Company: Attorney

Phone Number: (505) 377-3388

Fax Number: (505) 327-7483

From: Donald Reinhardt

Phone Number: (713) 780-5443

Number of Pages
Including This
Cover Sheet: 8

Comments: The following are copies of instruments affecting Louise Locke's working interest in the NW 1/4 Sec. 23 T29N, R13W Don Locke asked me to fax you copies in order to assist you in your review of title. Please call if we can be of any additional help.

This transmission was sent from a Xerox 295, telephone number (713) 780-5461.

If there are any problems with transmission, please call Carolyn Lindsey at (713) 780-5027.

5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
Fax (713) 780-5273
Telex 9108813603

December 11, 1990

Mr. Don Locke
139 1/2 2nd
Rifle, Colorado 81650



Offer to Purchase Leasehold Interest
San Juan County, New Mexico

Dear Mr. Locke:

Enclosed for your information are copies of instruments affecting title to Louise Locke's working interest in the NW/4 Section 23-T29N, R13W, San Juan County, New Mexico. The instruments were copied for BHP by its New Mexico attorney from materials being examined for a title opinion which is yet unfinished. Copies of these instruments are being faxed today to Richard Tully in Farmington. Please let me know if I can be of any additional assistance.

Very truly yours,

A handwritten signature in cursive script that reads "Donald Reinhardt".

Donald Reinhardt
Senior Landman

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico 10345+	
Case No. <u>10346</u>	Exhibit No. <u>M-2</u>
Submitted by <u>Locke</u>	
Hearing Date <u>02/27/92 03/12/92</u>	

FARMOUT CONTRACT

THIS AGREEMENT, made and entered into the 20th day of October, 1989, by and between AMOCO PRODUCTION COMPANY, a corporation, authorized to do business in the State of New Mexico, whose mailing address is P. O. Box 800, Denver, Colorado 80201, hereinafter referred to as "Amoco" or "Nonoperator," and BHP PETROLEUM (AMERICAS) INC., a corporation, authorized to do business in the State of New Mexico, whose mailing address is 5847 San Felipe, Suite 3600, Houston, Texas 77057, hereinafter referred to as "Operator";

WITNESSETH, THAT:

WHEREAS, Amoco is the owner of a working interest in certain oil and gas leases within the areas outlined in Exhibit "A" covering land situated in San Juan County, State of New Mexico (said leases and land, insofar as said leases cover the oil and gas mineral rights lying in and under land within the outlined areas where Amoco owns a working interest, hereinafter sometimes being referred to as the "lease acreage"); and,

WHEREAS, Amoco has agreed to assign to Operator and Operator has agreed to accept from Amoco, the hereinafter specified interest in the lease acreage, upon and subject to the reservations, terms, covenants and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements hereinafter contained (including all those set out in the exhibits attached hereto, said exhibits being hereby incorporated herein by reference and made a part hereof for all purposes), it is hereby agreed by and between the parties hereto as follows:

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No.	103451
	10346
Submitted by	Locke
Hearing Date	03/12/89

1. CALENDAR YEAR 1989 TEST WELLS:

Operator, not later than December 31, 1989, shall commence the actual drilling of at least five (5) Test Wells at locations satisfactory to Amoco on tracts of the lease acreage or land pooled therewith with at least three (3) of said Test Wells to be located on spacing units approved by the State of New Mexico where the lease acreage is one hundred percent (100%) of the working interest therein. It thereafter shall prosecute the drilling of each of said wells diligently, without unnecessary delay and in a good and workmanlike manner to a depth not greater than the base of the Pictured Cliffs formation. Operator shall initially complete each of said Test Wells in the Fruitland Coal formation with due diligence.

2. CALENDAR YEAR 1990 TEST WELLS:

Operator, between January 1, 1990, and December 31, 1990, shall commence the actual drilling of at least fifteen (15) Test Wells at locations satisfactory to Amoco on tracts of the lease acreage or land pooled therewith. It thereafter shall prosecute the drilling of each of said wells diligently, without unnecessary delay and in a good and workmanlike manner to a depth not greater than the base of the Pictured Cliffs formation. Operator shall complete each of said wells with due diligence with at least five (5) of said Test Wells being initially completed in the Fruitland Coal formation.

3. TEST WELLS IN SUBSEQUENT CALENDAR YEARS:

Operator, in each calendar year subsequent to 1990, shall commence the actual drilling of at least ten (10) Test Wells at locations satisfactory to Amoco on tracts of the lease acreage or land pooled therewith until it has drilled sufficient Test Wells to earn rights in all of the lease acreage. It thereafter shall prosecute the drilling of each of said well, diligently, without

7. TITLES:

Nonoperator does not warrant the title to the leases or lease acreage covered by this contract, but it shall upon request furnish to Operator such abstracts and other title papers as it has in its files, together with photo-stats of the basic leases and all intermediate assignments thereof. There shall be no obligation on the part of Nonoperator to purchase new or supplemental abstracts, nor to do any curative work in connection with the title to said lease acreage.

8. DEFAULT:

If Operator fails to comply with drilling requirements of this contract. Amoco's sole remedy shall be the termination of this contract as to all undrilled lands and wells.

9. ASSIGNABILITY AND EFFECT OF CONTRACT:

Operator shall not assign this Contract in whole or in part without the prior written consent thereto of Nonoperator. The terms, covenants, and conditions of this contract shall be binding upon, and shall inure to the benefit of the parties hereto and their respective successors and assigns; and said terms, covenants and conditions shall be covenants running with the land covered hereby and the leasehold estate therein and with each transfer or assignment of said land or leasehold estate.

10. DRILLING AND COMPLETION OF THE TEST WELLS:

Operator shall notify Nonoperator immediately when the location for each Test Well is staked, when the material for the drilling thereof is moved to the location and when actual drilling is commenced. After actual drilling has been commenced and continuing until Operator has completed each Test Well as a producer, has plugged and abandoned it as a dry hole, or has relinquished operations to Nonoperator under this Article, Operator shall furnish to Nonoperator daily reports as to the progress of drilling, as well as

21. NOTICES:

Except as herein otherwise expressly provided, any notice or other communication required or permitted hereunder shall be deemed to have been properly given or delivered when delivered personally or by telegraph, or registered mail to a party hereto at its address as shown on page 1 hereof. The date of service by mail shall be the date on which such written notice or other communication is deposited in the United States Post Office, addressed as above provided. Each party hereto shall have the right to change its address for all purposes of this article by notifying the other party hereto thereof in writing.

22. FINAL AGREEMENT:

This Farmout Contract is the final agreement between the parties hereto and supersedes all prior negotiations and agreements, whether written or oral.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

AMOCO PRODUCTION COMPANY

By G.W. Chipman
Its Attorney-in-Fact *mm* *mu* *gpa*

BHP PETROLEUM (AMERICAS) INC.

By Robert Ormrod *R*
Its Attorney-in-Fact

STATE OF COLORADO)
CITY AND : ss.
COUNTY OF DENVER)

The foregoing instrument was acknowledged before me this 20th day of October, 1989, by G. W. Chipman as Attorney-in-Fact on behalf of AMOCO PRODUCTION COMPANY, a Delaware corporation.

WITNESS my hand and official seal.

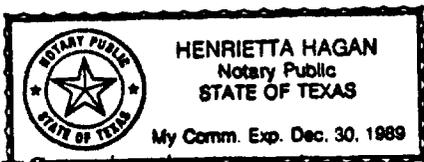
Selma M. Hutcomb
Notary Public

My Commission expires:
My Commission expires
October 23, 1991

STATE OF TEXAS)
COUNTY OF HARRIS : ss.)

The foregoing instrument was acknowledged before me this 13th day of December, 1989, by Robert J. McNeil, as Attorney-in-Fact of BHP PETROLEUM (AMERICAS) INC., a corporation.

WITNESS my hand and official seal.



Henrietta Hagan
Notary Public

My Commission expires:

12/30/89

EXHIBIT "A"
(see below)

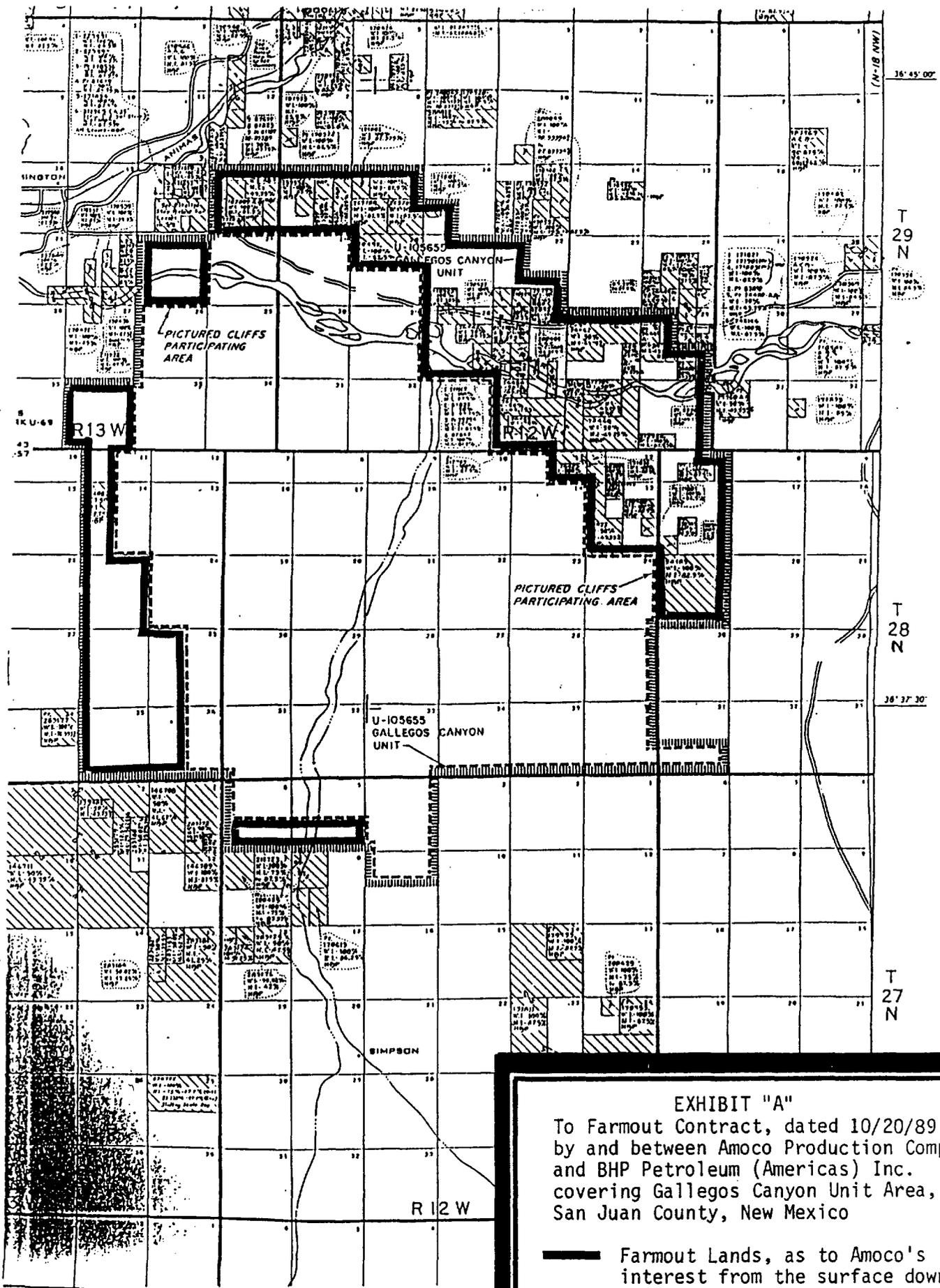


EXHIBIT "B"

STATE OF NEW MEXICO)
 : SS
COUNTY OF SAN JUAN)

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS:

THAT, in consideration of the sum of One Dollar (\$1.00) and other good and valuable considerations, the receipt and the sufficiency of which are hereby acknowledged, AMOCO PRODUCTION COMPANY, a corporation, whose mailing address is P. O. Box 800, Denver, Colorado 80201, hereinafter referred to as "Assignor," hereby does bargain, sell, assign, transfer and convey unto BHP PETROLEUM (AMERICAS) INC., a corporation, whose mailing address is 1560 Broadway, Suite 1900, Denver, Colorado 80202, hereinafter referred to as "Assignee," all of its right, title and interest in and to the working interest in the oil and gas lease(s) described on Exhibit "A," attached and made a part hereof, insofar as said lease(s) covers the oil and gas mineral rights lying in and under the land specifically described opposite the separate designation of each lease on said Exhibit "A" from the surface thereof down to a depth of _____ feet (the total depth drilled in the applicable test well to be inserted) (said lease(s) and land, insofar as said lease(s) covers oil and gas mineral rights assigned hereby hereinafter sometimes being referred to as the "lease acreage") subject to the following terms, covenants and conditions:

1. The lease acreage covered hereby is assigned by Assignor and accepted by Assignee subject to the overriding royalties, production payments, net profits obligations, carried working interests and other payments out of or

with respect to production which are of record and with which said lease acreage is encumbered; and Assignee hereby assumes and agrees to pay, perform or carry, as the case may be, each of said overriding royalties, production payments, net profits obligations, carried working interests and other payments out of or with respect to production to the extent that the same are or remain a burden on the lease acreage herein assigned.

2. Assignor hereby excepts and reserves unto itself, its successors or assigns, the following overriding royalty:

(a) Nine and one-half percent of eight-eighths (9.5% of 8/8) of the proceeds of the sale, or if no sale of the market value at the well, of all gas produced and saved through a gas well, which shall be paid to the Assignor free of all cost and expense, except taxes on production;

(b) Nine and one-half percent of eight-eighths (9.5% of 8/8) of all condensate and distillate produced and saved through a gas well or through a gas distillate well which shall be delivered free of all cost and expense, except taxes on production, at the well or, at the Assignor's option, to the credit of the Assignor into the pipeline to which said well may be connected;

(c) Nine and one-half percent of eight-eighths (9.5% of 8/8) of all oil and other liquid hydrocarbons produced and saved through an oil well, which shall be delivered free of all cost and expense, except taxes on production at the well or, at the Assignor's option, to the credit of the Assignor into the pipeline to which said well may be connected, and,

(d) Nine and one-half percent of eight-eighths (9.5% of 8/8) of the proceeds of the sale, or if no sale, the market value at the well of all casinghead gas produced and saved through an oil well, which shall be paid to Assignor free of all cost and expense, except taxes on production;

3. With respect to the overriding royalty herein excepted and reserved by Assignor, Assignor and Assignee agree, as follows:

(a) That oil and gas used in drilling and operations on the lease acreage and in the handling of production therefrom shall be deducted before said overriding royalty is computed.

(b) Assignee shall furnish to Assignor authentic itemized monthly reports of all production from or attributable to the lease acreage as well as the documented operating costs incurred in connection with

such production. Such reports shall be mailed to Assignor not later than the fifteenth day of the month following that for which the reports are made. In recognition of the business necessity of receiving these reports in a timely fashion, Assignee, by acceptance of this assignment, agrees to pay as partial liquidated damages to Assignor, the sum of Two Hundred Dollars (\$200.00) for each month or portion thereof that Assignee fails to furnish these reports in a timely manner, together with interest at the highest rate allowed by law plus all costs of collection, including attorneys fees. The foregoing payments shall be in addition to any share of revenue attributable to any interests in the lease acreage owned by Assignor. The liquidated damages provisions of this Article shall not be deemed exclusive and shall not preclude the seeking of other damages for the failure to furnish revenue and expense reports, nor shall they limit the right of Amoco to seek other appropriate damages for the breach of any other terms hereof.

(c) That in the event said lease(s) covers less than all of the oil and gas mineral rights in and to the land covered by this assignment or Assignor owns less than the full working interest therein or if the lease acreage is pooled by valid order of the New Mexico Oil and Gas Commission, said overriding royalty shall be proportionately reduced.

4. Assignor hereby reserves the right to use so much of the surface of the land covered by this Assignment as is reasonably necessary to conduct oil and gas operations to deeper formations.

5. As to any wells which Assignee proposes to drill on said lease acreage after the delivery of this assignment, Assignee shall give Assignor notice thereof prior to commencing the actual drilling of any such wells, shall permit Assignor to have access to said wells and the derrick floors thereof at all reasonable times; upon request of the Assignor, shall furnish to Assignor well samples of all cores and cuttings consecutively taken, unless Assignor elects to take such samples itself and, at the request of Assignor, Assignee shall furnish to Assignor copies of any electrical well formation surveys made.

6. In the event that Assignee should elect to surrender, let expire, abandon or release all or any of Assignee's rights in said lease acreage, or any part thereof, Assignee shall notify Assignor not less than

thirty (30) days in advance of such surrender, expiration, abandonment or release and, if requested so to do by Assignor, Assignee immediately shall reassign such rights in said lease acreage, or such part thereof, to Assignor.

7. This assignment is made subject to all the terms and express and implied covenants and conditions of the above described lease(s), insofar as said lease(s) covers the oil and gas mineral rights lying in and under that land above described down to the above specified depth, which terms, covenants and conditions Assignee hereby assumes and agrees to perform with respect to said oil and gas mineral rights lying in and under said land. Said terms, covenants and conditions, insofar as the lease acreage is concerned, shall be binding on Assignee, not only in favor of the lessors and their heirs, successors and assigns, but also in favor of Assignor and its successors and assigns.

8. This assignment is made without warranty of any kind, either express or implied, and is subject to that certain Farmout Contract dated October 20, 1989, between Assignor and Assignee.

9. Assignor reserves and excepts unto itself, its successors and assigns, the option and the exclusive right at any time, at all times and from time to time, to purchase all oil, gas, casinghead gas, and other hydrocarbons produced and saved from said lease acreage. Payment for any oil, distillate, condensate and other liquid hydrocarbons purchased hereunder shall be made at Assignor's posted price, or if Assignor does not post a price then at the prevailing price for production of similar kind and quality in the field where produced on date of delivery. Payment for gas and casinghead gas purchased hereunder shall be made at the wellhead price under contracts for the sale of production of similar kind and quality prevailing in the field at the time such

BRIEF

JWB C/22/89
GLH: 8/22/83 Unit Agent
UNIT#: 075279 0938
PROSPECT: Pan Am Unit Op. Agent
2634

UNIT AGREEMENT & OPERATING AGREEMENT

Effective July 25, 1951

BHP

Energy Reserves Group, Inc. (Sub-Operator)
AMOCO (Unit Operator)

PA's
Need to be
printed

Gallegos Canyon Unit Area

San Juan County, New Mexico

Status:

Producing Unit

ERG operates portion of unit lands from surface to the base of the Pictured Cliffs Formation (which is coincident with the Pictured Cliffs P.A.).

Unit Acreage:

Unit comprises ^{43,146.62}~~27,794.68~~ acres (which is coincident with the Dakota P.A.). AMOCO OPERATOR PICTURED CLIFFS P.A. 27,794.65
Effective Date: 7/25/51

Brief Unit History:

Producing Unit: 9/28/51

1st Unit Enlargement: 9/3/53

2nd Unit Enlargement: 3/27/56

Amendment as to Dual Completions:
9/1/60

Assignment of Production
Payment from Pan Am to OILCO, Inc.:
12/31/65

Amendment of Sale of
Excess Gas: 1/16/68

Communitization of #82 well:
8/12/68

San-
P/S update

BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico	
Case No. <u>10345+</u> <u>10346</u>	Exhibit No. <u>0</u>
Submitted by <u>Locke</u>	
Hearing Date <u>02/27/92</u> <u>03/12/92</u>	

Unit Brief
Page two

Clinton Purchase of Pan Am
Interest: 12/31/69

Amendment to Chargeable
Employee Benefits:
1/25/80

Designation of ERG as
Sub-operator: 6/19/80

Purchase of Dugan #3 Well:
9/29/80

Amendment to Expenditure
Limits: 5/15/81

Pooling of Shallow Formations
on Lands Operated by ERG:
1/25/82

Amendment to Overhead Rates:
1/1/83

ERG Working/Pooled Interest:

30.53902% (Note currently making
offers to buy additional WI

Participating Areas:

Dakota
Operated by AMOCO.

Gallup "A"- "B"- "C"- "D"
Operated by AMOCO.

Pictured Cliffs

	<u>Eff</u>	<u>Total Acres</u>
Original PA:	9/28/51	23,644.81
1st Enlargement :	7/1/53	26,042.82
2nd Enlargement :	1/1/56	26,362.82
3rd Enlargement :	3/1/56	27,002.82
4th Enlargement :	3/27/56	27,794.68

Farmington "A"
Original PA: 9/1/81 160.00

Fruitland "A" through
Third Enlargement
(Operated by AMOCO. 1275.68 acres)

*Southland Op
Now
terminate
du*

("C" terminated 1984)

EFF. T.A.

2nd Enlarg. 11/1/85 832.56
3rd 3/1/85 992.56
4th 8/1/85 1312.56
5th 9/1/85 1448.49

~~Fruitland "E"~~

Operating Agreement:

Orig. PA 2/12/85 160 ac.
1st Enlarg. 9/1/85 ~~480~~ ac.
640 ac.

Note:

Special Note:

cc: M. Conlon
B. Wirth
J. Bair
L. Mull
Geology Dept.
R. Gillespie/Casper
D. Smette/Wichita

Fruitland "B"		Total Acres
	Eff	
Original PA:	9/1/80	160.00
1st Enlargement	8/1/85	160.00 320.00
Fruitland "C"		
Original PA:	3/1/81	160.00
1st Enlargement:	6/1/81	672.56

←
Fruitland "D"
Original PA: 9/1/81 152.45

←
No Casing Point Election
150% Non-consent penalty.
Most unit operations require consent of 60% WI owners in affected participating area, including the drilling of wells, even if less than 60% actually participate in costs.

Extensive land review as to unit status, check for open acreage, review of leases, etc. done in 1980 by Carl Smith on a contract basis.
No recent title available.
A few tracts never committed to unit.

Departments which do not have contract or pertinent portions should request same from land.



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Farmington Resource Area
1235 Laplata Highway
Farmington, New Mexico 87401

Gallegos Canyon Unit (GC)
3180 (019)

IN REPLY REFER TO

JUL 12 1991

*Locke
E + P*

Mr. Richard Tully, P.A.
P.O. Box 268
Farmington, NM 87499-0268

Dear Mr. Tully:

Your letter of June 20, 1991, requested this office to issue BHP Petroleum, as operator of the Gallegos Canyon Unit, an order to cease all operations on Well No's. 390 and 391 because of your concerns about trespass on patented lands in the N/2 Sec. 23, T. 29 N., R. 13 W. These patented lands are not committed to the Gallegos Canyon Unit.

We are unable to comply with your request for the following reasons. Well No. 391 was drilled in the NE/4 of Sec. 23 on patented lands. The BLM has no jurisdiction on operations on patented or state lands and therefore cannot address your trespass issue. Well No. 390 is currently being drilled on Federal Oil and Gas Lease NM-3654, which is committed to the Gallegos Canyon Unit. Since this well is located in an approved location within the unit, we decline to issue an order to BHP Petroleum to cease all operations.

As you are aware, the NMOCD has established 320 acre spacing for the Fruitland Coal. Both of these wells are being drilled within the established spacing. Upon their completion, BHP will be required to submit communitization agreements (CA's) covering each well. These CA's will allocate production to both the Gallegos Canyon Unit and those patented lands not committed to the unit.

Please call Duane Spencer at 327-5344 if you have any questions concerning this matter.

Sincerely,

John Phillips
For John Phillips
Acting Area Manager

1 Enclosure
1 - Copy of June 20, 1991 Letter

cc:
BHP Petroleum (Americas) Inc., 5847 San Felipe, Ste. 3600,
Houston, TX 77057-3005
New Mexico Oil Conservation Division, 1000 Rio Brazos Rd., Aztec, NM 87410

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
10345+

Case No. 10346 Exhibit No. P

Submitted by Locke

Hearing Date 02/27/92 03/12/92



United States Department of the Interior



BUREAU OF LAND MANAGEMENT
Farmington Resource Area
1235 Laplata Highway
Farmington, New Mexico 87401

IN REPLY REFER TO:
Gallegos Canyon Unit (GC)
3180 (019)

MAR 10 1992

Mr. Richard Tully
P.O. Box 268
Farmington, NM 87499-0268

Dear Mr. Tully:

Your letter of March 3, 1992, requested clarification on the commitment status of Tract No. 102 to the Gallegos Canyon Unit. You referred to our letters of July 20, 1991 and Feb. 12, 1992, which contradict each other on this tracts commitment status.

We based our July 20 letter on the information you supplied in your original letter to this office. We assumed that the information you stated in your letter was correct. We regretfully did not do any research on the issue. BHP subsequently requested our determination on the commitment status of Tract No. 102. Since the issue had not been resolved, we researched our unit files. We subsequently determined that the tract was partially committed to the unit and notified BHP of this finding in our Feb. 12, 1992 letter.

For your information, the definition of partially committed (PC) is when the lessor has not committed to the unit, but all the lessees and working interests owners have committed their interests. When this occurs, a well that is drilled on the PC tract can be included in a participating area (PA). However, the working interest owner must allocate the entire production to the PA and also pay the noncommitted parties their just royalty on a leasehold basis.

We hope that this letter clarifies the issue. We regret any problems the contradictions in our letters have caused.

If you have any questions concerning this matter, please call Duane Spencer at (505) 599-8950.

Sincerely,

Mike Pool
Area Manager

cc:
See Attached List

BEFORE THE	
OIL CONSERVATION COMMISSION	
Santa Fe, New Mexico	
Case No. <u>10345+</u>	Exhibit No. <u>Q</u>
Submitted by <u>Locke</u>	
Hearing Date <u>03/12/92</u>	

BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3600
Houston, TX 77057-3005

New Mexico Oil Conservation Division
310 Old Santa Fe Trail, Room 206
Santa Fe, NM 87503

New Mexico Oil Conservation Division
1000 Rio Brazos Road
Aztec, NM 87410

Oil and Gas Mining Lease

THIS AGREEMENT entered into this the 20th day of February, 1947

between Helen Zimmerman and R. J. Zimmerman, her husband Box 452 Farmington, N.M.
hereinafter called lessor,

and Charles Newbold of Aztec, New Mexico. hereinafter called lessee, does witness:

1. That lessor, for and in consideration of the sum of One and no/100 Dollars (\$ 1.00) in hand paid, and of the covenants and agreements hereinafter contained to be performed by the lessee, has this day granted and leased and hereby grants, leases and lets unto the lessee for the purpose of mining and operating for and producing oil and gas, casinghead gas and casinghead gasoline, laying pipelines, building tanks, storing oil, building power stations, telephone lines, and other structures thereon to produce, save, take care of and manufacture all of such substances, and for housing and boarding employees, the following described tract of land in San Juan County, New Mexico, to wit: the East one-half Northeast Quarter; Southwest Quarter of the Northeast Quarter and Thirteen acres in the South Part of the Northwest Quarter of the Northeast Quarter.

in Section 23, Township 29N, Range 13W, and containing 137 acres, more or less.

2. This lease shall remain in force for a term of ten (10) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them is or can be produced.

3. The lessee shall deliver to the credit of the lessor as royalty, free of cost, in the pipe line to which lessee may connect its wells the equal one-eighth part of all oil produced and saved from the leased premises, or at lessee's option, may pay to the lessor for such one-eighth royalty the market price for oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

4. The lessee shall pay lessor, as royalty, one eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found, and where not sold shall pay Fifty (\$50.00) Dollars per annum as royalty from each well, and while such royalty is so paid such well shall be held to be a producing well under paragraph numbered two hereof. The lessor to have gas free of charge from any gas well on the leased premises for stoves and inside lights in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and expense. The lessee shall pay to the lessor for gas produced from any oil well and used by the lessee for the manufacture of gasoline, or any other product, as royalty, one-eighth of the market value of such gas. If said gas is sold by the lessee, then as royalty one-eighth of the proceeds of the sale thereof.

5. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate as to both parties, unless the lessee shall, on or before one year from this date, pay or tender to the lessor or to the lessor's credit in the First National Bank at Farmington, N. M., or its successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, regardless of changes of ownership in said land or in the oil and gas, or in the rentals to accrue thereunder, the sum of

One Hundred Thirty Seven and no/100 Dollars (\$ 137.00) which shall operate as rental and cover the privilege of deferring the commencement of drilling operations for a period of one year. In like manner and upon like payments or tenders, the commencement of drilling operations may be further deferred for like periods successively. ~~The payment or tender of rental herein referred to may be made in currency, draft or check at the option of the lessee and the depositing of such currency, draft or check in any post office, with sufficient postage and properly addressed to the lessor, on said bank, or on the lessor's general paying date, shall be deemed payment as herein provided. Notwithstanding the death of the lessor, or his successor in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors and administrators of such person.~~

6. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes on this land, this lease shall not terminate, provided operations for the drilling of a well shall be commenced by the next ensuing rental paying date, or provided the lessee begins or resumes the payment of the rentals in the manner and amount herein above provided; (and in this event the preceding paragraphs hereof governing the payment of rentals and the manner and effect thereof shall continue in force).

7. In case said lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and rentals herein provided for shall be paid to the said lessor only in the proportion which his interest bears to the whole undivided fee.

8. The lessee shall have the right to use, free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the lessor. When required by lessor, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by its operation to growing crops on said land. No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of the lessor. Lessee shall have the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises, including the right to draw and remove all casing.

9. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall extend to the heirs, executors, administrators, successors and assigns, but no change of ownership in the land or in the rentals or royalties shall be binding on the lessee until after notice to the lessee and it has been furnished with the written transfer or assignment or a certified copy thereof. In case lessee assigns this lease, in whole or in part, lessee shall be relieved of all obligations with respect to the assigned portion or portions arising subsequent to the date of assignment.

10. If the leased premises are now or if same shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportions that the acreage owned by each such separate owners bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or receiving tanks. It is hereby agreed that, in the event this lease shall be assigned as to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers a part or parts of said land upon which said lessee or any assignee hereof shall make due payment of said rental. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments hereof unless and until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payments due hereunder, and to execute division and transfer orders on behalf of said parties, and their respective successors in title.

11. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any royalty or rentals accruing hereunder.

12. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence drilling operations at any time while this lease is in force, this lease shall remain in force and its terms shall continue so long as such operations are prosecuted and, if production results therefrom, then as long as production continues.

13. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided operations for the drilling of a well shall be commenced before or on the next ensuing rental paying date; or, provided lessee begins or resumes the payment of rentals in the manner and amount herein above provided. If, after the expiration of the primary term of this lease, production on the leased premises shall cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and this lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

14. Lessee may at any time surrender this lease, in whole or in part, by delivering or mailing a release or releases thereof to the lessor or by placing a release or releases thereof of record in the proper county.

15. It is agreed that this lease shall never be forfeited or cancelled for failure to perform in whole or in part any of its implied covenants, conditions or stipulations until it shall have first been finally judicially determined that such failure exists, and after such final determination, lessee is given a reasonable time therefrom to comply with any such covenants, conditions or stipulations.

All payments or tenders may be made by check or draft or credit of lessee or any assignee thereof, mailed or delivered on or before the rental paying date.

BHP
EXHIBIT NO. 2
CASE NO. _____

1-29

ASSIGNMENT OF OIL AND GAS LEASE

Know All Men by These Presents:

That the undersigned, Charles Newbold and wife,

Edna Frances Newbold

(hereinafter called Assignor), for and in consideration of One Dollar (\$1.00) the receipt whereof is hereby acknowledged, does hereby sell, assign, transfer and set over unto

STANOLIND OIL AND GAS COMPANY

(hereinafter called Assignee), rights, title and interest in and to the oil and gas lease dated February 20, 1947, 19 from Helen Zimmerman and husband, R. J. Zimmerman

to Charles Newbold

recorded in book _____ page _____ WHICH as said lease covers the following described land in San Juan County, State of New Mexico:

The East Half of Northeast Quarter (E/2 NE/4), Southwest Quarter of Northeast Quarter (SW/4 NE/4) and Thirteen (13) Acres in South Part of Northwest Quarter of Northeast Quarter (NW/4 NE/4) Section Twenty-three (23), Township Twenty-nine (29) North, Range Thirteen (13) West, containing 137 acres more or less.

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

And for the same consideration the Assignor covenants with the Assignee, its or his heirs, successors or assigns: That the Assignor is the lawful owner of and has good title to the interest above assigned in and to said lease, estate, rights and property, free and clear from all liens, encumbrances or adverse claims; That said lease is a valid and subsisting lease on the land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed; and that the Assignor will warrant and forever defend the same against all persons whomsoever, lawfully claiming or to claim the same.

EXECUTED, This 28th day of February, 1947.

(Charles Newbold) Charles Newbold
(Edna Frances Newbold) Edna Frances Newbold

ACKNOWLEDGMENT FOR INDIVIDUAL (Oklahoma and Kansas)

STATE OF NEW MEXICO }
COUNTY OF SAN JUAN } NS

Before me, the undersigned, a Notary Public within and for said County and State, on this 18th day of April, 1947, personally appeared Charles Newbold and wife, Edna Frances Newbold to me well known to be the identical person who executed the within and foregoing instrument, and duly acknowledged to me that Ch. N. executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

In testimony whereof I have hereunto set my hand and official seal the day and year last above written.

My Commission expires July 22, 1950 Wlsie Dial Notary Public
(SEAL)

ACKNOWLEDGMENT FOR CORPORATION

STATE OF _____ }
COUNTY OF _____ } NS

Before me, the undersigned, a Notary Public within and for said County and State, on this

STATE OF NEW MEXICO
County of San Juan
I hereby certify that this instrument filed for record on April 19 at 10:39 A.M. 1947 entered in book 125 page 154 of the records of said county.
Liska Dial
Notary Clerk and ex-officio
Deputy

INDEXED

2-33
 at 9:33 A.M. and date
 located in book... page...
 of the Records of said county.
 Virginia A. Kettell
 Probate Clerk and Ex-Officio Recorder
 Dallas County
 Deputy

ASSIGNMENT

STATE OF NEW MEXICO)
)
 COUNTY OF SAN JUAN)

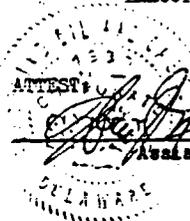
KNOW ALL MEN BY THESE PRESENTS:

THAT in consideration of \$1.00 and other good and valuable considerations,
 the receipt of which is hereby acknowledged, Stanolind Oil and Gas Company, a corpora-
 tion, hereby does bargain, sell, assign, transfer and convey unto Earl A. Benson and
 Wm. V. Montin, their heirs and assigns, an undivided 1/2 of all its right, title and
 interest in and to each of the oil and gas leases described in the Lease Schedule
 marked Exhibit "A", attached hereto and made a part hereof, insofar as said leases
 respectively cover the land specifically described in said Lease Schedule, said
 land being situated in San Juan County, State of New Mexico.

Certain of the leases described in said Lease Schedule are located within
 the unit area described in that certain Unit Agreement for the Development and Opera-
 tion of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico, dated
 November 1, 1950, which leases have been committed to said Unit Agreement and the
 Unit Operating Agreement executed by the working interest owners in connection there-
 with. With respect to such leases so committed, this assignment is expressly made
 subject to said Unit Agreement and Unit Operating Agreement. This assignment is
 further made subject to the terms and provisions of that certain agreement made and
 entered into on the 1st day of December, 1949, by and between Stanolind Oil and Gas
 Company and Earl A. Benson and Wm. V. Montin, which agreement is styled "Contract
 Providing for the Drilling of Six Test Wells and Assignment of Lease Acreage".

This assignment is made without warranty of any kind, express or implied.

EXECUTED this 14 day of November, 1951.


 ATTEST:
[Signature]
 Assistant Secretary

STANOLIND OIL AND GAS COMPANY
 BY *[Signature]*
 Attorney in Fact

APPROVED
 7/1
 7/1

STATE OF TEXAS
 COUNTY OF TARRANT

On this 14 day of November 1951, before me appeared John A. Evans
 to me personally known, who, being by me duly sworn did say that
 he is the Attorney in Fact of Stanolind Oil and Gas Company, and that the seal affixed
 to said instrument is the corporate seal of said corporation and that said instrument
 was signed and sealed in behalf of said corporation by authority of its board of dir-
 ectors, and said John A. Evans acknowledged said instrument to be
 the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this,
 the day and year first above written.


 My Commission Expires 6-1-53.

[Signature]
 Notary Public in and for Tarrant
 County, Texas. Ada Belle Lartman

Stanolind LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED BOOK	RECORDED PAGE
74441-A	J. E. Crawford, et ux	Charles Newbold	1/30/47	NE/4 SW/4, NW/4 SE/4, W/2 SE/4 SW/4, SW/4 SW/4 Section 24; W/2 NW/4, N/2 SW/4 Section 25; NE/4 SE/4 Section 26-29N-12W	125	161
74441-B	Mrs. Maud Farrwell	Stanolind Oil and Gas Company	10/23/47	E/2 SE/4 Section 26-29N-12W	130	76
74442	J. E. Crawford, et ux	Charles Newbold	2/27/47	S/2 NE/4, NW/4 SE/4 Section 28-29N-12W	125	163
74443	L. V. Goff, et ux	Charles Newbold	1/31/47	NW/4 Section 29; SE/4 SW/4 Section 20-29N-12W	125	157
74444	H. H. Smith, et ux	Charles Newbold	2/8/47	W/2 NW/4, W 24 ac. of NW/4 SW/4 Section 19-29N-12W; E 5 ac. of SE/4 NE/4 Sec. 24-29N-13W	125	167
74445	W. T. Calloway	Charles Newbold	2/11/47	SW/4 NW/4, N/2 SW/4 Section 30-29N-12W SE/4 NE/4 Section 25-29N-13W	125	159
74462	J. W. Doak, et ux	Charles Newbold	1/30/47	E/2 NW/4, NE/4 SW/4, NE/4, SW/4 NW/4, NW/4 SW/4 Section 26-29N-12-N.	125	155
74463	Helen Zimmerman, et vir	Charles Newbold	2/20/47	E/2 NE/4, SW/4 NE/4, and 13 ac. in S part NW/4 NE/4 Section 23-29N-13W	125	153
74464	Daye Miller, et al	Charles Newbold	2/11/47	NW/4 SE/4, S/2 SE/4, SE/4 SW/4 Section 30-29N-12W	125	151
74465	J. S. Hartman, et al	Charles Newbold	1/31/47	NE/4 NW/4, SE/4 Section 34; SW/4 NW/4, W/2 SW/4 Section 35-29N-12W	125	149
74467	Phil Schenck, et ux	Charles Newbold	2/24/47	SW/4 NE/4 Section 25-29N-13W; W/2 SW/4, SE/4 SW/4 Section 29-29N-12W	125	147
74468	J. S. Hartman, et al	Charles Newbold	1/31/47	E/2 SW/4, SE/L, E/2 NE/4 Section 35-29N-12W	125	145

✓

STANDARD LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED BOOK	PAGE
74469	Owen K. McCarty, et ux	Charles Newbold	3/13/47	East 23 ac. in NW/4 NW/4 Section 24-29N-13W ✓	125	177
74480-A	Marla C. Peterson	Charles Newbold	3/12/47	NE/4 NW/4, SW/4 SE/4 Section 25-29N-12W ✓	125	169
74480-B	Cecelia P. Ransom	Stanolind Oil and Gas Company	3/12/48	NE/4 NW/4, SW/4 SE/4 Section 25-29N-12W ✓	135	122
74780-C	Cecil R. Peterson, et ux	Stanolind Oil and Gas Company	3/1/49	NE/4 NW/4, SW/4 SE/4 Section 25-29N-12W ✓	135	301
74481	J. B. Lancaster	Charles Newbold	3/8/47	S/2 NW/4, SW/4 NE/4 Section 24-29N-13W ✓	125	175
74482	Joe T. Kellensers, et ux	Charles Newbold	3/8/47	NE/4 NW/4 Section 24-29N-13W ✓	125	171
74483	H. B. Sammons, et vir	Charles Newbold	2/27/47	NW/4 NW/4, S/2 NW/4, NE/4 SW/4 Section 28-29N-12W ✓	125	165
74484	Andres Medina	Charles Newbold	3/12/47	N/2 NE/4 Section 33; N/2 NW/4 Section 34-29N-12W ✓	125	173
74494	Thomas F. Kerby, et ux	Stanolind Oil and Gas Company	5/8/47	East 60 ac. of E/2 SW/4 Section 19-29N-12W ✓	125	241
79788	Thomas F. Kerby, et ux	Stanolind Oil and Gas Company	9/17/47	West 20 ac. of E/2 SW/4 Section 19-29N-12W ✓	130	25
79789	S. H. Carlton, et ux	Stanolind Oil and Gas Company	9/17/47	West 17 ac. of NW/4 NW/4 Section 24-29N-12W ✓	130	26
79790	Howard H. Smith, et ux	Stanolind Oil and Gas Company	9/17/47	East 16 ac. of NW/4 SW/4 Section 19-29N-12W ✓	130	27
79792	H. B. Sammons, et al	Stanolind Oil and Gas Company	9/17/47	E/2 SE/4 SE/4 Section 27-29N-12W ✓	130	28
79793	Thomas Gordon, et ux	Stanolind Oil and Gas Company	9/24/47	S/2 SE/4 Section 22-29N-12W ✓	130	30

Stanolind LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED PAGE	77
79794-A	Mrs. C. V. H. Carlisle	Stanolind Oil and Gas Company	9/17/47	W/2 SW/4 SE/4 Section 27-29N-12W ✓	130	77
79794-B	M. H. Stark, et ux	Stanolind Oil and Gas Company	8/18/48	E/2 NE/4, NE/4, NW/4, NE/4, Section 34; SW/4 SE/4, NW/4 SW/4, W/2 SW/4 SW/4 Section 27; E/2 SE/4 Section 28-29N-12W	130	467
79794-C	Jesse T. Brimhall, et ux	Stanolind Oil and Gas Company	12/16/48	NW/4 SW/4, W/2 SW/4 SW/4 Section 27; E/2 SE/4 Section 28-29N-12W	135	169
79800	H. L. Sterling, et al	Stanolind Oil and Gas Company	5/15/47	NW/4, NE/4, SE/4, NW/4, S/2 NE/4, N/2 NW/4 Section 30; SW/4 SW/4 Section 19- 29N-12W; S/2 S/2 Section 24; N/2 N/2 ✓ Section 25-29N-13W	130	78
87720	J. D. Roquemore, et ux	Stanolind Oil and Gas Company	8/17/48	E/2 SW/4 SW/4 Section 20-29N-12A	135	1
87722	C. W. Clegg, et ux	Stanolind Oil and Gas Company	8/19/48	E/2 SW/4 Section 15-29N-12W ✓	135	5
87729	Anthony J. Michel, et al	Stanolind Oil and Gas Company	9/8/48	W/2 E/2 NE/4, E/2 E/2 NE/4 Section 24- 29N-13W, Except 5 ac. out of the S/2 of the last call ✓	135	31
87766	Sandia Corporation	anolind Oil and Gas Company	10/5/48	Lot 2 or SW/4 NW/4, SE/4 NW/4, NE/4 SW/4, W/2 SE/4 Section 18-29N-13W ✓	135	105
87770	John B. Arrington, et al	Stanolind Oil and Gas Company	8/18/48	W/2 NE/4, E/2 NW/4 Section 35-29N-12W ✓	135	93
87774-A	Gladye Booram	Stanolind Oil and Gas Company	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13- 29N-13W	135	127
87774-B	Thomas W. Kerby, et ux	Stanolind Oil and Gas Company	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13- 29N-13W	135	176

Stanolind LEASE NO.	LESSOR	LESSEE	DATE	DESCRIPTION	RECORDED BOOK	PAGE
87781	Charles W. Beers, et ux	Stanolind Oil and Gas Company	9/8/48	SW/4 SE/4 Section 24, except 4 ac; NW/4 NE/4 Section 25-29N-12W ✓	135	138
87782	Jessie Cox Churchill	Stanolind Oil and Gas Company	11/12/48	NW/4 SW/4 Section 13; All that part of NE/4 SE/4 Section 14 lying E of Echo Irrigation Ditch, Twp. 29N-13W	135	142
87789	J. B. Brown, et ux	Stanolind Oil and Gas Company	11-29-48	W/2 SW/4 SW/4 Section 13-29N-13W ✓	135	144
87810	Clair Patterson, et al	Stanolind Oil and Gas Company	12/4/48	N/2 SW/4 NE/4, S 3/4 NW/4 SE/4 ✓ Section 25-29N-12W	135	151
87821	Jesse T. Brimball, et ux	Stanolind Oil and Gas Company	12/16/48	SE/4 SW/4 Section 27-29N-12W ✓	135	168
87823	Arthur Coy, et ux	Stanolind Oil and Gas Company	12/16/48	East 1,071 ft. of SW/4 NW/4 Section 13- 29N-13W ✓	135	179
79961	Charles R. Keller, Jr, et ux	Stanolind Oil and Gas Company	6/28/48	S/2 N/2 Section 34-29N-12W ✓	130	412
87679	Enos James Strawn, et ux	Stanolind Oil and Gas Company	8/2/48	NW/4 NW/4 Section 13; Frac. part of NE/4 NE/4 Section 14-29N-13W	135	10
87702	Goldie A. Chapman, et ux	Stanolind Oil and Gas Company	8/17/48	W/2 SW/4 SW/4 Section 20; SE/4 SE/4 Section 19-29N-12W ✓	130	464
87705	F. L. Lee, et ux	Stanolind Oil and Gas Company	8/17/48	E/2 N/2 Section 29; SW/4 SE/4 ✓ Section 20-29N-12W	130	469
87706	Frank Marsarow, et ux	Stanolind Oil and Gas Company	8/13/48	SE/4 SW/4 Section 22; NE/4 NW/4 Section 27-29N-12W ✓	130	470

I hereby certify that this instrument is a true and correct copy of the original as filed for record in the County of San Juan, New Mexico, on the 18th day of January, 1952, at 3:10 P.M. and recorded in Book 175, Page 181 of the Records of said County.

Virginia A. Battell
 Notary Public and ex-officio Recorder

ASSIGNMENT

STATE OF NEW MEXICO)
 COUNTY OF NEW MEXICO)

KNOW ALL MEN BY THESE PRESENTS:

That in consideration of \$1.00 and other good and valuable considerations, the receipt of which is hereby acknowledged, Earl A. Benson and Ivy E. Benson, husband and wife, and Wm. V. Montin and Kathleen M. Montin, husband and wife, hereby do bargain, sell, assign, transfer and convey unto Benson & Montin, Inc., a corporation, all of their right, title and interest in and to each of the oil and gas leases described in the Lease Schedule marked Exhibit "A", attached hereto and made a part hereof, insofar as said leases respectively cover the land specifically described in said Lease Schedule, said land being situated in San Juan County, State of New Mexico.

The leases described in said Lease Schedule are located within the unit area described in that certain Unit agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico, dated November 1, 1950, which leases have been committed to said Unit Agreement and the Unit Operating Agreement executed by the working interest owners in connection therewith. With respect to such leases so committed, this assignment is expressly made subject to said Unit Agreement and Unit Operating Agreement. This assignment is further made subject to the terms and provisions of that certain agreement made and entered into on the 1st day of December, 1949, by and between Stanolind Oil and Gas Company and Earl A. Benson and Wm. V. Montin, which agreement is styled "Contract Providing for the Drilling of Six Test Wells and Assignment of Lease Acreage."

This assignment is made without warranty of any kind, express, or implied.

Executed this 18th day of January, 1952.

Earl A. Benson
 Earl A. Benson

Ivy E. Benson
 Ivy E. Benson

Wm. V. Montin
 Wm. V. Montin

Kathleen M. Montin
 Kathleen M. Montin

STATE OF OKLAHOMA)
 COUNTY OF OKLAHOMA) SS

Before me, the undersigned, a Notary Public within and for said County and State, on the 18th day of January, 1952, personally appeared Earl A. Benson, Ivy E. Benson, Wm. V. Montin, and Kathleen M. Montin, to me well known to be the identical persons who executed the same as their free and voluntary act and deed for the uses and purposes set forth therein.

In Testimony Whereof I have hereunto set my hand and official seal the day and year last above written.



Virginia A. Battell
 Notary Public

My Commission expires 7/10/55

LEASE SCHEDULE

COUNTY OF SAN JUAN

STATE OF NEW MEXICO

EXHIBIT "A" PAGE ONE

BOOK	LESSOR	DATE	DESCRIPTION	Recorded Book Page
74449	J. E. Crawford, et ux	1/30/47	W/2 NW/4, W/2 SW/4 Section 25 NE/4 SE/4 Section 26-29N-12W	125 161
74450	Mrs. Maud Farrell	10/23/47	NE/4 SE/4 Section 26-29N-12W SE/4 SE/4 Section 26-29N-12W	130 76
74451	W. E. Crawford, et ux	2/27/47	S/2 NE/4, NW/4 SE/4 Sec. 28-29N-12W	125 160
74452	L. V. Galt, et ux	1/31/47	NW/4 Sec. 29; SE/4 SW/4 Sec. 20, 29N-12W	125 157
74453	H. E. Smith, et ux	2/8/47	W/2 NW/4, W 24 ac. of NW/4 SW/4 Section 19-29N-12W; E 5 ac. of SE/4 NE/4 Section 24-29N-13W	125 167
74454	W. T. Calloway	2/11/47	SW/4 NW/4, W/2 SW/4 Sec. 30-29N-12W SE/4 NE/4 Section 25-29N-13W	125 159
74455	J. W. Doak, et ux	1/30/47	E/2 NW/4, NE/4 SW/4, NE/4, SW/4 NW/4, NW/4 SW/4 Section 26-29N-12W	125 155
74456	Helen Zimmerman, et vir	2/20/47	E/2 NE/4, SW/4 NE/4, and 13 ac. in S part NW/4 NE/4 Section 23-29N-13W	125 153
74457	Daye Miller, et al	2/11/47	NW/4 SE/4, S/2 SE/4, SE/4 SW/4 Section 30-29N-12W	125 151
74458	J. S. Hartman, et al	1/31/47	NE/4 SW/4, SE/4 Section 34; W/2 SW/4, SW/4 NW/4 Sec. 35-29N-12W	125 149
74459	Phil Schenck, et ux	2/24/47	SW/4 NE/4 Sec. 25-29N-13W; W/2 SW/4, SW/4 SW/4 Section 29-29N-12W	125 147
74460	J. B. Hartman, et al	1/31/47	E/2 SW/4, SE/4, E/2 NE/4 Section 35-29N-12W	125 145
74461	Owen K. McGarty, et ux	3/13/47	East 28 ac. in NW/4 NW/4 Section 24-29N-13W	125 177

LEASE SCHEDULE

EXHIBIT "A" PAGE TWO STATE OF NEW MEXICO COUNTY OF SAN JUAN

MIN Stanolind Co. Case No. Vol.	LESSOR	LESSEE	DATA	DESCRIPTION	Recorded Book Page
79480-0	Marie C. Peterson	Charles Newbold	3/12/47	NE/4 NW/4, SW/4 SE/4 Sec. 25-29N-12W	125 169
79480-0	Cecilia F. Babson	Stanolind Oil and Gas Company	3/12/48	NE/4 NW/4, SW/4 SE/4 Sec. 25-29N-12W	133 122
79480-0	Cecil E. Peterson, et ux	Stanolind Oil and Gas Company	3/1/49	NE/4 NW/4, SW/4 SE/4 Sec. 25-29N-12W	133 301
79481	S. B. Lancaster	Charles Newbold	1/8/47	S/2 NW/4, SW/4 NE/4 Sec. 24-29N-13W	125 175
79483	H. B. Sammons, et vir	Charles Newbold	3/27/47	NW/4 NW/4, S/2 NW/4, NE/4 SW/4 28-29N-12W	125 165
79484	Jose T. Kelleners, et ux	Charles Newbold	3/8/47	NE/4 NW/4 Section 24-29N-13W	125 171
79484	Andres Medina	Charles Newbold	3/12/47	N/2 NE/4 Sec. 33; W/2 NW/4 Sec. 34-29N-12W	125 173
79490	Thomas F. Kerby, et ux	Stanolind Oil and Gas Company	5/8/47	E. 60 ac. of E/2 SW/4 Sec. 19-29N-12W	125 241
79788	Thomas F. Kerby, et ux	Stanolind Oil and Gas Company	9/17/47	W. 20 ac. of E/2 SW/4 Section 19-29N-12W	130 25
79789	S. H. Carlton, et ux	Stanolind Oil and Gas Company	9/17/47	W. 12 ac. of NW/4 NW/4 Section 24-29N-13W	130 26
79790	Howard H. Smith, et ux	Stanolind Oil and Gas Company	9/17/47	E. 16 ac. of NW/4 SW/4 Section 19-29N-12W	130 27
79792	H. B. Sammons, et al	Stanolind Oil and Gas Company	9/17/47	E/2 SE/4 SE/4 Section 27-29N-12W	130 28
79793	Thomas Gordon, et ux	Stanolind Oil and Gas Company	9/24/47	S/2 SE/4 Section 22-29N-12W	130 30
79794-A	Mrs. C. V. H. Carlisle	Stanolind Oil and Gas Company	9/17/47	W/2 SW/4 SE/4 Section 27-29N-12W	130 77
79794-B	M. H. Stark, et ux	Stanolind Oil and Gas Company	8/18/48	W/2 SW/4 SE/4 Section 27-29N-12W E/2 SW/4 SE/4 Section 27-29N-12W NW/4 NE/4, E/2 NW/4 NE/4 34-29N-12W E/2 SE/4 Section 28-29N-12W NW/4 SW/4, W/2 SW/4 SW/4 Sec. 27-29N-12W NW/4 SW/4, W/2 SW/4 SW/4 Section 27-29N-12W E/2 SE/4 Section 28-29N-12W	130 467
79794-0	Jesse T. Brimball, et ux	Stanolind Oil and Gas Company	12/16/48		135 169
79800	H. L. Sterling, et al	Stanolind Oil and Gas Company	5/15/47	NW/4 NE/4, SE/4 NW/4, S/2 NE/4, N/2 NW/4 Sec. 30; SW/4 SW/4 Sec. 19-29N-12W; S/2 S/2 Sec. 24; W/2 W/2 Section 25-29N-13W	130 78

LEASE SCHEDULE

EXHIBIT "A" PAGE THREE COUNTY OF SAM JUAN

STATE OF NEW MEXICO

LESSOR LESSOR

Well No.	Lessee	DATE	DESCRIPTION	Recorded Book Page
87720 ✓	J. D. Roguamere, et ux	8/17/48	E/2 SW/4 SW/4 Sec. 20-29N-12W	135 1
87729 ✓	Anthony J. Michel, et al	9/8/48	W/2 E/2 NE/4, N/2 E/2 NE/4 Section 24-29N-13W, except 5 ac. out of the S/2 of the last cell	135 31
87766 ✓	Sandia Corporation	10/5/48	Lot 2 or SW/4 NW/4, SE/4 NW/4, NE/4 SW/4 Section 18-29N-12W W/2 SE/4 Section 18-29N-12W	135 105
87774-A ✓	Gladys Booran	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W	135 127
87774-B ✓	Thomas W. Kerby, et ux	11/1/48	E/2 SW/4 SW/4, SE/4 SW/4 Section 13-29N-13W	135 176
87782 ✓	Jessie Cox Churchhill	11/12/48	NW/4 SW/4 Section 13-29N-13W	135 142
87789 ✓	J. B. Brown, et ux	11/29/48	W/2 SW/4 SW/4 Section 13-29N-13W	135 144
87810 ✓	Clair Patterson, et al	12/4/48	S 3/4 NW/4 SE/4 Section 25-29N-12W	135 1:1
87821 ✓	Jesse T. Brimhall, et ux	12/16/48	SE/4 SW/4 Section 27-29N-12W	135 168
87823 ✓	Arthur Coy, et ux	12/16/48	E. 1,071 ft. of SW/4 NW/4 Section 13-29N-13W	135 179
79961 ✓	Charles R. Keller, Jr., et ux	6/28/48	S/2 N/2 Section 34-29N-12W	130 412
87679 ✓	Maou James Strawn, et ux	8/2/48	NW/4 NW/4 Section 13-29N-13W	135 10
87702 ✓	Gollie A. Chapman, et ux	8/17/48	W/2 SW/4 SW/4 Sec. 20; SE/4 SE/4 Section 19-29N-12W	130 464
87705 ✓	F. V. Lee, et ux	9/17/48	S/2 N/2 Sec. 29; SW/4 SW/4 Sec. 20-29N-12W	130 469
87706 ✓	Frank Harstov, et ux	9/13/48	SE/4 SW/4 Sec. 22; NW/4 NW/4 Section 27-29N-12W	130 470

Return:
Benson & Monte
1501 Petroleum Bldg
Oklahoma City 1-6-48

121

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ASSIGNMENT

STATE OF NEW MEXICO)
 County of San Juan)
 I hereby certify that this instrument was
 filed for record on Monday, July 15, 1952
 at 8:40 o'clock A.M. and duly re-
 corded in Book 223 page 121
 of the records of said county. W. J. Pettell
 Probate Clerk and ex-officio Recorder.

STATE OF NEW MEXICO)
 COUNTY OF SAN JUAN)

KNOW ALL MEN BY THESE PRESENTS:

That HENSON & MONTIN, INC., a corporation, for and in consideration of the sum of \$1.00 and other good and valuable considerations to it paid by Earl A. Benson and Wm. V. Montin, the receipt and sufficiency of which are hereby acknowledged, hereby do bargain, sell, transfer and deliver unto said EARL A. HENSON and WM. V. MONTIN all its interest in and to that certain oil and gas lease dated February 20, 1947, made and entered into by and between Helen Zimmerman and R. J. Zimmerman, her husband, lessors, and Charles Newbold, lessee, recorded in Book 125, at Page 153, insofar as said lease covers the E/2 NE/4, SW/4 NE/4, and 13 acres in the South part of the NW/4 NE/4 Section 23-29N-13W, San Juan County, New Mexico.

This transfer is expressly made subject to that certain Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico, dated November 1, 1950, and to the Unit Operating Agreement executed by the working interest owners in connection therewith. This assignment is further made subject to the terms and provisions of that certain agreement made and entered into on the 1st day of December, 1949, by and between Standind Oil and Gas Company and Earl A. Benson and Wm. V. Montin, which agreement is styled "Contract Providing for the Drilling of Six Test Wells and Assignment of Lease Acreage."

This transfer is made without warranty of any kind, express or implied.
 WITNESSED This 15th day of July, 1952.



HENSON & MONTIN, INC.

By Earl A. Benson
 President

Jack L. ...
 Secretary

STATE OF OKLAHOMA)
) SS
 COUNTY OF OKLAHOMA)

On this 23rd day of July, 1952, before me, Winnifred Reneau, a Notary Public in and for said County and State, personally appeared Earl A. Benson, to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its President, and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein expressed, and that he is authorized and empowered by such corporation to execute said instrument.



Winnifred Reneau
 Notary Public

My Commission expires July 10, 1955

Return by Henson & Montin, Inc.
 1501 Oklahoma City
 Oklahoma City, Okla.

H65

STATE OF NEW MEXICO, County of San Juan SS. I hereby certify the instrument was filed for record on October 16, 1952 at 11:46 A.M. and duly recorded in book 224 Page 1107 of the Records of said county. W. H. Pettit Public Clerk and ex-officio Notary



THE STATE OF NEW MEXICO |
COUNTY OF SAN JUAN |

A S S I G N M E N T

KNOW ALL MEN BY THESE PRESENTS:

That, in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STANOLIND OIL AND GAS COMPANY, a corporation, and EARL A. BENSON and WM. V. MONTIN (hereinafter referred to as "Assignors"), do hereby bargain, sell, assign, transfer and convey unto LLOYD D. LOCKE and LLOYD B. TAYLOR, doing business as and under the name of Locke-Taylor Drilling Company, their respective heirs and assigns (hereinafter referred to as "Assignees"), all of the Assignors' right, title and interest in and to the following described oil, gas and mineral lease, covering land situated in San Juan County, New Mexico, to wit:

(Stanolind Lease No. 74463)

Lessor: Helen Zimmerman and R. J. Zimmerman, her husband
Lessee: Charles Newbold
Dated: February 20, 1947
Recorded: Volume 125, at Page 153, Records of San Juan County, New Mexico

insofar as said lease covers the following described land in said County and State, to wit:

The East Half of the Northeast Quarter (E/2 of NE/4), the Southwest Quarter of the Northeast Quarter (SW/4 of NE/4), and 13 acres in the South part of the Northwest Quarter of the Northeast Quarter of Section 23, T-29-N, R-13-W, FROM THE SURFACE THEREOF DOWN TO THE BASE OF THE PICTURED CLIFFS FORMATION

(said lease and land above described as to the depth hereinabove specified, being sometimes hereinafter referred to as the "lease acreage"), subject to the following terms, covenants and conditions:

1. In addition to any and all other overriding royalties, production payments and other encumbrances to which said lease acreage may be subject, the Assignor hereby excepts and reserves unto themselves, their respective successors, heirs and assigns, in the proportion of one half (1/2) to Stanolind Oil and Gas Company, one fourth (1/4) to Earl A. Benson, and one fourth (1/4) to Wm. V. Montin, the following overriding royalty:

107-A

(a) Five percent of eight-eighths ($\frac{5}{8}$ of $\frac{8}{8}$) of all oil, distillate, condensate and other liquid hydrocarbons produced and saved from said lease acreage under said lease, or any extensions or renewals thereof, which shall be delivered free of all cost and expense, except taxes on production, at the well or wells on said lease acreage or, at the Assignors' option, to the credit of the Assignors into the pipe line to which said well or wells may be connected;

(b) Five percent of eight-eighths ($\frac{5}{8}$ of $\frac{8}{8}$) of all gas and casinghead gas produced and saved from said lease acreage under said lease, or any extensions or renewals thereof, the market value (at the well) of which shall be paid to the Assignors free of all cost and expense, except taxes on production.

2. In addition to the foregoing overriding royalty and to any other overriding royalties, production payments and other encumbrances to which said lease acreage may be subject, the Assignors hereby except and reserve unto themselves, their respective successors, heirs and assigns, in the proportion of one half ($\frac{1}{2}$) to Stanolind Oil and Gas Company, one fourth ($\frac{1}{4}$) to Earl A. Benson, and one fourth ($\frac{1}{4}$) to Wm. V. Montin, five percent of eight-eighths ($\frac{5}{8}$ of $\frac{8}{8}$) of all the oil, distillate, condensate, gas, casinghead gas and other hydrocarbon substances produced and saved from said lease acreage under said lease, or any extension or renewal thereof, until the Assignors, their successors, heirs or assigns, shall have received therefrom, free of all costs, expenses and charges for development and operations, the net total sum of One Thousand Nine Hundred Ninety Five Dollars (\$1,995.00) in excess of taxes on production; provided, that, at the option of the Assignors, the above specified portion of said production, or any of it, shall be delivered to the Assignors free of said costs, expenses and charges at the well or wells on said lease acreage or, at the Assignors' option, to the credit of the Assignors into the pipe line to which said well or wells may be connected.

3. With respect to the overriding royalty and production payment herein excepted and reserved by the Assignors, the Assignors and the Assignees agree, as follows:

(a) That oil and gas used in drilling and operations on said lease acreage and in the handling of production therefrom shall be deducted before said overriding royalty and said production payment are computed.

(b) That the Assignees shall furnish to the Assignors authentic itemized monthly reports of all production from said lease acreage, such reports to be mailed not later than the fifteenth day of the month following that for which the report is made.

4. As to any wells drilled on said lease acreage by the Assignees after the delivery of this assignment, the Assignees shall give the Assignors access to said wells and the derrick floor at all reasonable times and, upon request of the Assignors, shall furnish to the Assignors well samples of all cores and cuttings consecutively taken, unless the Assignors themselves elect to take such samples; and, at the request of the Assignors, the Assignees shall furnish to the Assignors copies of any electrical well formation surveys made.

5. In the event that the Assignees should elect to surrender, not expire, abandon or release all or any of their rights in said lease acreage, or any part thereof, the Assignees shall notify the Assignors not less than sixty (60) days in advance of such surrender, expiration, abandonment or release and, if requested so to do by the Assignors, the Assignees immediately shall reassign such rights in said lease acreage, or such part thereof, to the Assignors.

6. This assignment is made subject to all the terms and the express and implied covenants and conditions of the above described lease, insofar as it covers the said lease acreage, which terms, covenants and conditions the Assignees hereby assume and agree to perform with respect to the said lease acreage. Said terms, covenants and conditions, insofar as the said lease acreage is concerned, shall be binding on the Assignees, not only in favor of the lessors and their heirs and assigns, but also in favor of the Assignors and their successors, heirs and assigns.

7. This assignment is made without warranty of any kind.

8. Assignors have heretofore, as owners of the aforesaid lease, executed that certain Unit Agreement for the Development and Operation of the Gallegos Canyon Area dated November 1, 1950, formed under the Act of Congress approved February 25, 1920, wherein Earl A. Benson and Wm. V. Montin are named Unit Operators, and Assignors have also executed that certain Unit Accounting Agreement under said Unit Agreement dated January 15, 1951. The land covered by said lease is within the boundaries of the unit area of said Unit Agreement, but is not yet within any participating area formed or designated thereunder. The lessors of said lease have

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refused to execute said Unit Agreement. Assignors make no representation or warranty as to whether the said lease acreage is or is not committed to or affected by said Unit Agreement or Unit Accounting Agreement by reason of the execution by Assignors of the instruments above referred to, or either of them, and Assignees accept this Assignment without prejudice to their right to contend that the lease acreage herein assigned is acquired free from the provisions of said Unit Agreement and Unit Accounting Agreement, but in the event said lease acreage shall be found to be subject to the terms of said agreements, Assignees accept said lease acreage subject to all the terms and provisions of said agreements.

9. All notices, reports and other communications required or permitted hereunder, or desired to be given with respect to the rights or interests herein assigned or reserved, shall be deemed to have been properly given or delivered when delivered personally or sent by registered mail or telegraph, with all postage or charges fully prepaid, and addressed to the Assignors and Assignees, respectively, as follows:

Assignors:

Stanolind Oil and Gas Company
Oil and Gas Building
P. O. Box 1410
Fort Worth, Texas

Benson-Montin
316 Petroleum Building
Oklahoma City, Oklahoma

Assignees:

Locks-Taylor Drilling Company
407 North Allen
Farmington, New Mexico

10. The terms, covenants and conditions hereof shall be binding upon, and shall inure to the benefit of the Assignors and Assignees, the successors and assigns of Stanolind Oil and Gas Company, and the respective heirs, administrators, executors, devisees, representatives and assigns of the other parties hereto; and such terms, covenants and conditions shall be covenants running with the land above described and the lease acreage herein assigned and with each transfer or assignment of said land or lease acreage.

TO HAVE AND TO HOLD said lease acreage unto the Assignees, their respective heirs and assigns, subject to the terms, covenants and conditions hereinabove set forth.

EXECUTED THIS 23rd day of January, ¹⁹⁵³ 1952.

Ivy E. Benson
Ivy E. BENSON
Kathleen M. Montin
K. M. MONTIN

Earl A. Benson
EARL A. BENSON
Wm. V. Montin
WM. V. MONTIN

ATTEST:
[Signature]
Assistant Secretary

STANOLIND OIL AND GAS COMPANY
by [Signature]
Attorney in Fact

APPROVED
[Signature]

STATE OF OKLAHOMA |
COUNTY OF OKLAHOMA |

On this 23rd day of January, 1953, before me personally appeared EARL A. BENSON and wife, Ivy E. Benson, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this 23rd day and year first above written.



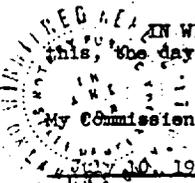
[Signature]
Notary Public in and for
Oklahoma County, Oklahoma

My Commission Expires:
July 10, 1955

STATE OF OKLAHOMA |
COUNTY OF OKLAHOMA |

On this 23rd day of January, 1953, before me personally appeared WM. V. MONTIN and wife, Kathleen M. Montin, to me known to be the persons described in and who executed the foregoing instrument, and acknowledged that they executed the same as their free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this 23rd day and year first above written.



[Signature]
Notary Public in and for
Oklahoma County, Oklahoma

My Commission Expires:
July 10, 1955

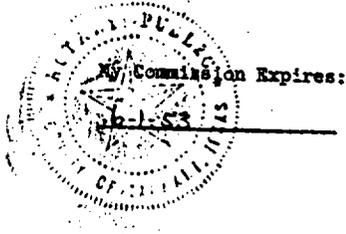
107-6

THE STATE OF TEXAS |

COUNTY OF TARRANT |

On this 23rd day of Jan, 1953, before me appeared E. J. Redland, to me personally known, who, being by me duly sworn did say that he is the Attorney in Fact of Stanolind Oil and Gas Company, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its board of directors, and said E. J. Redland acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.



Arath J. Dickson
Notary Public in and for
Tarrant County, Texas



Filed for record the _____ day of _____ A. D. 19____ at _____ o'clock _____ M.

80

No. _____ RECORDED

This Deed, Made this 8th day of November in the year of our Lord one thousand nine hundred and fifty-four between

Lloyd B. Taylor and Mildred B. Taylor, his wife,

of the County of San Juan and State of ~~Colorado~~ New Mexico of the first part, and

Lloyd D. Locke and Louise Y. Locke, his wife,

of the County of La Plats and State of Colorado, of the second part.

Witnesseth, That the said parties of the first part, for and in consideration of the sum of

One Dollar and other good and valuable consideration----- DOLLARS, to the said parties of the first part in hand paid by the said parties of the second part, the receipt whereof is hereby confessed and acknowledged, have remised, released, sold, conveyed and Quit-Claimed, and by these presents do remise, release, sell, convey and Quit-Claim unto the said parties of the second part, their heirs and assigns, forever, all the right, title, interest, claim and demand which the said parties of the first part have in and to the following described losses with gas production ~~Colorado~~ New Mexico situate, lying and being in the County of San Juan and State of ~~Colorado~~, to-wit:

One Gas Well known as Locke-Smith No. 1, located in Sec. 27, Township 30 North, Range 12 West, N. M. P. M., known as Laurence and Sally Smith Lease, containing 112 acres, under contract to Southern Union Gas Co.

One Gas Well known as Fultz No. 1, located in NW 1/4, Sec. 5, Township 27 North, Range 12 West, N.M.P.M., Lease containing 160 acres, under contract to El Paso Natural Gas Co.

One Gas Well known as Tycksen No. 1, located in the NE 1/4 of Sec. 22, Township 29 N., Range 13 West, containing 320 acres, under contract to El Paso Natural Gas Co.,

said wells complete with casing, leases, and appurtenances.

To Have and to Hold the Same, Together with all and singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever of the said parties of the first part, either in law or equity, to the only proper use, benefit and behoof of the said parties of the second part, their heirs and assigns, forever.

In Witness Whereof, The said parties of the first part have hereunto set their hands and seals the day and year first above written.

Signed, Sealed and Delivered in Presence of

Lloyd B. Taylor Seal
Mildred B. Taylor Seal
Seal
Seal

New Mexico
STATE OF ~~Colorado~~

County of San Juan } The foregoing instrument was acknowledged before me this 8th day of November 1954 by Lloyd B. Taylor and Mildred B. Taylor, his wife.

Witness my hand and official seal.
My commission expires

Richard W. Smith
NOTARY PUBLIC



*If acting in official or representative capacity, insert name and also office or capacity and for whom acting.
My Commission Expires Oct. 25, 1958

No. _____

Quit-Claim Deed

TO

STATE OF ^{New Mexico} COLORADO,
County of Santa Juan } ss.

I hereby certify that this Deed was filed for
Record on the 21 day of December
A. D. 1927 at 4:00 o'clock P.M., in my
office, and duly recorded in Book 265
Page No. 80

Lawrence R. Kettle
RECORDER
By _____ DEPUTY.

Fees, \$ _____

WHEN RECORDED RETURN TO

Louise J. Kaeke
Durango Colorado

OUT WEST PLOT & STAFF CO., COLORADO SPRINGS 24469

Filed for record the _____ day of _____ A. D. 19____ at _____ o'clock _____ M.

No. _____

RECORDED

This Deed, Made this 23rd day of December in the year of our Lord one thousand nine hundred and Fifty-four between

LLOYD D. LOCKE

of the County of La Plata and State of Colorado, of the first part, and

LOUISE Y. LOCKE

of the County of La Plata and State of Colorado, of the second part.

Witnesseth. That the said part Y of the first part, for and in consideration of the sum of one dollar and other good and valuable considerations----- to the said part Y of the first part in hand paid by the said part Y of the second part, the receipt whereof is hereby confessed and acknowledged, has remised, released, sold, conveyed and Quit-Claimed, and by these presents do es remise, release, sell, convey and Quit-Claim unto the said part Y of the second part, his heirs and assigns, forever, all the right, title, interest, claim and demand which the said part Y of the first part has in and to the following described leases with gas production New Mexico situate, lying and being in the County of San Juan and State of ~~Colorado~~ to-wit:

One Gas Well known as Locke-Smith No. 1, located in Section 27, Township 30 North, Range 12 West, N. M. P. M., known as Laurence and Sally Smith Lease, containing 112 acres, under contract to Southern Union Gas Co.

One Gas Well known as Foutz No. 1, located in NW 1/4, Section 5, Township 27 North, Range 12 West, N. M. P. M., Lease containing 160 acres, under contract to El Paso Natural Gas Co.

One Gas Well known as Tycksen No. 1, located in the NE 1/4 of Section 23, Township 29 N., Range 13 West, Lease containing 320 acres, under contract to El Paso Natural Gas Co.,

said wells complete with casing, leases, and appurtenances.

To Have and to Hold the Same. Together with all and singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever of the said part Y of the first part, either in law or equity, to the only proper use, benefit and behoof of the said part Y of the second part, her heirs and assigns, forever.

In Witness Whereof, The said part Y of the first part has hereunto set his hand and seal the day and year first above written.

Signed, Sealed and Delivered in Presence of

Lloyd D. Locke

Seal
Seal
Seal
Seal

STATE OF COLORADO.

County of La Plata

acknowledged before me this 23rd day of December by* Lloyd D. Locke

The foregoing instrument was acknowledged before me this 23rd day of December, 1954

Witness my hand and official seal. My commission expires October 19, 1957

Hathleen Owen
NOTARY PUBLIC.

*If acting in official or representative capacity, insert name and also office or capacity and for whom acting.

No.

Quit-Claim Deed

TO

STATE OF COLORADO,
County of San Juan } AG.

I hereby certify that this Deed was filed for
Record on the 27 day of December
A. D. 1957, at 4:05 o'clock U.M., in my
office, and duly recorded in Book 265
Page No. 810

Luzmila C. Miller
RECORDER
By _____ DEPUTY

Fees, \$

WHEN RECORDED RETURN TO

Deed
See page 810

B W

OIL AND GAS LEASE

THIS AGREEMENT, Entered into this the 21st day of April, 1951,
between B. E. Dustin and Ruth Dustin, husband and wife, and Louie Dustin,
a widow, of Farmington, New Mexico,

and Albert R. Greer, of Dallas, Texas, hereinafter called lessor,
and One (\$1.00) Dollar and other valuable consideration hereinafter called lessee, does witness:

That lessee, for and in consideration of the sum of One (\$1.00) Dollar and other valuable consideration
in hand paid and of the covenants and agreements hereinafter contained in or performed by the lessee has this day granted and leased and hereby grants
lease and lets unto the lessor for the purpose of mining and operating for and producing oil and gas, casinghead gas and casinghead gasoline, laying pipe
lines, building tanks, storing oil, building power, telephone, telephone lines and other structures thereon to produce, save, take care of and manufacture all of
such substances, and for housing and boarding employees, the following described tract of land in San Juan

County, New Mexico, to-wit:
Beginning at the Northwest corner of the Northeast
(NE 4) Quarter of Section Twenty-three (23), in Township
Twenty-nine (29) North, of Range Thirteen (13) West,
N.M.P.M., thence running South 60 rods, thence East 40
rods, thence North 60 rods, thence West 40 rods to the
place of beginning. Containing 15 acres, more or less.

1. This lease shall remain in force for a term of ten (10) years and as long thereafter as oil, gas, casinghead gas, casinghead gasoline or any of them
is produced.

2. The lessee shall deliver to the credit of the lessor, free of cost, in the pipe line in which lessee may connect its well the equal one-eighth
part of all oil produced and saved from the leased premises, or at the lessor's option, may pay to the lessor for such one-eighth royalty the market price for
oil of like grade and gravity prevailing on the day such oil is run into the pipe line, or into storage tanks.

3. The lessee shall pay to the lessor, as royalty, one-eighth of the proceeds from the sale of the gas, as such, for gas from wells where gas only is found and
where not sold shall pay fifty (50) cents per cubic foot (one-half cent per cubic foot) and while such royalty is so paid such well, and while such royalty is so paid such well,
producing well under paragraph numbered two hereof. The lessor to have gas free of charge from any gas well on the leased premises for steam and other
uses in the principal dwelling house on said land by making his own connections with the well, the use of said gas to be at the lessor's sole risk and
expense. The lessee shall be liable for gas produced from said well and used by the lessor for the manufacture of gasoline or any other product, as well
as one-eighth of the market value of such gas at the mouth of the well if said gas is sold by the lessor, then, as royalty one-eighth of the proceeds of
the sale thereof.

4. If operations for the drilling of a well for oil or gas are not commenced on said land on or before one year from this date, this lease shall terminate
as to both parties, unless the lessee shall on or before one year from this date, pay to the lessor the sum of Five Dollars in full to the

First National Bank Bank at Farmington, New Mexico,

its successors, which bank and its successors are the lessor's agent and shall continue as the depository of any and all sums payable under this lease, re-
gardless of changes of ownership in said land or in the oil and gas or in the rentals to accrue thereunder, the sum of

Fifteen and no/100 Dollars 15.00 which shall operate as

rental and cover the privilege of deferring the commencement of drilling operations for a period of one year, in like manner and upon the payments or
tenders, the commencement of drilling operations may be further deferred for like periods successively. All payments or tenders may be made by check or
draft of lease or any assignee thereof, mailed or delivered on or before the rental paying date. Notwithstanding the death of the lessor, or his successor
in interest, the payment or tender of rentals in the manner provided above shall be binding on the heirs, devisees, executors, and administrators of such person.

5. If at any time prior to the discovery of oil or gas on this land and during the term of this lease, the lessee shall drill a dry hole, or holes, on this land,
this lease shall not terminate, provided operations for the drilling of a well shall be commenced within twelve months from the expiration of the last rental period
for which rental has been paid, or provided that within said period the lessee begins or resumes the payment of rentals in the manner and amount herein above
provided, and in this event the provisions hereof govern the payment of rentals and the manner and effect thereof shall continue in force.

6. In case and unless there is less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties and
rentals herein provided for shall be paid the said lessee only in the proportion which his interest bears to the whole and undivided fee.
7. The lessee shall have the right to use free of cost, gas, oil and water found on said land for its operations thereon, except water from the wells of the
lessor. When required by lessee, the lessee shall bury pipe lines below plow depth and shall pay for damage caused by its operations to growing crops on
said land. No well shall be drilled deeper than 200 feet to the bottom or bottom hole on said premises without written consent of the lessor. Lessee shall have
the right at any time during or after the expiration of this lease to remove all machinery, fixtures, houses, buildings and other structures placed on said premises
including the right to draw and remove all casing.

8. If the estate of either party hereto is assigned (and the privilege of assigning in whole or in part is expressly allowed), the covenants hereof shall
extend to the heirs, executors, administrators, successors and assigns, but the chance of ownership in the land or in the rentals or royalties shall be binding
on the lessee until after notice to the lessor, and, if has been furnished with the written transfer or assignment or a certified copy thereof, in the event this
lease shall be assigned to a part or as to parts of the above described lands, and the holder or owner of any such part or parts shall fail or make default
in the payment of the proportionate part of the rent due from him or them, such default shall not operate to defeat or affect this lease in so far as it covers
a part or parts of said land upon which the said lessee or his assigns, heirs shall make the payment of said rentals. If at any time there be as many as
four parties entitled to rentals or royalties, lessee may withhold payments thereof unless and until all parties designate, in writing, in a recordable instrument
to be filed with the lessee, a common agent to receive all payments due hereunder, and to execute division and transfer orders on behalf of said parties,
and their respective successors in title.

9. Lessor hereby warrants and agrees to defend the title to the land herein described and agrees that the lessee, at its option, may pay and discharge
any taxes, mortgages, or other liens existing, levied, or assessed on or against the above described lands and, in event it exercises such option, it shall be
subrogated to the rights of any holder or holders thereof and may reimburse itself by applying to the discharge of any such mortgage, tax or other lien, any
royalty or rentals accruing hereunder.

10. Notwithstanding anything in this lease contained to the contrary, it is expressly agreed that if lessee shall commence drilling operations at any time
while this lease is in force, this lease shall remain in force and its term shall continue so long as such operations are prosecuted and, if production results
therefrom, then as long as production continues.

11. If within the primary term of this lease production on the leased premises shall cease from any cause, this lease shall not terminate provided operations
for the drilling of a well shall be commenced before or on the next ensuing rental paying date, or, provided lessee begins or resumes the payment of
rentals in the manner and amount hereinbefore provided. If, after the expiration of the primary term of this lease, production on the leased premises shall
cease from any cause, this lease shall not terminate provided lessee resumes operations for drilling a well within sixty (60) days from such cessation, and the
lease shall remain in force during the prosecution of such operations and, if production results therefrom, then as long as production continues.

12. If the leased premises shall hereafter be owned in severalty or in separate tracts, the premises, nevertheless, shall be developed and operated as one
lease and all royalties accruing hereunder shall be treated as an entirety and shall be divided among and paid to such separate owners in the proportion
that the acreage owned by each such separate owner bears to the entire leased acreage. There shall be no obligation on the part of the lessee to offset wells
on separate tracts into which the land covered by this lease may be hereafter divided by sale, devise, or otherwise, or to furnish separate measuring or
receiving tanks. It is hereby agreed that, in the event this lease shall be assigned to a part or as to parts of the above described lands, and the holder
or owner of any such part or parts shall fail or make default in the payment of the proportionate part of the rent due from him or them, such default
shall not operate to defeat or affect this lease in so far as it covers a part or parts of said land upon which the said lessee or any assignee hereof shall
make the payment of said rentals. If at any time there be as many as four parties entitled to rentals or royalties, lessee may withhold payments thereof unless
and until all parties designate, in writing, in a recordable instrument to be filed with the lessee, a common agent to receive all payments due hereunder,
and to execute division and transfer orders on behalf of said parties and their respective successors in title.

13. Lessee may at any time and from time to time surrender this lease as to any part or parts of the leased premises by delivering or mailing a release
instrument to the lessor, or by placing a release thereof of record in the public records.

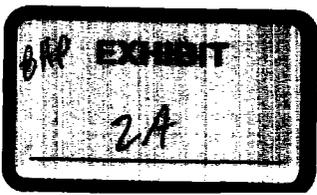
14. This lease and all its terms, conditions, and stipulations shall extend to and be binding on all successors of said lessor or lessee.

15. This lease shall not be terminated, in whole or in part, nor shall lessee be held liable in damages, for failure to comply with the express or im-
plied covenants hereof, if compliance thereunder is prevented by, or if such failure is the result of, any Federal or State laws, executive orders, rules, or
regulations. If, at the end of the primary term hereof, such term has not been extended by production or drilling as in this lease provided, and no other
reason of any of the above recited causes, is unable to drill a well on the leased premises for oil or gas, the primary term and the rental provision
hereof shall be extended automatically from year to year until the first anniversary hereof occurring ninety (90) or more days following the removal of such
obstinging cause. During any period that lessee is unable to produce and/or market any production from the leased premises by reason of any of the above
recited causes, this lease shall remain in full force and effect.

16. Lessee is hereby given the right at its option, at any time and from time to time, to pool or unitize all or any part or parts of the above de-
scribed land with other land, lease, or leases to the immediate vicinity thereof, such pooling to be into units not exceeding the minimum size tract on which
a well may be drilled under law, rules, or regulations in force at the time of such pooling or unitization provided, however, that such units may exceed
such minimum size units if such units are necessary in order to conform to existing subdivisions or lease land. Lessee shall exercise
said option, as to each desired unit, by executing and recording an instrument identifying the unitized area. Any well drilled or operations conducted on
any part of such unit shall be considered a well drilled or operations conducted under this lease, and there shall be allocated to the portion of the
above described land included in any such unit such proportion of the actual production from all wells on such unit as lessor's interest. If any, in such
portion, comprises an acreage base bears to the entire acreage of such unit, and it is understood and agreed that the production so allocated shall
be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land in-
cluded in such unit in the same manner as though produced from the above described land under the terms of this lease.

IN WITNESS WHEREOF, we sign the day and year first above written.

Louie Dustin
Ruth E. Dustin
B. E. Dustin

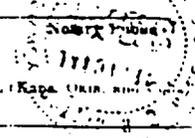


1-54

STATE OF NEW MEXICO } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
COUNTY OF SAN JUAN

Before me, the undersigned, a Notary Public, within and for said County and State, on this 21st
day of April, 1951, personally appeared
and E. E. Dustin and Ruth Dustin, husband and wife, and Louie Dustin,
a widow.

to me personally known to be the identical person B who executed the within and foregoing instrument and acknowledged to me
that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.
My commission expires April 30-1952 E.P. Bolton



STATE OF _____ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
COUNTY OF _____

Before me, the undersigned, a Notary Public, within and for said County and State, on this _____
day of _____, 19____, personally appeared _____
and _____

to me personally known to be the identical person _____ who executed the within and foregoing instrument and acknowledged to me
that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.
My commission expires _____
Notary Public

STATE OF _____ } ss. ACKNOWLEDGMENT FOR CORPORATION
COUNTY OF _____

Be it remembered that on this _____ day of _____, 19____, before me, the undersigned, a
Notary Public, duly commissioned, in and for the county and state aforesaid, came _____
_____ president of _____

a corporation of the State of _____, personally known to me to be such officer, and to be
the same person who executed as such officer the foregoing instrument of writing in behalf of said corporation, and he duly ac-
knowledged the execution of the same for himself and for said corporation for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the day and year last above written.
My commission expires _____
Notary Public

No. _____

OIL AND GAS LEASE

FROM _____ TO _____

Date _____ 19____

Section _____ Twp. _____ Rge. _____

No. of Acres _____ Term _____ County _____

STATE OF New Mexico
County of San Juan

This instrument was filed for record on the
5 day of February, 1952
at 8:36 o'clock A.M., and duly recorded
in Book 175, Page 131, of
the records of this office.
Virginia L. Kettell
By _____ Registrar of deeds.

When recorded, return to _____
501 West 10th Ave., Albuquerque, N.M.
Blanche L. Kettell
THE KANSAS BLUE PRINT CO.
141 NORTH MARKET ST., WICHITA, KANSAS
PHOTOGRAPH SERVICE - 100-10 STATE ST. W.P.

NOTE: When signature by mark in Kansas, said mark to be witnessed by at least one person and also acknowledged.
For acknowledgment by mark, use regular Kansas acknowledgment.

STATE OF _____ } ss. ACKNOWLEDGMENT FOR INDIVIDUAL (Kans. Okla. and Colo.)
COUNTY OF _____

Before me, the undersigned, a Notary Public, within and for said County and State, on this _____
day of _____, 19____, personally appeared _____
and _____

to me personally known to be the identical person _____ who executed the within and foregoing instrument and acknowledged to me
that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year last above written.
My commission expires _____
Notary Public

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ASSIGNMENT OF OIL AND GAS LEASE
(Mid-Continent Association Form)

This space reserved for Filing Stamp
STATE OF NEW MEXICO } ss
County of San Juan

KNOW ALL MEN BY THESE PRESENTS

That the undersigned, ALBERT E. GREER and ADA CHARLINE GREER
husband and wife

8:37
175
139
Virginia C. Kettleff
Public Clerk and ex-officio Notary

(hereinafter called Assignor), for and in consideration of One Dollar (\$1.00) the receipt whereof is hereby acknowledged, does hereby sell, assign, transfer and set over unto
EARL A. PENSON and WM. V. MARTIN

(hereinafter called Assignee), all their interest in and to the oil and gas lease dated April 21 1951 from B. E. Dustin and Ruth Dustin, husband and wife and Louis Dustin, a widow, of Farmington, New Mexico to Albert E. Greer recorded in book 175 page 137 in so far as said lease covers the following described land in San Juan County, State of New Mexico

Beginning at the Northwest corner of the Northeast Quarter (NE¹/₄) of Section Twenty-three (23), in Township Twenty-nine (29) North of Range Thirteen (13) West, N. M. P. M., thence running South 60 rods, thence East 40 rods, thence North 60 rods, thence West 40 rods to the place of beginning, containing 15 acres, more or less

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection herewith.

And for the same consideration the Assignor covenants with the Assignee, its or his heirs, successors or assigns. That the Assignor is the lawful owner of and has good title to the interest above assigned in and to said lease estate, rights and property, free and clear from all liens, encumbrances or adverse claims. That said lease is a valid and subsisting lease on the land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed; and that the Assignor will warrant and forever defend the same against all persons whomsoever, lawfully claiming or to claim the same.

Executed this 24th day of January 1952

Albert E. Greer
Ada Charline Greer

ACKNOWLEDGMENT FOR INDIVIDUAL (Oklahoma and Kansas)

STATE OF Oklahoma } ss
COUNTY OF Oklahoma

Before me, the undersigned, a Notary Public within and for said County and State, on this 24th day of January 1952 personally appeared Albert E. Greer and Ada Charline Greer to me well known to be the

identical persons who executed the within and foregoing instrument and duly acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

In testimony whereof I have hereunto set my hand and official seal the day and year last above written.

My commission expires July 10, 1955
James J. Jeway Notary Public

ACKNOWLEDGMENT FOR CORPORATION

STATE OF _____ } ss
COUNTY OF _____

Before me, the undersigned, a Notary Public within and for said County and State, on this _____ day of _____ 19____ personally appeared _____

to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its _____ president, and duly acknowledged to me that _____ he executed the same as his _____ free and voluntary act and deed, and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

In testimony whereof I have hereunto set my hand and official seal the day and year last above written.

My commission expires _____ Notary Public

Return:
Earl A. Penson & Martin
1501 Oklahoma Alley
Oklahoma City, Okla.

1-5

Assignment of Oil and Gas Lease

(This Document Associates Form)

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned Earl A. Benson and Ivy E. Benson, husband and wife, and Wm. V. Montin and Kathleen M. Montin, husband and wife

(hereinafter called Assignor), for and in consideration of One Dollar (\$1.00) the receipt whereof is hereby acknowledged, does hereby sell, assign, transfer and

set over unto Locke-Taylor Drilling Company

(hereinafter called Assignee) All their interest in and to the oil and gas lease dated April 21, 1951, from B. K. Dustin and Ruth Dustin, husband and wife, and Louis Dustin, a widow

to Albert R. Orner

recorded in book 175, page 137, in so far as said lease covers the following described land in

Son Juan County, State of New Mexico

Beginning at the Northwest corner of the Northeast Quarter (NW/4 NE/4) of Section Twenty-three (23) in Township Twenty-nine North (29N) of Range Thirteen West (13W), N.M.P.M., thence running south 60 rods, thence east 40 rods, thence north 60 rods, thence west 40 rods to the place of beginning, containing 15 acres, more or less, INSO FAR AS SAID LEASE COVERS ALL FORMATIONS DOWN TO AND INCLUDING THE BASE OF THE PICTURED CLIFFS FORMATION,

together with the rights incident thereto and the personal property thereon, appurtenant thereto, or used or obtained in connection therewith.

And for the same consideration the Assignor covenants with the Assignee, his or his heirs, successors or assigns: That the Assignor is the lawful owner of and has good title to the interest above assigned in and to said lease, estate, rights and property, free and clear from all liens, encumbrances or adverse claims; That said lease is a valid and subsisting lease on the land above described, and all rentals and royalties due thereunder have been paid and all conditions necessary to keep the same in full force have been duly performed; and that the Assignor will warrant and forever defend the same against all persons whomsoever, lawfully claiming or to claim the same.

EXECUTED This 14th day of May, 1953

Earl A. Benson
(Earl A. Benson)

Ivy E. Benson
(Ivy E. Benson)

Kathleen M. Montin
(Kathleen M. Montin)

Wm. V. Montin
(Wm. V. Montin)

STATE OF OKLAHOMA, County of Oklahoma, ss: Individual Acknowledgment

Before me, the undersigned, a Notary Public in and for said County and State on this 27th day of

May, 1953, personally appeared Earl A. Benson and Ivy E. Benson, and

Kathleen M. Montin and Kathleen M. Montin

to me known to be the identical persons who executed the within and foregoing instrument and acknowledged to me that they executed the same as their free and voluntary act and deed for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires July 10, 1955 Notary Public

STATE OF OKLAHOMA, County of _____, ss: Corporation Acknowledgment

Before me, the undersigned, a Notary Public in and for said County and State on this _____ day of

_____ 19____, personally appeared _____

to me known to be the identical person who subscribed the name of the maker thereof to the foregoing instrument as its

and acknowledged to me that _____ executed the same as his free and voluntary act and

deed and as the free and voluntary act and deed of such corporation, for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.

My commission expires _____ Notary Public

6-A
STATE OF _____
COUNTY OF _____ } SS.

ACKNOWLEDGMENT. Applicable for lands in Oklahoma, Kansas, Nebraska, North and South Dakota, Arizona, Colorado, Indiana, Mississippi, Oregon, Wyoming, and in New Mexico.

BE IT REMEMBERED, That on this _____ day of _____, A.D., 19____, before me, a Notary Public, in and for said County and State, personally appeared _____

_____ to me known to be the identical person described in and who executed the within and foregoing instrument and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed for the purposes therein set forth.
IN WITNESS WHEREOF, I have hereunto set my official signature and affixed my notarial seal, the day and year first above written.

My commission expires _____ Notary Public
CORPORATION ACKNOWLEDGMENT (Oklahoma Form)

STATE OF _____ County of _____, SS:
On this _____ day of _____, A.D., 19____, before me, the undersigned, a Notary Public

in and for the county and state aforesaid, personally appeared _____ to me known to be the identical person who signed the name of the maker thereof to the within and foregoing instrument as its President and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.
Given under my hand and seal the day and year last above written.

My commission expires _____ Notary Public
When instrument is executed by a corporation, the corporate name must be shown and instrument signed by its President or Vice-President and attested by its Secretary or Assistant Secretary and the Corporate Seal affixed.

NOTARY ACKNOWLEDGMENT OF SIGNATURE BY MARK (Oklahoma Form)

STATE OF _____ County of _____, SS:
Before me, _____, a Notary Public in and for said County and State on this _____ day of _____, 19____, personally appeared _____

to me known to be the identical person who executed the within and foregoing instrument by _____ mark in my presence and in the presence of _____

as witnesses and acknowledged to me that _____ executed the same as _____ free and voluntary act and deed for the uses and purposes therein set forth.
In Witness Whereof, I have hereunto set my hand and official seal the day and year last above written.

My commission expires _____ Notary Public
NOTE—The signature by mark of a lessee who cannot write his name must be witnessed by two witnesses, one of whom must write lessee's name.

FORM NO. 248-AF (ORDER BY NUMBER)
ASSIGNMENT OF OIL AND GAS LEASE
(Mid-Continent Association Form)

FROM _____ TO _____

Dated _____, 19____
Lot _____ Block _____ Addition _____
Township _____ Range _____ Section _____
County _____
No. of Acres _____ Terms _____

STATE OF New Mexico } SS.
Sandoval } County,

This instrument was filed for record on the _____ day of October, 1953 at _____ o'clock A.M. and recorded in Book 244 of Oil & Gas at _____
By _____ County Clerk.
Deputy: Dorothy Taylor

TEXAS ACKNOWLEDGMENTS

THE STATE OF TEXAS, County of _____, SS:
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____

known to me to be the person whose name _____ subscribed to the foregoing instrument, and acknowledged to me that _____ he executed the same for the purposes and consideration therein expressed.
GIVEN UNDER MY HAND and seal of office, this _____ day of _____, A.D., 19____

THE STATE OF TEXAS, County of _____, SS:
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared _____ wife of _____

known to me to be the person whose name is subscribed to the foregoing instrument, and having been examined by me privily and apart from her husband, and having the same fully explained to her, she, the said _____, acknowledged such instrument to be her act and deed and declared that she had willingly signed the same for the purposes and consideration therein expressed, and that she did not wish to retract it.
GIVEN UNDER MY HAND and seal of office, this _____ day of _____, A.D., 19____

#17,185

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION OF
EARL A. BENSON AND WILLIAM V. MONTIN
FOR THE APPROVAL OF GALLEGOS CANYON
UNIT AGREEMENT EMBRACING 39,324.51
ACRES OF LAND IN TOWNSHIP 28 NORTH,
N.M.P.M., SAN JUAN COUNTY, NEW MEXICO.

CASE NO. 247
ORDER NO. R-68

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause coming on for hearing at ten o'clock a.m., on the
24th day of April, 1951, at Santa Fe, New Mexico, before the Oil Con-
servation Commission of New Mexico, hereinafter referred to as the
"Commission," upon the application of Earl A. Benson and William V.
Montin for approval of the Gallegos Canyon Unit Agreement, embracing
lands situated in San Juan County, New Mexico, and the Commission
having considered said application and the evidence introduced in sup-
port thereof and being fully advised in the premises:

FINDS that the proposed unit plan will in principle tend to pro-
mote the conservation of oil and gas and the prevention of waste;

IT IS, THEREFORE, ORDERED BY THE COMMISSION AS FOLLOWS:

Section 1. That this order shall be known as the

GALLEGOS CANYON UNIT AGREEMENT ORDER.

Section 2. (a) That the project herein referred to shall be
known as the Gallegos Canyon Unit Agreement, and shall hereafter be
referred to as the "project."

(b) That the plan by which the Project shall be operated shall
be embraced in the form of a unit agreement for the development and
operation of the Gallegos Canyon Unit Agreement Area referred to in the
petitioners' petition and filed with said petition, and such plan shall
be known as the Gallegos Canyon Unit Agreement Plan.

Section 3. That the Gallegos Canyon Unit Agreement Plan is here-
by approved as a proper conservation measure; provided, however, that
notwithstanding any of the provisions contained in said unit agreement,
this approval shall not be considered as waiving or relinquishing in

3-9C B 25

BEFORE EXAMINER SIGNER
OIL CONSERVATION COMMISSION
<i>BHP</i> EXHIBIT <u>3</u>
CASE NO. _____

any and all rights, duties or obligations which are now, or may hereafter, be vested in the New Mexico Oil Conservation Commission by law relative to the supervision and control of operations for exploration and development of any lands committed to said Gallegos Canyon Unit Agreement, or relative to the production of oil or gas therefrom.

Section 4. (a) That the Unit Area shall be the following described lands, all located in San Juan County, New Mexico, to-wit:

NEW MEXICO PRINCIPAL MERIDIAN:

Township 28 North, Range 11 West

Sec. 7 - All
Sec. 18 - All
Sec. 19 - All

Township 28 North, Range 12 West

Secs. 7 to 34, incl.

Township 28 North, Range 13 West

Secs. 11 to 14, incl.
Secs. 23 to 26, incl.
Secs. 35 and 36

Township 29 North, Range 12 West

Sec. 16 - SW $\frac{1}{4}$
Secs. 17 to 21, incl.
Sec. 22 - W $\frac{1}{2}$, SE $\frac{1}{4}$
Sec. 25 - W $\frac{1}{2}$, SE $\frac{1}{4}$
Secs. 26 to 36, incl.

Township 29 North, Range 13 West

Sec. 13 - All
Secs. 23 to 26, incl.
Secs. 34 to 36, incl.

Said area embraces a total of 39,324.51 acres of land.

(b) The Unit Area may be enlarged or contracted as provided in said Plan.

Section 5. That the Unit Operator shall file with the Commissioner of Public Lands an executed original or executed counterpart of the Gallegos Canyon Unit Agreement within thirty days after the effective date thereof.

Section 6. That any party owning rights in the unitized substances who does not commit such rights to said Unit Agreement before the effective date thereof may thereafter become a party thereto by subscribing to such agreement or counterpart thereof. The unit operator shall file with the Commission within thirty days an original of any such counterpart.

Section 7. That this Order shall become effective on the first day of the calendar month next following the approval of the Commissioner of Public Lands of the State of New Mexico and the Director of the United States Geological Survey, and shall terminate ipso facto on the termination of said Unit Agreement. The last unit operator shall immediately notify the Commission in writing of such termination.

DONE at Santa Fe, New Mexico, this 24 day of April, 1951.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

Chairman

Ray S. Shipman

Member

R. L. Bourree

Secretary.

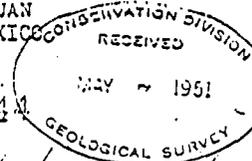


5-9 P45

UNIT AGREEMENT FOR THE DEVELOPMENT AND
OPERATION OF THE GALLEGOS CANYON UNIT AREA
COUNTY OF SAN JUAN
STATE OF NEW MEXICO

RECEIVED

I-Sec. No. 841



APR 26 1951

U.S. GEOLOGICAL SURVEY
BOSTON OFFICE

THIS AGREEMENT, entered into as of the 1st day of November,
1951, by and between the parties subscribing, ratifying, or consenting here-
to, and herein referred to as the "parties hereto";

WITNESSETH:

WHEREAS, the parties hereto are the owners of working, royalty or other
oil or gas interests in the unit area subject to this agreement; and

WHEREAS, the term "working interest owner" as used herein and in other
contracts between and among the parties relating to the subject lands shall mean
and refer only to such an interest committed hereto as may be obligated to bear
or share, either in cash or out of production (other than by permitting the use
of unitized substances for development, production, repressuring or recycling
purposes), a portion or all of the costs or expenses of developing, equipping or
operating any land within the Unit Area subject to this agreement. If the working
interest in any tract is or shall hereafter be owned by more than one party, the
term "working interest owner", when used with respect to such tract, shall refer
to all such parties owning the working interest therein; and

WHEREAS, the allotted land mineral leasing act of March 3, 1909, (35 Stat.
783, 25 U. S. C. sec. 396) authorizes the leasing of restricted allotted Indian
lands subject to rules and regulations prescribed by the Secretary of the Interior;
and

WHEREAS, the act of February 25, 1920, 41 Stat. 437, 30 U.S.C. Sec. 181,
et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, authorizes Federal
lessees and their representatives to unite with each other, or jointly or separately
with others, in collectively adopting and operating under a cooperative or unit
plan of development or operation of any oil or gas pool, field, or like area, or
any part thereof, for the purpose of more properly conserving the natural resources
thereof whenever determined and certified by the Secretary of the Interior to be
necessary or advisable in the public interest; and

WHEREAS, the Commissioner of Public Lands of the State of New Mexico is
authorized by an Act of the Legislature (Chap. 88, Laws 1943) to consent to or
approve this agreement on behalf of the State of New Mexico, insofar as it covers

July, 1950

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and includes lands and mineral interests of the State of New Mexico; and

WHEREAS, the Oil Conservation Commission of the State of New Mexico is authorized by an Act of the Legislature (Chap. 72, Laws 1935) to approve this agreement and the conservation provisions hereof;

WHEREAS, the parties hereto hold sufficient interests in the Gallegos Canyon Unit Area to give reasonably effective control of operations therein; and

WHEREAS, it is the purpose of the parties hereto to conserve natural resources, prevent waste, and secure other benefits obtainable through development and operation of the area subject to this agreement under the terms, conditions, and limitations herein set forth;

NOW, THEREFORE, in consideration of the premises and the promises herein contained, the parties hereto commit to this agreement their respective interests in the unit area and agree severally among themselves as follows:

1. ENABLING ACT AND REGULATIONS: The acts of March 3, 1909, February 25, 1920, and May 11, 1938, as amended, supra, and all valid pertinent regulations, including operating and unit plan regulations, heretofore issued thereunder or valid pertinent and reasonable regulations hereafter issued thereunder are accepted and made a part of this agreement, and as to non-Federal land applicable State laws are accepted and made part of this agreement.

2. UNIT AREA: The following described land is hereby designated and recognized as constituting the unit area:

NEW MEXICO PRINCIPAL MERIDIAN

Township 28 North, Range 11 West

Sec. 7-All
Sec. 18-All
Sec. 19-All

Township 28 North, Range 12 West

Secs. 7 to 34, incl.

Township 28 North, Range 13 West

Secs. 11 to 14, incl.
Secs. 23 to 26, incl.
Secs. 35 and 36

Township 29 North, Range 12 West

Sec. 16-SW/4
Secs. 17 to 21, incl.
Sec. 22-W/2, SE/4
Sec. 25-W/2, SE/4
Secs. 26 to 36, incl.

Township 29 North, Range 13 West

Sec. 13-All
Secs. 23 to 26, incl.
Secs. 34 to 36, incl.

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Total Unit Area embraces 39,324.51 acres, more or less.

Exhibit "A" attached hereto is a map showing the unit area and the known ownership of all land and leases in said area. Exhibit "B" attached hereto is a schedule showing the percentage and kind of ownership of oil and gas interests in all land in the unit area. Exhibits "A" and "B" shall be revised by the Unit Operator whenever changes in the unit area or other changes render such revision necessary, but no such revision shall be retroactive. Not less than seven copies of the revised exhibits shall be filed with the Oil and Gas Supervisor, hereinafter referred to as "Supervisor", and two copies with the Commissioner of Public Lands of the State of New Mexico, hereinafter referred to as "State Commissioner".

The above-described unit area shall when practicable be expanded to include therein any additional tracts regarded as reasonably necessary or advisable for the purposes of this agreement, or shall be contracted to exclude lands not within any participating area whenever such expansion or contraction is necessary or advisable to conform with the purposes of this agreement. Such expansion or contraction shall be in the following manner:

(a) Unit Operator, on its own motion or on demand of the Director of the Geological Survey, hereinafter referred to as "Director", or on demand of the State Commissioner, shall prepare a notice of proposed expansion or contraction describing the contemplated changes in the boundaries of the unit area, the reasons therefor, and the proposed effective date thereof;

(b) Said notice shall be delivered to the Supervisor, and the Superintendent of the Navajo Indian Reservation, the Commissioner of Indian Affairs hereinafter referred to as "Indian Commissioner", and the State Commissioner, and copies thereof mailed to the last known address of each working interest owner, lessee, and lessor whose interests are affected, advising that 30 days will be allowed for submission to the Unit Operator of any objections;

(c) Upon expiration of the 30-day period provided in the preceding item (b) hereof, Unit Operator shall file with the Supervisor and State Commissioner evidence of mailing of the notice of expansion or contraction and a copy of any objections thereto which have been filed with the Unit Operator;

(d) After due consideration of all pertinent information, the Director and State Commissioner shall approve in whole or in part or reject the proposed expansion or contraction. To the extent that it may be approved, such expansion or contraction shall become effective as of the date prescribed in the notice thereof.

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All land committed to this agreement shall constitute land referred to herein as "unitized land" or "land subject to this agreement".

3. UNITIZED SUBSTANCES: All oil, gas, natural gasoline, and associated fluid hydrocarbons in any and all formations of the unitized land are unitized under the terms of this agreement and herein are called "unitized substances".

4. UNIT OPERATOR: Earl A. Benson and William V. Fontin are hereby designated as Unit Operator and by signature hereto commit to this agreement all interests in unitized substances vested in them as set forth in Exhibit "B", and agree and consent to accept the duties and obligations of Unit Operator for the discovery, development and production of unitized substances as herein provided. Whenever reference is made herein to the Unit Operator, such reference means the Unit Operator acting in that capacity and not as owner of interests in unitized substances.

Prior to the establishment of a participating area or areas hereunder, the Unit Operator may resign as Unit Operator whenever not in default under this agreement, but no Unit Operator shall be relieved from the duties and obligations of Unit Operator for a period of six months after it has served notice of intention to resign on all owners of working interests subject hereto and the Director, Superintendent, Indian Commissioner, and State Commissioner unless a new Unit Operator shall have been selected and approved and shall have assumed the duties and obligations of Unit Operator prior to the expiration of said six-month period. Unless a successor operator is selected and approved, and assumes the duties and obligations of operator prior to the effective date of the retiring operator's relinquishment of duties, the retiring operator must place all wells drilled hereunder in a satisfactory condition for suspension or abandonment as may be required by the Supervisor and the State Commissioner under applicable Federal and State oil and gas operating regulations.

Unit Operator shall have the right to resign while a participating area established hereunder is in existence but such resignation shall not become effective unless and until a successor unit operator has been selected and approved and has agreed to accept the duties and responsibilities of Unit Operator effective upon the termination of such duties and responsibilities of the retiring Unit Operator. The resignation of Unit Operator shall not release Unit Operator from any liability for any default by it hereunder occurring prior to the effective date of its resignation.

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Upon default or failure in the performance of its duties or obligations

under this agreement, the Unit Operator may be removed by a majority vote of owners of working interests determined in like manner as herein provided for the selection of a successor Unit Operator. Prior to the effective date of relinquishment by, or within six months after removal of Unit Operator, the duly qualified successor Unit Operator shall have an option to purchase on reasonable terms all or any part of the equipment, material, and appurtenances in or upon the land subject to this agreement, owned by the retiring Unit Operator and used in its capacity as such Operator, or if no qualified successor operator has been designated, the working interest owners may purchase such equipment, material, and appurtenances. At any time within the next ensuing three months any equipment, material, and appurtenances not purchased and not necessary for the preservation of wells may be removed by the retiring Unit Operator, but if not removed shall become the joint property of the owners of unitized working interests in the participating area or, if no participating area has been established, in the entire unit area. The termination of the rights as Unit Operator under this agreement shall not terminate the right, title, or interest of such Unit Operator in its separate capacity as owner of interests in unitized substances.

5. SUCCESSOR UNIT OPERATOR: Whenever the Unit Operator shall relinquish the right as Unit Operator or shall be removed, the owners of the unitized working interests in the participating area on an acreage basis, or in the unit area on an acreage basis until a participating area shall have been established, shall select a new Unit Operator. A majority vote of the working interests qualified to vote shall be required to select a new Unit Operator; provided, that if a majority but less than 75 per cent of the working interests qualified to vote are owned by one party to this agreement, a concurring vote of at least one additional working interest owner shall be required to select a new Unit Operator. Such selection shall not become effective until (a) a Unit Operator so selected shall accept in writing the duties and responsibilities of Unit Operator, and (b) the selection shall have been approved by the Director and State Commissioner. If no successor Unit Operator is selected and qualified as herein provided, the Director and State Commissioner at their election may declare this unit agreement terminated.

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6. UNIT OPERATING AGREEMENT: If the Unit Operator is not the sole owner of working interests, all costs and expenses incurred in conducting unit operations hereunder and the working interest benefits accruing hereunder shall be apportioned among the owners of unitized working interests in accordance with a unit operating

agreement by and between the Unit Operator and the other owners of such interests, whether one or more, separately or collectively. Any agreement or agreements entered into between the working interest owners and the Unit Operator as provided in this section, whether one or more, are herein referred to as the "Unit Operating Agreement". No such agreement shall be deemed either to modify any of the terms and conditions of this unit agreement or to relieve the Unit Operator of any right or obligation established under this unit agreement, and in case of any inconsistency or conflict between this unit agreement and the unit operating agreement, this unit agreement shall prevail. Three true copies of any unit operating agreement executed pursuant to this section shall be filed with the Supervisor.

7. RIGHTS AND OBLIGATIONS OF UNIT OPERATOR: Except as otherwise specifically provided herein, the exclusive right, privilege, and duty of exercising any and all rights of the parties hereto which are necessary or convenient for prospecting for, producing, storing, allocating, and distributing the unitized substances are hereby delegated to and shall be exercised by the Unit Operator as herein provided. Each working interest owner shall take in kind, or market individually or through an agent, its respective portion of the unitized substances and acting individually or through an agent shall pay all royalty, overriding royalty or other payments to which the portion of such working interest owner is subject. The right is hereby secured to the United States and the State of New Mexico under existing or future laws and regulations to elect to take its respective royalty shares in kind or value. Acceptable evidence of title to said rights shall be deposited with said Unit Operator and, together with this agreement, shall constitute and define the rights, privileges, and obligations of Unit Operator. Nothing herein, however, shall be construed to transfer title to any land or to any lease or operating agreement, it being understood that under this agreement the Unit Operator, in such capacity as Unit Operator, shall exercise the rights of possession and use vested in the parties hereto only for the purposes herein specified.

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The Unit Operator shall pay all costs and expenses of operation with respect to the unitized land; and no charge therefor shall be made against the royalty owners. If and when the Unit Operator is not the sole owner of all working interests, such costs shall be charged to the account of the owners of working interests, and the Unit Operator shall be reimbursed therefor by such owners and shall account to the working interest owners for their respective

shares of the production and benefits derived from operations hereunder, all in the manner and to the extent provided in the unit operating agreement. If the Unit Operator is the sole working interest owner, he shall bear all such costs and expenses. The Unit Operator shall render each month to the owners of unitized interests entitled thereto an accounting of the operations on unitized land during the previous calendar month, and shall pay in value or deliver in kind to each party entitled thereto a proportionate and allocated share of the benefits accruing hereunder in conformity with operating agreements, leases, or other independent contracts between the Unit Operator and the parties hereto either collectively or individually.

The development and operation of land subject to this agreement under the terms hereof shall be deemed full performance by the Unit Operator of all obligations for such development and operation with respect to each and every part or separately owned tract of land subject to this agreement, regardless of whether there is any development of any particular part or tract of the unit area, notwithstanding anything to the contrary in any lease, operating agreement, or other contract by and between the parties hereto or any of them.

8. DRILLING TO DISCOVERY: Within 6 months after the effective date hereof, the Unit Operator shall begin to drill an adequate test well at a location to be approved by the Supervisor if such location is upon Indian or Federal lands, and if upon State lands or patented lands, such location shall be approved by the Oil Conservation Commission of the State of New Mexico, hereinafter referred to as the Commission, unless on such effective date a well is being drilled conformably with the terms hereof, and thereafter continue such drilling diligently to a depth of 6500 feet unless at a lesser depth unitized substances shall be discovered which can be produced in paying quantities or unless at a lesser depth the Dakota formation has been adequately tested or the Unit Operator shall at any time establish to the satisfaction of the Supervisor as to wells on Indian or Federal land, or the Commission as to wells on State land or patented land, 17185 that further drilling of said well would not be warranted or practicable. Nevertheless, completion of a well in paying quantities, prior to testing the Dakota or reaching 6500 feet in depth, shall not relieve the Unit Operator from the obligation to commence such a Dakota test well within one year thereafter. If the first or any subsequent test well fails to result in the discovery of a deposit of unitized substances capable of being produced in paying quantities, the Unit Operator shall continue drilling diligently one well at a time, allowing not more

than 6 months between the completion of one well and the beginning of the next well, until a well capable of producing unitized substances in paying quantities is completed to the satisfaction of said Supervisor if on Indian or Federal land or the State Commissioner if on State land or patented land, or until it is reasonably proved that the unitized land is incapable of producing unitized substances in paying quantities. Nothing in this section shall be deemed to limit the right of the Unit Operator to resign, as provided in Section 4 hereof, after any well drilled under this section is placed in a satisfactory condition for suspension or is plugged and abandoned pursuant to applicable regulations.

Upon application, the Director and the State Commissioner may modify the drilling requirements of this section and grant reasonable extensions of time when in their opinion, such actions are warranted. Upon failure to comply with the drilling provisions of this section, the Director and State Commissioner may, after reasonable notice to the Unit Operator and each working interest owner, lessee, and lessor at their last known addresses, declare this unit agreement terminated.

9. PLAN OF FURTHER DEVELOPMENT AND OPERATION: Within six months after completion of a well capable of producing unitized substances in paying quantities, the Unit Operator shall submit for the approval of the Supervisor, the State Commissioner, and the Commission an acceptable plan of development and operation for the unitized land which, when approved by the Supervisor, the State Commissioner, and the Commission, shall constitute the further drilling and operating obligations of the Unit Operator under this agreement for the period specified therein subject to the Dakota test well provisions of Section 8. Thereafter, from time to time before the expiration of any existing plan, the Unit Operator shall submit for the approval of the Supervisor, the State Commissioner, and the Commission, a plan for an additional specified period for the development and operation of the unitized land. Any plan submitted pursuant to this section, subject to the Dakota test well provisions of Section 8, shall provide for exploration of the unitized 47405 area and for the determination of the commercially productive area thereof in each and every productive formation and shall be as complete and adequate as the Supervisor, the State Commissioner, and the Commission may determine to be necessary for timely development and proper conservation of the oil and gas resources of the unitized area and shall (a) specify the number and locations of any wells to be drilled and the proposed order and time for such drilling; and (b) to the extent practicable specify the operating practices regarded as necessary and advisable

for proper conservation of natural resources. Separate plans may be submitted for separate productive zones, subject to the approval of the Supervisor, the State Commissioner, and the Commission. Said plan or plans shall be modified or supplemented when necessary to meet changed conditions or to protect the interests of all parties to this agreement. Reasonable diligence shall be exercised in complying with the obligations of the approved plan of development. The Supervisor and State Commissioner are authorized to grant a reasonable extension of the six-month period herein prescribed for submission of an initial plan of development where such action is justified because of unusual conditions or circumstances. After completion hereunder of a well capable of producing oil and gas in paying quantities, subject to the Dakota test well provisions of Section 8, no further wells except such as may be necessary to afford protection against operations not under this agreement or such as may be specifically approved by the Supervisor and the State Commissioner shall be drilled except in accordance with a plan of development approved as herein provided.

10. PARTICIPATION AFTER DISCOVERY: Upon completion of a well pursuant to the provisions of Section 8 hereof capable of producing unitized substances in paying quantities or as soon thereafter as required by the Supervisor or the State Commissioner, the Unit Operator shall submit for approval by the Director, the Commissioner, and the Commission a schedule, based on subdivisions of the public-land survey or aliquot parts thereof, of all unitized land then regarded as reasonably proved to be productive of unitized substances in paying quantities; all land in said schedule on approval of the Director, the State Commissioner, and Commission to constitute a participating area, effective as of the date of first production. Said schedule also shall set forth the percentage of unitized substances to be allocated as herein provided to each unitized tract in the participating area so established, and shall govern the allocation of production from and after the date the participating area becomes effective. A separate participating area shall be established in like manner for each separate pool or deposit of unitized substances or for any group thereof produced as a single pool or zone. The participating area or areas so established shall be revised from time to time, subject to like approval, whenever such action appears proper as a result of further drilling operations or otherwise, to include additional land then regarded as reasonably proved to be productive in paying quantities, and the percentage of allocation shall also be revised accordingly. The effective date of any revision shall be the first of the month following the date of first authentic knowledge or

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information on which such revision is predicated, unless a more appropriate effective date is specified in the schedule. No land shall be excluded from a participating area on account of depletion of the unitized substances.

It is the intent of this section that a participating area shall represent the area known or reasonably estimated to be productive in paying quantities; but, regardless of any revision of the participating area, nothing herein contained shall be construed as requiring any retroactive apportionment of any sums accrued or paid for production obtained prior to the effective date of revision of the participating area.

In the absence of Agreement at any time between the Unit Operator and the Director, the State Commissioner, and Commission as to the proper definition or redefinition of a participating area, or until a participating area has, or areas have, been established as provided herein, the portion of all payments affected thereby may be impounded in a manner mutually acceptable to the owners of working interests, except royalties due the Indians, the United States, and the State of New Mexico which shall be determined by the Supervisor and the State Commissioner and the amount thereof deposited as directed by the Supervisor as to Indian and Federal lands and deposited with the Commissioner of Public Lands as to State lands to be held as unearned money until a participating area is finally approved and then applied as earned or returned in accordance with a determination of the sum due as Indian, Federal, and State royalty on the basis of such approved participating area.

Whenever it is determined, subject to the approval of the Supervisor as to wells on Indian and Federal land, the State Commissioner as to wells on State land, and the Commission as to patented land, that a well drilled under this agreement is not capable of production in paying quantities and inclusion of the land on which it is situated in a participating area is unwarranted, production from such well shall be allocated to the land on which the well is located so long as that well is not within a participating area established for the pool or deposit from which such production is obtained.

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11. ALLOCATION OF PRODUCTION: All unitized substances produced from each participating area established under this agreement, except any part thereof used for production or development purposes hereunder, or unavoidably lost, shall be deemed to be produced equally on an acreage basis from the several tracts of unitized land of the participating area established for such production and, for the purpose of determining any benefits that accrue on an acreage basis,

each such tract shall have allocated to it such percentage of said production as its area bears to the said participating area. It is hereby agreed that production of unitized substances from a participating area shall be allocated as provided herein regardless of whether any wells are drilled on any particular part or tract of said participating area.

12. DEVELOPMENT OR OPERATION ON NON-PARTICIPATING LAND OR FORMATIONS: Any party or parties hereto, other than the Unit Operator, owning or controlling a majority of the working interests in any unitized land not included in a participating area and having thereon a regular well location in accordance with a well-spacing pattern established under an approved plan of development and operation, with appropriate approval, may drill a well at such location at such party's sole risk, cost, and expense to test any formation for which a participating area has not been established or to test any formation for which a participating area has been established if such location is not within said participating area, unless within 90 days of receipt of notice from said party or parties of intention to drill the well the Unit Operator elects and commences to drill such well in like manner as other wells are drilled by the Unit Operator under this agreement.

If such well, by whomsoever drilled, results in production such that the land upon which it is situated may properly be included in a participating area, such participating area shall be established or enlarged as provided in this agreement, and the well shall thereafter be operated by the Unit Operator pursuant to the terms of this agreement as other wells within participating areas, and there shall be a financial adjustment between the parties who financed the well and the working interest owners in the participating area concerning their respective drilling and other investment cost, all as provided in the unit operating agreement.

If any well, by whomsoever drilled, as provided in this section, obtains production insufficient to justify inclusion of the land on which said well is situated in a participating area, such well may be operated and produced by the party drilling the well. If the drilling of such well was financed by parties other than the working interest owners on the well tract, details of financial arrangements and operations as between such parties shall be provided for in the unit operating agreement.

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Wells drilled or produced at the sole expense and for the sole benefit of an owner of working interest other than the Unit Operator shall be operated and produced pursuant to the conservation requirements of this agreement. Royalties

in amount or value of production from any such well shall be paid as specified in the underlying lease and agreements affected.

13. ROYALTIES AND RENTALS: Royalty on each unitized tract shall be paid or delivered by the parties obligated therefor as provided by existing leases, contracts, laws, and regulations at the lease or contract rate upon the unitized substances allocated to the tract. Nothing herein contained shall operate to relieve the lessees of Indian, Federal, or State lands from their obligations under the terms of their respective leases to pay rentals and royalties.

Royalty due the Navajo Indians and the United States shall be computed as provided in the operating regulations and paid in value or delivered in kind as to all unitized substances on the basis of the amounts thereof allocated to unitized Indian and Federal land as provided herein at the rates specified in the respective Indian and Federal leases or at such lower rate or rates as may be authorized by law or regulations; provided that for leases on which the royalty rate depends on the daily average production per well, said average production shall be determined in accordance with the operating regulations as though each participating area were a single consolidated lease.

Unitized substances produced from any participating area and used therein in conformance with good operating practice for drilling, operating, camp, or other production or development purposes or under an approved plan of operation for repressuring or cycling said participating area, or for development outside of such participating area if for the purposes of drilling exploratory wells or for camps or other purposes benefiting the unit as a whole, shall be free from any royalty or other charge except as to any products extracted from unitized substances so used. If Unit Operator introduces gas for which royalties have been paid into any participating area hereunder from sources other than such participating area for use in repressuring, stimulation of production, or increasing ultimate production in conformity with a plan first approved by the Supervisor, a like amount of gas may be sold without payment of royalty as to dry gas but not as to the products extracted therefrom; provided, that gas so introduced shall bear a proportionate and equitable share of plant fuel consumption and shrinkage in the total volume of gas processed from such participating area; and provided further, that such withdrawal shall be at such time as may be provided in the plan of operation or as may otherwise be consented to by the Supervisor as conforming to good petroleum engineering practice; provided, however, that said right of withdrawal royalty free shall terminate upon termination of the unit agreement.

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Each working interest owner and lessee presently responsible for the payment of rentals, or his successor in interest, shall be responsible for and shall pay all rentals of whatsoever kind on his respective lease. Rental or minimum royalty for Indian and Federal land of the United States subject to this agreement shall be paid at the rate specified in the respective Indian and Federal leases or such rental or minimum royalty as to Federal land is waived, suspended, or reduced by law or by approval by the Secretary of the Interior, hereinafter referred to as "Secretary". Rentals on State of New Mexico lands subject to this agreement shall be paid at the rates specified in the respective leases, or may be reduced and suspended upon the order of the Commissioner of Public Lands of the State of New Mexico pursuant to applicable laws and regulations.

14. CONSERVATION: Operations hereunder and production of unitized substances shall be conducted to provide for the most economical and efficient recovery of said substances, to the end that the maximum efficient yield may be obtained without waste, as defined by or pursuant to State or Federal law or regulation; and production of unitized substances shall be limited to such production as can be put to beneficial use with adequate realization of fuel and other values.

15. DRAINAGE: The Unit Operator shall take appropriate and adequate measures to prevent drainage of unitized substances from unitized land by wells on land not subject to this agreement, or pursuant to applicable regulations pay a fair and reasonable compensatory royalty as determined by the Supervisor for Indian and Federal land or as approved by the State Commissioner as to State land. Unit Operator shall be reimbursed for the cost thereof by the working interest owners in the manner provided in the unit operating agreement.

16. LEASES AND CONTRACTS CONFORMED TO AGREEMENT: The parties hereto holding interests in leases embracing unitized Indian, Federal, or State land consent that the Secretary and the State Commissioner, respectively, may and said Secretary, or his duly authorized representative, and State Commissioner by their approval of this agreement do, establish, alter, change, or revoke the drilling, producing, rental, minimum royalty, and royalty requirements of such leases and the regulations in respect thereto, to conform said requirements to the provisions of this agreement, but otherwise the terms and conditions of said leases shall remain in full force and effect.

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Said parties further consent and agree, and the Secretary or his duly authorized representative, and the State Commissioner by their respective approvals

hereof determine, that during the effective life of this agreement, drilling and producing operations performed by the Unit Operator upon any unitized land will be accepted and deemed to be operations under and for the benefit of all unitized leases embracing Indian, Federal and State land; that no such lease shall be deemed to expire by reason of failure to produce wells situated on land therein embraced; and that all leases or other contracts concerning such land, except as otherwise provided herein, shall be modified to conform to the provisions of this agreement and shall be continued in force and effect beyond their respective terms during the life of this agreement. Any Federal lease for a term of 20 years or any renewal thereof or any part of such lease which is made subject to this agreement shall continue in force until the termination hereof. Any other Federal lease committed hereto shall continue in force as to the committed land so long as the lease remains committed hereto, provided a valuable deposit of unitized substances is discovered prior to the expiration date of the primary term of such lease. Authorized suspension of all operations and production on the unitized land shall be deemed to constitute authorized suspension with respect to each unitized lease.

The parties hereto holding interests in privately owned land within the unit area consent and agree, to the extent of their respective interests, that each such lease may be continued in effect beyond the primary term of such lease and during the term of this agreement, provided however that until some portion of the land in a privately owned lease is included in a participating area said lease may be kept in force only by the payment of the delay rentals in the time, manner and amount provided by said lease. Except as in this section otherwise provided, all leases or other contracts concerning such land shall be modified to conform to the provisions of this agreement and shall be continued in force and effect during the life of this agreement; that drilling and producing operations conducted on any tract of land committed to this agreement will be accepted and deemed to be performed on and for the benefit of each and every tract of such privately owned land committed hereto; that no lease affecting said privately owned land shall be deemed to expire by reason of failure to drill or to produce wells situated on such lands; and that authorized suspension of all operations and production on unitized land shall be deemed to constitute authorized suspension with respect to all unitized leases affecting privately owned lands. 17185

17. SPECIAL INDIAN LAND PROVISIONS: Notwithstanding any other provisions, including but not limited to Sections 13 and 16 of this unit agreement, it is

expressly understood and agreed that any Indian land lease having a portion of its area within and a portion outside the unit area shall be segregated as to such portion for all intents and purposes as fully and effectively as if they had been issued as separate leases.

18. COVENANTS RUN WITH LAND: The covenants herein shall be construed to be covenants running with the land with respect to the interests of the parties hereto and their successors in interest until this agreement terminates, and any grant, transfer, or conveyance of interest in land or leases subject hereto shall be and hereby is conditioned upon the assumption of all privileges and obligations hereunder by the grantee, transferee, or other successor in interest. No assignment or transfer of any working, royalty, or other interest shall be binding on the Unit Operator until the first day of the next calendar month after the Unit Operator is furnished with the original or photostatic or certified copy of the instrument of transfer.

19. EFFECTIVE DATE AND TERM: This agreement shall become effective upon approval by the State Commissioner and the Director and shall have a term of 5 years commencing as of said effective date, unless (a) the date of expiration is extended by the Director and the State Commissioner, or (b) it is reasonably determined prior to the expiration of the fixed term of any extension thereof that the unitized land is incapable of production of unitized substances in paying quantities and after notice of intention to terminate the agreement on such ground is given by the Unit Operator to all parties in interest at their last known addresses, the agreement is terminated with the approval of the Director and the State Commissioner, or (c) a valuable discovery of unitized substances has been made on unitized land during said initial term or any extension thereof, in which case the agreement shall remain in effect so long as unitized substances can be produced from the unitized land in paying quantities; or (d) it is terminated as provided in Sections 5 and 8 hereof.

This agreement may be terminated at any time by not less than 75 percentum, on an acreage basis, of the owners of working interest signatory hereto with the approval of the Director and the State Commissioner.

20. RATE OF PROSPECTING, DEVELOPMENT, AND PRODUCTION: All production and the disposal thereof shall be in conformity with allocations, allotments, and quotas made or fixed by any duly authorized person or regulatory body under any Federal or State statute. The Director is hereby vested with authority to alter or modify from time to time, in his discretion, the rate of prospecting and

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development and within the limits made or fixed by the Commission to alter or modify the quantity and rate of production under this agreement, such authority being hereby limited to alteration or modification in the public interest, the purpose thereof and the public interest to be served thereby to be stated in the order of alteration or modification; provided further that no such alteration or modification shall be effective as to any land of the State of New Mexico as to the rate of prospecting and development in the absence of the specific written approval thereof by the State Commissioner and as to any lands of the State of New Mexico or privately-owned lands subject to this agreement as to the quantity and rate of production in the absence of specific written approval thereof by the Commission.

21. CONFLICT OF SUPERVISION: Neither the Unit Operator nor the working interest owners nor any of them shall be subject to any forfeiture, termination, or expiration of any rights hereunder or under any leases or contracts subject hereto, or to any penalty or liability for delay or failure in whole or in part to comply therewith to the extent that the said Unit Operator, working interest owners or any of them are hindered, delayed, or prevented from complying therewith by reason of failure of the Unit Operator to obtain with the exercise of due diligence the concurrence of the representatives of the United States and the representatives of the State of New Mexico in and about any matters or thing concerning which it is required herein that such concurrence be obtained. The parties hereto, including the Commission, agree that all powers and authority vested in the Commission in and by any provisions of this contract are vested in the Commission and shall be exercised by it pursuant to the provisions of the laws of the State of New Mexico and subject in any case to appeal or judicial review as may now or hereafter be provided by the laws of the State of New Mexico.

22. UNAVOIDABLE DELAY: All obligations under this agreement requiring the Unit Operator to commence or continue drilling or to operate on or produce unitized substances from any of the lands covered by this agreement shall be suspended while, but only so long as, the Unit Operator despite the exercise of due care and diligence is prevented from complying with such obligations, in whole or in part, by strikes, lockouts, acts of God, Federal, State, or municipal laws or agencies, unavoidable accidents, uncontrollable delays in transportation, inability to obtain necessary materials in open market, or other matters beyond the reasonable control of the Unit Operator whether similar to matters herein enumerated or not.

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23. TAXES: The working interest owners shall render and pay for their account and the account of the royalty owners all valid taxes on or measured by the unitized substances in and under or that may be produced, gathered and sold from the land subject to this contract, after the effective date of this agreement, or upon the proceeds or net proceeds derived therefrom. The working interest owners on each tract shall and may charge the proper proportion of said taxes to the royalty owners having interests in said tract, and may currently retain and deduct sufficient of the unitized substances or derivative products, or net proceeds thereof from the allocated share of each royalty owner to secure reimbursement for the taxes so paid. No such taxes shall be charged to the United States or the State of New Mexico or to any lessor who has a contract with his lessee which requires the lessee to pay such taxes.

24. NON-JOINDER AND SUBSEQUENT JOINDER: If the owner of any interest in a tract within the unit area fails or refuses to subscribe or consent to this agreement, the owner of the working interest in that tract may withdraw said tract from this agreement by written notice to the Director and the Unit Operator prior to the approval of this agreement by the Director. Any oil or gas interests in lands within the unit area not committed hereto prior to submission of this agreement for final approval may thereafter be committed hereto by the owner or owners thereof subscribing or consenting to this agreement and, if the interest is a working interest, by the owner of such interest also subscribing to the Unit Operating Agreement. After operations are commenced hereunder, the right of subsequent joinder, as provided in this section, by a working interest owner is subject to such requirements or approvals, if any, pertaining to such joinder, as may be provided for in the Unit Operating Agreement. After final approval hereof, joinder to this agreement by a non-working interest owner must be consented to in writing by the working interest owner committed hereto and responsible for the payment of any benefits that may accrue hereunder in behalf of such non-working interest. Prior to final approval hereof, joinder by any owner of non-working interest must be accompanied by appropriate joinder by the owner of the corresponding working interest in order for the interest to be regarded as effectively committed hereto. A subsequent joinder shall be effective as of the first day of the month following the filing with the Supervisor of duly executed counterparts of all or any papers necessary to establish effective commitment of any tract to this agreement unless objection to such joinder is duly made within 60 days by the Director.

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25. COUNTERPARTS: This agreement may be executed in any number of counterparts no one of which needs to be executed by all parties or may be ratified or consented to by separate instrument in writing specifically referring hereto and shall be binding upon all those parties who have executed such a counterpart; ratification, or consent hereto with the same force and effect as if all such parties had signed the same document and regardless of whether or not it is executed by all other parties owning or claiming an interest in the lands within the above described unit area.

26. FAIR EMPLOYMENT: The Unit Operator shall not discriminate against any employee or applicant for employment because of race, creed, color, or national origin, and an identical provision shall be incorporated in all sub-contracts.

27. LOSS OF TITLE: In the event title to any tract of unitized land or substantial interest therein shall fail and the true owner cannot be induced to join this unit agreement, so that such tract is not committed to this unit agreement, there shall be such readjustment of participation as may be required on account of such failure of title. In the event of a dispute as to title or as to any interest in unitized land, the Unit Operator may withhold payment or delivery on account thereof without liability for interest until the dispute is finally settled; provided, that as to Federal and State land or leases, no payments of funds due the United States or the State of New Mexico shall be withheld, but such funds shall be deposited as directed by the Supervisor and the Commissioner of Public Lands of the State of New Mexico, respectively, to be held as unearned money pending final settlement of the title dispute, and then applied as earned or returned in accordance with such final settlement.

28. NO PARTNERSHIP: It is expressly agreed that the relation of the parties hereto is that of independent contractors and nothing in this agreement contained, expressed or implied, nor any operations conducted hereunder, shall create or be deemed to have created a partnership or association between the parties hereto or any of them.

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IN WITNESS WHEREOF, the parties hereto have caused this agreement to be executed and have set opposite their respective names the date of execution.

WITNESS:

DATE:

UNIT OPERATOR AND WORKING INTEREST OWNER

[Signature]

Address: 316 Petroleum Building
Oklahoma City, Oklahoma

BY [Signature]

BY _____

BY _____

BY _____

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WORKING INTEREST OWNERS

STANOLIND OIL AND GAS COMPANY



ATTEST:

DATE:

[Signature]
Assistant Secretary

3/20/51

By

[Signature]
Vice-President

Address: P. O. Box 591, Tulsa, Oklahoma



Secretary

By

President

Address:

ATTEST:

Secretary

By

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STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 19____, before me appeared _____
_____, to me personally known, who, being by me duly
sworn, did say that he is the _____ President of _____

and that the seal affixed to said instrument is the corporate seal of said corporation,
and that said instrument was signed and sealed in behalf of said corporation by
authority of its Board of Directors, and said _____
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this ____ day of _____, 19__.

My Commission expires:

Notary Public

STATE OF Ohio)
COUNTY OF Columbus)

On this 20th day of March, 1951, before me appeared
J. E. Cause, to me personally known, who, being by me duly
sworn, did say that he is the Vice President of STANOLIND OIL AND GAS COMPANY

and that the seal affixed to said instrument is the corporate seal of said corporation,
and that said instrument was signed and sealed in behalf of said corporation by
authority of its Board of Directors, and said J. E. Cause
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this 20th day of March, 1951.

My Commission expires:

Aug 9, 1954

Mary Ann Ballour
Notary Public

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 19____, before me appeared _____
_____, to me personally known, who, being by me duly
sworn, did say that he is the _____ President of _____

and that the seal affixed to said instrument is the corporate seal of said corporation,
and that said instrument was signed and sealed in behalf of said corporation by
authority of its Board of Directors, and said _____
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this ____ day of _____, 19__.

My Commission expires:

Notary Public

STATE OF _____)
COUNTY OF _____)

On this ____ day of _____, 19____, before me appeared _____
_____, to me personally known, who, being by me duly
sworn, did say that he is the _____ President of _____

and that the seal affixed to said instrument is the corporate seal of said corporation,
and that said instrument was signed and sealed in behalf of said corporation by
authority of its Board of Directors, and said _____
acknowledged said instrument to be the free act and deed of said corporation.

Given under my hand and notarial seal this ____ day of _____, 19__.

My Commission expires:

Notary public

(New Mexico)

STATE OF Oklahoma)

COUNTY OF Oklahoma)

On this 1st day of November, 1950, before me personally appeared

Earl A. Benson and Wm. V. Martin

to me known to be the persons described in and who executed and delivered the foregoing instrument, and acknowledged to me that they executed the same as their free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 1st day of November, 1950.

My Commission expires:

August 3rd, 1953

[Signature]
Notary Public

STATE OF _____)

COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed and delivered the foregoing instrument, and acknowledged to me that _____ executed the same as _____ free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19____.

My Commission expires:

Notary Public

STATE OF _____)

COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed and delivered the foregoing instrument, and acknowledged to me that _____ executed the same as _____ free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19____.

My Commission expires:

Notary Public

STATE OF _____)

COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed and delivered the foregoing instrument, and acknowledged to me that _____ executed the same as _____ free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19____.

My Commission expires:

Notary Public

STATE OF _____)

COUNTY OF _____)

On this _____ day of _____, 19____, before me personally appeared

to me known to be the person _____ described in and who executed and delivered the foregoing instrument, and acknowledged to me that _____ executed the same as _____ free act and deed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this _____ day of _____, 19____.

My Commission expires:

Notary Public

(New Mexico)

17185

#17185

CERTIFICATION--DETERMINATION

Pursuant to the authority vested in the Secretary of the Interior under the Act approved March 3, 1909, 35 Stat. 783, 25 U.S.C. sec. 396, as to certain restricted INDIAN lands, and delegated to the Commissioner of Indian Affairs by Departmental Order 2508 of January 11, 1949, 14 F.R. 258; and

Pursuant to the authority vested in the Secretary of the Interior, as to FEDERAL lands, under the Act approved February 25, 1920, 41 Stat. 437; 30 U.S.C. secs. 181, et seq., as amended by the Act of August 8, 1946, 60 Stat. 950, and delegated to the Director of the Geological Survey by Departmental Order 2365 of October 8, 1947, 43 C.F.R. sec. 4.611, 12 F.R. 6784, we do hereby:

A. Approve the attached agreement for the development and operation of the Gallegos Canyon Unit Area, San Juan County, State of New Mexico.

B. Certify and determine that the unit plan of development and operation contemplated in the attached agreement is necessary and advisable in the public interest for the purpose of more properly conserving the natural resources.

C. Certify and determine that the drilling, producing, rental, and royalty provisions of all Indian leases committed to said agreement are hereby established, altered, changed, or revoked to conform with the terms and conditions of this agreement.

D. Certify and determine that the drilling, producing rental, minimum royalty, and royalty requirements of all Federal leases committed to said agreement are hereby established, altered, changed or revoked to conform with the terms and conditions of this agreement.

Dated JUL 25 1951

[Signature]
Assistant Commissioner of Indian Affairs

Dated JUL 25 1951

[Signature]
Acting Director, United States Geological Survey

17185

IN THE MATTER OF THE APPLICATION OF
WILLIAM V. GALLAGHER, et al.
Petitioners
vs.
THE STATE OF NEW MEXICO
Respondent
COUNTY OF SANTA FE, NEW MEXICO

The undersigned, Commissioner of Public Lands of the State of New Mexico, having considered the application of Earl A. Benson and William V. Gallagher for approval of the Gallegos Canyon Unit Agreement, covering lands in San Juan County, New Mexico, described in said Agreement, and the undersigned having considered the aforesaid application and the evidence offered by the Petitioners at the hearing before the Oil Conservation Commission on the 24th day of April, 1951, finds:

1. That the proposed Gallegos Canyon Unit Agreement will tend to promote the conservation of oil and gas and the better utilization of reservoir capacity.

2. That under the operation of the proposed Unit Agreement, the State of New Mexico will receive its fair share of the recoverable oil or gas in place under its lands in the area affected.

3. That the Agreement is in other respects for the best interests of the State of New Mexico.

Said Agreement is hereby approved.
Dated April 24th, 1951, at Santa Fe, New Mexico.

Gaylord
Commissioner of Public Lands.

EXHIBIT "B"
**SCHEDULE SHOWING THE PERCENTAGE AND KIND OF OWNERSHIP OF OIL AND
 GAS INTERESTS IN ALL LAND IN THE GALLEGOS CANYON UNIT AGREEMENT**

FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION		NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT		PERCENTAGE INTEREST	
		TWP	R SEC			OWNER	ORRI	RI OR	LEASE OR ASSIGNMENT		OPERATING AGREEMENT
1	0524 (Mk) (Lse-App.)	29N	13W	24 - N/2 S/2	160.00	E. B. Todhunter	USA	RI	12 3/4%	E. B. Todhunter	87.5000
2	047019-B 3-6-36 (Producing Lease)	28N	11W	7 - Lot 1 18 SE/4 NE/4, SW/4 SE/4	106.90	Summit Oil Co.	USA	RI	12 3/4%	<i>Summit Oil Co.</i> Southern Union Gas Co.	87.5000
3	076444 11-1-45	29N	12W	18 - Lot 3	39.43	Pauline S. McNaughton	USA	RI	12 3/4%	J. J. Hudson	87.5000
4	076444 11-1-45	29N	13W	23 - S/2 SW/4, SW/4 SE/4 26 - NE/4 NE/4	160.00	Pauline S. McNaughton	USA	RI	12 3/4%	J. J. Hudson	87.5000
5	077731 8-1-46	29N	12W	21 - NE/4	160.00	Pauline S. McNaughton	USA	RI	12 3/4%	J. J. Hudson	87.5000
6	077966 2-1-48	28N	13W	23 - All 24 - All 14 - S/2	1600.00	Carlos Robinson	USA	RI	12 3/4%	Southern Union Gas Co.	87.5000
7	077967 2-1-48	28N	13W	35 - All 36 - All	1280.00	Gerald L. Davies	USA	RI	12 3/4%	Southern Union Gas Co.	87.5000
8	078072 2-1-48	28N	13W	11 - All	275.36	V. H. Sloan	USA	RI	12 3/4%	W. H. Sloan	87.5000

April 1951

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FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION		NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST		WORKING INTEREST OWNER				
		TWP	R			SEC	SECTION SUBDIVISIONS	RI OR OWNER	ORRI	OPERATING AGREEMENT LEASE OR ASSIGNMENT	PERCENTAGE INTEREST	
12	078303 12-1-47	29N	12W	18	E/2 SE/4, SE/4 NE/4	120.00	J. J. Hudson	USA	RI	12 1/8%	Albuquerque Assoc Oil 5/8 WI Carroll & Cornell 3/8 WI	54.6875 32.8125
13	078370 12-1-47	29N	12W	17	NE/4, E/2 NW/4 18 - N/2 N/2, SW/4 NE/4	439.32	Nathan Kessler	USA	RI	12 1/8%	J. J. Hudson	87.5000
14	078401 (078370 - Old Serial No.) 12-1-47	29N	12W	17	W/2 NW/4	80.00	Albuquerque Assoc. Oil (Nathan Kessler - Original Lessee)	USA	RI	12 1/8%	Albuquerque Assoc. Oil 5/8 WI Carroll & Cornell 3/8 WI	54.6875 32.8125
15	078780 (See App.)	28N	11W	7	SE/4 SE/4	160.00	Hazel L. Gentle	USA	RI	12 1/8%	Miles Oil Company	84.5000
16	078807 4-1-48	28N	13W	12	NE/4 NE/4, E/2 SE/4	1235.40	H. K. Riddle	USA	RI	12 1/8%	Stanolind 1/2 WI Benson & Montin 1/2 WI	42.7500 42.7500
17	078828 8-1-49	28N	12W	11	S/2 S/2 14 - NE/4 NE/4, SW/4 NE/4, SW/4 22 - NE/4 23 - W/2 NW/4 27 - All 28 - All 29 - E/2	2240.00	Clinton C. Scymour	USA	RI	12 1/8%	Stanolind 1/2 WI Benson & Montin 1/2 WI	42.7500 42.7500
18	078903 2-1-48	28N	12W	33	All	1280.00	Carroll T. Payne	USA	RI	12 1/8%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500

April 1951

FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION		NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT		PERCENTAGE INTEREST		
		TWP	R SEC			OWNER	RI OR OBRI	INTEREST	LEASE OR ASSIGNMENT		OPERATING AGREEMENT	
19	078904 2-1-48	28N	12W	23 - E/2, SW/4, E/2 NW/4	2480.00	Carroll T. Payne	USA	RI	12 1/2%	Stanolind Benson & Montin	1/2 VI 1/2 VI	43.7500 43.7500
		24 - All										
		25 - All										
		26 - All										
20	078905 7-1-48	28N	12W	11 - Lots 1 & 2	1207.18	Vance W. McManus	USA	RI	12 1/2%	Stanolind Benson & Montin	1/2 VI 1/2 VI	43.7500 43.7500
		12 - SW/4 SW/4										
		13 - W/2 NW/4, SW/4										
		14 - NW/4, NW/4 NE/4, SE/4 NE/4, SE/4										
		22 - S/2										
31 - Lots 3 & 4, E/2 SW/4												
21	078926 5-1-48	29N	13W	25 - S/2 NW/4, S/2	1640.00	Vance W. McManus	USA	RI	12 3/8%	Stanolind Benson & Montin	1/2 VI 1/2 VI	43.7500 43.7500
		26 - S/2, NW/4, W/2 NE/4, SE/4 NE/4										
		35 - All										
22	078949 2-1-48	29N	12W	18 - S/2 SW/4	199.48	L. B. Hodges	USA	RI	12 3/8%	L. B. Hodges		87.5000
		19 - E/2 NW/4, NW/4 NE/4										
23	079065 10-1-49	29N	13W	34 - All	640.00	I. N. Hagood	USA	RI	12 1/2%	L. N. Hagood		87.5000
24	079244 5-1-48	28N	12W	19 - NE/4	320.00	Albert M. Senter, Jr.	USA	RI	12 1/2%	Stanolind Benson & Montin	1/2 VI 1/2 VI	43.7500 43.7500
		20 - NW/4										
25	079346 5-1-49	28N	12W	32 - All	640.00	Mary C. Hagood	USA	RI	12 1/2%	Benson & Montin		82.5000
						Mary C. Hagood OBRI			5%			

April 1951

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FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION		NO. ACRES	LEASE OFFER OF RECORD	ROYALTY OWNERS & INTEREST		WORKING INTEREST OWNER			
		TWP	R			SEC	SECTION	SUBDIVISION	RI OR OTHER ORRI	INTEREST	UNDER OPTION AGREEMENT OR LEASE OR ASSIGNMENT
34-A	080723 1-1-50	29N	12W	21 - S/2 SW/4 28 - NE/4 NW/4, NW/4 NE/4	160.00	E. J. Johnson	USA	RI	12 1/2%	Albuquerque Assoc. Oil 5/8 WI Carrill & Cornell 3/8 WI	54.6875 32.8125
35	080844 (Use .app.)	28N	11W	19 - All	635.84	Thelma L. Stephens (Now Thelma L. Rhodes)	USA	RI ORRI	12 1/2% 5%	Benson & Montin	82.5000
36	080962 7-1-50	29N	12W	29 - NE/4 SE/4, NE/4 SW/4	80.00	Elma R. Jones	USA	RI	12 1/2%	Elma R. Jones	87.5000

TOTAL FEDERAL LEASES ----- 24,716.72

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FEDERAL LANDS

TRACT NO.	FEDERAL LEASE NO. (SANTA FE)	DESCRIPTION		NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNERS & INTEREST		WORKING INTEREST OWNER		PERCENTAGE INTEREST	
		TWP	R			SEC	SECTION SUBDIVISIONS	OWNER	ORRI		RI
26	079907 9-1-48	29N	12W	26 - NW/4 NW/4 27 - N/2 NE/4	120.00	A. T. Callahan	USA	RI	12 1/2%	Albuquerque Assoc. Oil 578 WI	54.6875
27	080224 (Use.App.)	29N	12W	27 - N/2 SE/4	80.00	E. A. Hanson	USA	RI	12 1/2%	Carroll & Cornell 3/8 WI E. A. Hanson E. A. Hanson H. K. Riddle Co.	32.8125 87.5000
28	080239 9-1-49	29N	13W	23 - N/2 SE/4, SE/4 SE/4	120.00	George Siegel	USA	RI	12 1/2%	J. J. Hudson	87.5000
29	080491 (Use.App.)	29N	12W	17 - SE/4	160.00	Grace E. Van Hook	USA	RI	12 1/2%	Grace E. Van Hook	87.5000
30	080600 (Use.App.)	29N	12W	17 - SW/4	160.00	Grace E. Van Hook	USA	RI	12 1/2%	Grace E. Van Hook	87.5000
31	080614 (Use.App.)	29N	13W	13 - E/2 SE/4, NE/4, NE/4 NW/4	280.00	Albert K. Senter, Jr.	USA	RI	12 1/2%	Stanolind Benson & Montin	43.7500 43.7500
32	080647 3-1-48	29N	12W	22 - N/2 S/2	160.00	H. K. Riddle	USA	RI	12 1/2%	H. K. Riddle	87.5000
33	080647	29N	12W	22 - NW/4	160.00	H. K. Riddle (Assigned to Tom Bolack Assignment not yet approved)	USA	RI	12 1/2%	Tom Bolack	87.5000
34	080723 1-1-50	29N	12W	19 - E/2 NE/4, NE/4 SE/4 20 - N/2, N/2 S/2, SE/4 SE/4	640.00	E. J. Johnson	USA	RI	12 1/2%	J. J. Hudson	87.5000

April 1951

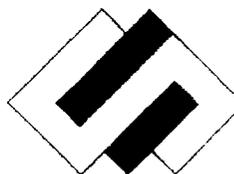
NAVAJO INDIAN ALLOTTED LANDS

TRACT NO.	DESCRIPTION	SECTION	NO. ACRES	LEASE OWNER OR RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND OWNER INTEREST		
					OWNER	RI OR ORRI INTEREST	OWNER	INTEREST	
37	28N 12W 9 - Lots 1 & 2, S/2 SE/4 16 - N/2		456.24	Glenn J. Smith	Navajo Indians	RI	12 1/2%	Glenn J. Smith	87.5000
38	28N 12W 16 - S/2 21 - NE/4, SW/4		640.00	The Texas Co.	Nati ne alstee Bestoon Little Charley Niti yealth na dalth or Joe Dohy Nati ye na yah or John Dohy Nah-da-lathe-Cah or Robert Adote Dohy Glin nos bah Alth ta yo lalth or Roy Victor Es son so ah (D. record - see below for heirs in addition to those listed here)	RI	12 1/2%	The Texas Co.	87.5000
39	28N 12W 19 - S/2 20 - S/2, NE/4		792.62	The Texas Co.	Hed-tah-ne-tee-see Els tso nas pah or Helen Jcse or Mrs. John Jose Pabe Hod tah ne tsosee or Paul Jones Pah Hod tah ne tsosee or John Russel John Charlie Ha ncp pah or Martha Jose (minor heir) Ah kee or Tom Jose (minor heir) Dah noz bah or Bessie Charlie (minor heir) Boz de bah or Betty Charlie (minor heir) Glen ye ne bah or Jessie Charlie (minor heir) Na glee bah or Alice Charlie (minor heir) Yeth e bah or Isabel Charlie (minor heir)				

* Heirs of Es son so ah.
 Large Blackie
 N of Tom Blackie
 Raster Blackie
 Joe Blackie
 Glen na pah

April 1951

PETROLEUM (AMERICAS) INC.
San Felipe, Suite 3600
Houston, Texas 77057
Phone (713) 780-5000
713) 780-5461



FACSIMILE TRANSMISSION

Date: December 11, 1990

To: Richard Tully

Company: Attorney

Phone Number: (505) 327-3388

Fax Number: (505) 327-7483

From: Donald Reinhardt

Phone Number: (713) 780-5443

Number of Pages
Including This
Cover Sheet: 8

Comments: The following are copies of instruments
affecting Louise Locke's working interest
in the NW 1/4 Sec. 23-729N, R13W. Don Locke
asked me to fax you copies in order to
assist you in your review of title. Please
call if we can be of any additional help.

This transmission was sent from a Xerox 295, telephone number (713) 780-5461.

If there are any problems with transmission, please call Carolyn Lindsey at (713) 780-5027.

RICHARD T.C. TULLY, P.A.
ATTORNEY AT LAW
111 NORTH ORCHARD AVENUE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY

505-327-3388

February 22, 1991

RECEIVED
FEB 25 1991
INLAND DEPT.

Donald Reinhardt
Senior Landman, Inland Business Unit
BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3800
Houston, TX 77057

Re: Louise Y. Locke

Dear Mr. Reinhardt:

This law firm has completed its title review of the oil, gas, and associated hydrocarbons from the surface to the base of the Pictured Cliffs Formation underlying the N/2 of Section 23, T-29-N, R-13-W, N.M.P.M., San Juan County, New Mexico.

Our review shows that the working interest from the surface to the base of the Pictured Cliffs Formation is vested in Louise Y. Locke. Further, the surface to the base of the Pictured Cliffs Formation for the N/2 of Section 23 is subject to the Pooling Designation between Lloyd D. Locke, Lloyd B. Taylor, Stanolind Oil and Gas Company, Earl A. Benson, and William V. Montin, which is filed in Book 270, Page 23 of the records of San Juan County, New Mexico.

For your further information, the working interest of Ms. Locke originated from an Assignment dated January 23, 1953 from Earl A. Benson et ux., Wm. V. Montin et ux., and Stanolind Oil and Gas Company to Lloyd D. Locke and Lloyd B. Taylor d/d/a Locke-Taylor Drilling Company, which is filed in Book 224, Page 107 of the records of San Juan County, New Mexico.

We have been advised by our client that the N/2 of Section 23 from the surface to the base of the Pictured Cliffs Formation was never committed to the Gallegos Canyon Unit, and that no information, correspondence, or documents have been sent to her or her deceased husband (Lloyd D. Locke) by the Unit Operator or Suboperator of the Gallegos Canyon Unit.

The Howard Tycksen Pooled Unit No. 1 Well was spud by Locke-Taylor Drilling Company on August 6, 1952, and its was drilled to the Pictured Cliffs Formation. Since the Pictured Cliffs Formation did not appear to be commercially productive,

NAVAJO INDIAN ALLOTTED LANDS

TRACT NO.	TWP	R	SECTION	NO. SEC SUBDIVISIONS	ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		RI OR ORRI	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST		
							OWNER	INTEREST OWNER				
40	28N	12W	29	-	W/2	The Texas Co.	Bah or Mrs. Moses Ha tah ne ch wood or Niti ye chi nos wood	12 3/4%	RI	The Texas Co.	87.5000	
							Hah he bah or Mrs. Charlie Frank Bah Yazzie or Lewis Barrett or Ray Kee Els Tso nas pah or Mrs. John Jones John Lewis or Cleo gee health begay Glin haz bah Haska th nil wood or Lewis Yanggie Ya Na Ne bah or Jennie Daming Na nis pah or Dorothy Jafney Meth yeth hos bah (Minnie Lewis) Hostin-es-kihe or Joe Paul Be ta ne Begay or John Barker Francisco Begay Hah he pah or Mrs. Charlie Frank					
41	28N	12W	31	-	N/2, SE/4	The Texas Co.		12 3/4%	RI	The Texas Co.	87.5000	
42	28N	12W	30	-	All	624.60 Jernigan	Bah Yazzie or Lewis Barrett or Ray Kee Els tso nas pah or Mrs. John Jones John Lewis or Chee ge health begay Glin haz bah or Minnie Charles or Mrs. Billie Charlie Haska th nil wood or Lewis Yazzie Glinth yeth hos bah or Mary Lewis or Mrs. Joe Lewis Hah he pah or Mrs. Charlie Frank	12 3/4%	RI	Southern Union Gas Co.	87.5000	

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NAVAJO INDIAN ALLOTTED LANDS

TRACT NO.	TWP	R	SEC	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER		
							OWNER	ORRI	RI OR ORRI	AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
43	28N	13W	25	- All	640.00	Jernigan	Hah nuz bah or Thelma Batonnie Na tah elth wolph or Little Charlie Pah Tso or Astha Vazza or Isabelle (Decedent - will not probated as of April 24, 1951) Hosh ka tya or Key Chee or Paul Newman Hostin es kihe or Joe Paul Keeth Chee or Joe Charlie Ossie or Ocie or Thelma Todi Cheene Tsoosie or Zonnie th palia May Todl cheene tsoosie or Lucy Charley Navajo Thomas Haska yeth e dal or Kee Max Joe Thomas Atad or Da naz bah Walker Thomas (minor child)	RI	12 1/2%	Southern Union Gas Co.	87.5000
44	28N	13W	26	- All	640.00	Jernigan	Navajo Thomas or Thomas Tomas Hoska ye ah yah Thomas or Kee Max Es dot nin bah Thomas or Pauline Thomas cr Mrs. Jake Begay Ye nel wood Thomas or John Bleason	RI	12%	Southern Union Gas Co.	87.5000
45	29N	12W	32	- SE/4 NE/4 33 - NE/4 NW/4 S/2 NW/4 SW/4	320.00	Benson & Kontin	Nati ye na yah or John Adobe *Es son so ah (Decedent - see below for him) Nita yealth na dalth or Joe Adobe Alth ta yo lalth or Roy Dieter Glin noz bah Hah da lathe cah or Robert Adobe	RI	12 1/2%	Benson & Kontin	87.5000

* Heir of Es son so ah
Largo Blackie
Natonnie Blackie
Arthur Blackie
Joe Blackie
Benson no prob

April 1951

D7K

STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP R	SEC	SECTION	SUBDIVISIONS	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST			WORKING INTEREST OWNER UNDER		
								OWNER	RI OR ORRI	INTEREST	OWNER	OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	INTEREST
46	P-2447 2-10-59	28N	11W	7	- Lot 2		Skelly Oil Co.	State of RI	12 1/2%	Skelly Oil Co.	87.5000		
								New Mexico					
								(27.53)					
								(80.00)					
								(40.00)					
28N	12W	12	- Lots 1, 2 & 3,	S/2 SE/4	(38.93)	Skelly Oil Co.	State of RI	12 1/2%	Skelly Oil Co.	87.5000			
							New Mexico						
							(40.00)						
							(162.80)						
							(160.00)						
29N	12W	16	- NE/4 SW/4	NE/4 SW/4	(40.00)	Skelly Oil Co.	State of RI	12 1/2%	Skelly Oil Co.	87.5000			
							New Mexico						
							(80.00)						
							(120.00)						
							(40.00)						
29N	13W	36	- NW/4 NE/4	TOTAL TRACT 46	829.26	Skelly Oil Co.	State of RI	12 1/2%	Skelly Oil Co.	87.5000			
							New Mexico						
							(65.44)						
							(117.80)						
							(40.00)						
28N	11W	7	- Lots 4 & 5			T & P Coal & Oil Company	State of RI	12 1/2%	T & P Coal & Oil Co.	87.5000			
							New Mexico						
							(55.44)						
							(117.80)						
							(40.00)						
28N	11W	7	- Lot 3			T & P Coal & Oil Company	State of Min. All		Not Leased	-			
							New Mexico						
							27.55						
							40.00						
							40.00						
28N	11W	7	- SE/4 SW/4			T & P Coal & Oil Company	State of Min. All		Not Leased	-			
							New Mexico						
							40.00						
							40.00						
							263.24						
28N	11W	7	- SW/4 SE/4			T & P Coal & Oil Company	State of Min. All		Not Leased	-			
							New Mexico						
							40.00						
							40.00						
							263.24						

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April 1951

STATE LANDS

TRACT NO	STATE LEASE NO.	TWP R	DESCRIPTION SEC SECTION SUBDIVISIONS	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER	
						OWNER	ORRI INTEREST	OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	INTEREST
51	E-397 6-11-55	28N 11W	18 - SW/4 NE/4	40.00	Southern Union Gas Co.	State of RI New Mexico	12 1/2%	Southern Union Gas Co.	87.5000
52	-	28N 11W	18 - NE/4 SW/4	40.00	Not leased	State of Min. New Mexico	All	Not leased	
53	B-9094-9 4-15-51	28N 11W	18 - SW/4 SW/4	38.95	Otto Schindler	State of RI New Mexico	12 1/2%	Otto Schindler	87.5000
54	E-284-9 4-13-55	28N 12W	12 - Lot 4	27.60	Arthur W. Sunter	State of RI New Mexico	12 1/2%	Arthur W. Sunter	87.5000
55	E-3151 12-14-59	28N 12W	12 - SE/4 SW/4	40.00	John W. Hjerstedt	State of RI New Mexico	12 1/2%	John W. Hjerstedt	87.5000
56	E-1065-1 1-7-56	28N 12W	13 - N/2 NE/4	80.00	Stanolind	State of RI New Mexico	12 1/2%	Stanolind	87.5000
57	B-11513-10 10-2-54	28N 12W	13 - NE/4 NW/4	40.00	Paul T. Purcell	State of RI New Mexico	12 1/2%	Paul T. Purcell	87.5000
58	E-3156 12-15-59	28N 12W	13 - S/2 NE/4	80.00	Bertha Rahn & Frieda Rahn	State of RI New Mexico	12 1/2%	Bertha Rahn & Frieda Rahn	87.5000
59	B-9145-27 5-15-51	28N 12W	13 - NE/4 SE/4	40.00	Phillip Gates	State of RI New Mexico	12 1/2%	Phillip Gates	87.5000
60	E-498 8-10-55	29N 12W	16 - SW/4 SW/4	40.00	T P Coal & Oil	State of RI New Mexico	12 1/2%	T P Coal & Oil Co.	87.5000

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STATE LANDS

TRACT NO.	STATE LEASE No.	TWP R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE OR ASSIGNMENT	
						ORRI	INTEREST	OWNER	INTEREST
61	B-9145-4 5-15-51	29N 12W	16 - NW/4 SW/4	40.00	Thelma Gapen	State of RI New Mexico	12 1/2%	Thelma Gapen	87.5000
62	-	29N 12W	32 - NW/4 NW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
63	-	29N 12W	32 - SW/4 NW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
64	B-10405-24 6-24-53	29N 12W	32 - SE/4 NW/4	40.00	Stanolind	State of RI New Mexico	12 1/2%	Stanolind Benson & Kontin 1/2 WI	43.7500 43.7500
65	-	29N 12W	32 - NW/4 SW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
66	B-10405-3 6-24-53	29N 12W	32 - SE/4 SW/4	40.00	F. V. Norvell	State of RI New Mexico	12 1/2%	F. V. Norvell	87.5000
67	B-11318-10 6-26-54	29N 12W	32 - SW/4 SW/4	40.00	H. R. Anderson	State of RI New Mexico	12 1/2%	H. R. Anderson	87.5000
68	-	29N 12W	32 - NW/4 SE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
69	B-2754 7-8-59	29N 12W	32 - SW/4 SE/4	40.00	S. E. Day	State of RI New Mexico	12 1/2%	S. E. Day	87.5000
70	B-10405-9 6-24-53	29N 12W	32 - NE/4 SE/4	40.00	L. M. Johnson	State of RI New Mexico	12 1/2%	L. M. Johnson	87.5000

STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER	
						OWNER	RI OR ORRI INTEREST	OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT	INTEREST
71	B-10405-27 6-24-53	29N 12W	32 - SE/4 SE/4	40.00	Harry Wright	State of RI New Mexico	12 1/2%	Harry Wright	87.5000
72	B-10644-17 9-10-53	29N 12W	36 - NE/4 NE/4	40.00	Stanolind	State of RI New Mexico	12 1/2%	Stanolind 1/2 WI Benson and Montin 1/2 WI	43.7500 43.7500
73	B-10644-19 9-10-53	29N 12W	36 - NW/4 NE/4	40.00	Clarence Rupp	State of RI New Mexico	12 1/2%	Clarence Rupp	87.5000
74	B-11303 6-10-54	29N 12W	36 - NW/4 NW/4	40.00	T P Coal & Oil Co.	State of RI New Mexico	12 1/2%	T P Coal & Oil Co.	87.5000
75	-	29N 12W	36 - SW/4 NW/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-
76	B-10644-22 9-10-53	29N 12W	36 - SE/4 NW/4	40.00	Stanolind	State of RI New Mexico	12 1/2%	Stanolind 1/2 WI Benson and Montin 1/2 WI	43.7500 43.7500
77	B-10644-9 9-10-53	29N 12W	36 - S/2 NE/4	80.00	Pearl Kercheval	State of RI New Mexico	12 1/2%	Pearl Kercheval	87.5000
78	B-9104-4 4-30-51	29N 13W 29N 12	36 - SE/4 NW/4 36 - S/2 SW/4	120.00	Albuquerque Assoc. Oil Co.	State of RI New Mexico	12 1/2%	Albuquerque Assoc. Oil Co.	87.5000
79	B-9577	29N 12W	36 - NW/4 SE/4	40.00	Paton Bros.	State of RI New Mexico	12 1/2%	Paton Bros.	87.5000
80	-	29N 12W	36 - NE/4 SE/4	40.00	Not Leased	State of Min. New Mexico	All	Not Leased	-

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STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP	R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER		
							ORRI	INTEREST	ORRI	INTEREST	
81	-	29N	12W	36 - SE/4 SE/4	40.00	Not Leased	State of Min. All New Mexico	All	Not Leased	-	
82	-	29N	13W	36 - NE/4 NE/4	40.00	Not Leased	State of Min. All New Mexico	All	Not Leased	-	
83	-	29N	13W	36 - NE/4 NW/4	40.00	Not Leased	State of Min. All New Mexico	All	Not Leased	-	
84	B-11017-8 2-18-54	29N	13W	36 - W/2 NW/4	80.00	John A. Owings	State of RI New Mexico	12 3/4%	John A. Owings	87,5000	
85	B-331-9 5-16-55	29N	13W	36 - NW/4 SW/4	40.00	John A. Owings	State of RI New Mexico	12 3/4%	John A. Owings	87,5000	
86	-	29N	13W	36 - SE/4 NE/4	40.00	Not Leased	State of Min. All New Mexico	All	Not Leased	-	
87	-	29N	13W	36 - SW/4 NE/4	40.00	Not Leased	State of Min. All New Mexico	All	Not Leased	-	
88	-	29N	13W	36 - NE/4 SW/4	40.00	Not Leased	State of Min. All New Mexico	All	Not Leased	-	
89	-	29N	13W	36 - NW/4 SE/4	40.00	Not Leased	State of Min. All New Mexico	All	Not Leased	-	
90	B-11017 2-18-54	29N	13W	36 - NE/4 SE/4	40.00	Stanolind	State of RI New Mexico	12 3/4%	Stanolind Benson and Montin	1/2 VI 1/2 VI	43,7500 43,7500

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STATE LANDS

TRACT NO.	STATE LEASE NO.	TWP R	DESCRIPTION SEC SECTION SUBDIVISIONS	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT LEASE OR ASSIGNMENT		
						OWNER	RI OR ORRI	INTEREST	OWNER	INTEREST
91	B-11017-15 2-15-54	29N 13W	36 - SW/4 SW/4 ←	40.00	Stanolind	State of New Mexico	RI	12 1/2%	Stanolind 1/2 WI Penson & Montin 1/2 WI	43,7500 43,7500
92	B-11017-11 2-15-54	29N 13W	36 - SE/4 SW/4	40.00	John N. Jetkiewicz	State of New Mexico	RI	12 1/2%	John N. Jetkiewicz	57,5000
93	B-11017-1 2-15-54	29N 13W	36 - SW/4 SE/4	40.00	E. H. Colby	State of New Mexico	RI	12 1/2%	E. H. Colby	57,5000
94	B-2526 3-10-59	29N 13W	36 - SE/4 SE/4	40.00	C. C. Seymour	State of New Mexico	RI	12 1/2%	C. C. Seymour	57,5000

TOTAL STATE LAND ----- 3,156.60

PATENTED LAND

TRACT No.	LEASE EXPIRATION DATE	TWP R	DESCRIPTION SEC SECTION SUBDIVISIONS	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND	
						OWNER	ORRI INTEREST	OWNER	INTEREST
95	Not leased	29N 13W	13 - SE/4 NW/4, NE/4 SW/4 W/2 SE/4	160.00	Not Leased	Dorothy J Krause Geo. H. Krause	RI	Dorothy J Krause 1/2 WI Geo. H. Krause 1/2 WI	43.7500 43.7500
96	8-2-56	29N 13W	13 - NW/4 NW/4	40.00	Stanolind	Enos J Strawn & Dorothy B Strawn	RI	Stanolind 1/2 WI Benson and Montin 1/2 WI	43.7500 43.7500
97	11-12-56	29N 13W	13 - NW/4 SW/4	40.00	Stanolind	Jessie Cox Church- hill	RI	Stanolind 1/2 WI Benson and Montin 1/2 WI	43.7500 43.7500
98	12-16-53	29N 13W	13 - E 1071' SW/4 NW/4	32.00	Stanolind	Arthur Coy & Ruth Coy	RI	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
99	11-29-53	29N 13W	13 - W/2 SW/4 SW/4	20.00	Stanolind	J B Brown & Vada B Brown	RI	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
100	11-1-56	29N 13W	13 - E/2 SW/4 SW/4, SE/4 SW/4	60.00	Stanolind	Gladys Booram	RI	Stanolind 1/2 WI Benson & Montin 1/2 WI	21.8750 21.8750
101	Not leased	29N 13W	13 - E/2 SW/4 SW/4, SE/4 SW/4	12.00	Not Leased	Thomas Korby & Josephine M. Korby John A. Lee	RI	Stanolind 1/2 WI Benson & Montin 1/2 WI	21.8750 21.8750 87.5000

Begin at a point on N line Sec 23, 40 rds E from NW corner of the NE/4 of said Sec; Thence S 746.81'; Thence E 770'; Thence N 746.81'; Thence W 770' to place of beginning.

PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP R	DESCRIPTION SEC SECTION SUBDIVISION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST		
						OWNER	RI OR OHHI	INTEREST	OWNER	INTEREST
110	9-8-53	29N 13W	24 - W/2 E/2 NE/4 & E/2 E/2 NE/4 excepting E 5 ac of SE/4 NE/4	75.00	Stanolind	Anthony J Michel & John A. Kirchei <i>with</i>	RI	12 1/2%	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
111	Not Leased	29N 13W	24 - 1/2 ac S of Public Road in SE cor of NW/4 NE/4	.50	Not leased	S. B. Lancaster	RI	12 1/2%	S. B. Lancaster	87.5000
112	5-15-52	29N 13W 29N 12W 29N 12W	24 - S/2 S/2 25 - N/2 N/2 30 - NW/4 NE/4, SE/4 NW/4, S/2 NE/4, N/2 NW/4 19 - SW/4 SW/4	598.93	Stanolind	H. L. Sterling & Iva Sterling	RI	12 1/2%	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
113	2-24-57	29N 13W 29N 12W	25 - SW/4 NE/4 29 - W/2 SW/4, SE/4 SW/4	160.00	Stanolind	Phil Schenck & Alberta Schenck	RI	12 1/2%	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
114	2-11-57	29N 13W 29N 12W	25 - SE/4 NE/4 30 - SW/4 NW/4, N/2 SW/4	159.12	Stanolind	W. T. Calloway	RI	12 1/2%	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
115	10-5-53	29N 12W	18 - Lot 2 or SW/4 NW/4, SE/4 NW/4, NE/4 SW/4	119.37	Stanolind	Sandia Corp.	RI	12 1/2%	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
116	10-5-53	29N 12W	18 - W/2 SE/4	80.00	Stanolind	Allen K. Tonkin & Nancy P. Tonkin	RI	12 1/2%	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
117	8-17-53	29N 12W	19 - SE/4 SE/4 20 - W/2 SW/4 SW/4	60.00	Stanolind	Geldie A. Chapman & Peery Chapman <i>Kera</i>	RI	12 1/2%	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500
118	5-8-57	29N 12W	19 - E 60 ac E/2 SW/4	60.00	Stanolind	Thos F. Kerby & Evelyn Kerby	RI	12 1/2%	Stanolind 1/2 VI Benson & Montin 1/2 VI	43.7500 43.7500

PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP R	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
						OWNER	RI OR ORRI INTEREST	OWNER	INTEREST
119	9-17-57	29N 12W	19 - W 20 ac E/2 SW/4	20.00	Stanolind	Thos F. Kerby & Evelyn Kerby	RI 12 3/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43,7500 43,7500
120	2-8-57	29N 12W 29N 13W	19 - W/2 NW/4, W 23.46 ac of NW/4 SW/4 24 - E 5 ac cf SE/4 NE/4	107.31	Stanolind	H. H. Smith & Evelyn V Smith	RI 12 3/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43,7500 43,7500
121	9-17-52	29N 12W	19 - E 16 ac of NW/4 SW/4	16.00	Stanolind	Howard H. Smith & Evelyn V Smith	RI 12 3/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43,7500 43,7500
122	2-12-52 Not Leased	29N 12W	19 - W/2 SE/4, SW/4 NE/4	120.00	Benson & Montin	Kamie Whitenack	RI 12 3/4%	Benson & Montin	87,5000
123	2-11-57	29N 12W	30 - SE/4 SE/4, W/2 SE/4, SE/4 SW/4	160.00	Stanolind	Dayo & Rosa Miller Lake H & Dorothy Helen-Pouson	RI 6 3/4% RI 6 3/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43,7500 43,7500
124	3-19-52	29N 12W	32 - N/2 NE/4, NE/4 NW/4 29 - NW/4 SE/4, S/2 SE/4 28 - SW/4 SW/4 33 - NW/4 NW/4	320.00	R. E. Ransdell	Alex & Petrita Jaquez & Heirs of Juan Jaquez	RI 12 3/4%	R. E. Ransdell	87,5000
125	8-17-53	29N 12W	29 - NE/4 20 - SW/4 SE/4	200.00	Stanolind	F L Lee & Eva Lee W C & Ora Mae Huish	RI 6 1/4% RI 6 1/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43,7500 43,7500
126	1-31-57	29N 12W	29 - NW/4 20 - SE/4 SW/4	200.00	Stanolind	L V & Pearl A Goff George T. & Alice Kartchner	RI 6 1/4% RI 6 1/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43,7500 43,7500
127	8-17-53	29N 12W	20 - E/2 SW/4 SW/4	20.00	Stanolind	J D & Eugenia Roquemore	RI 12 3/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43,7500 43,7500

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PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP R	DESCRIPTION SEC	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST		
						OWNER	RI OR ORRI INTEREST	OWNER	INTEREST	
128	12-16-53	29N 12W	26 - E/2 SE/4 27 - NW/4 SW/4, W/2 SW/4 SW/4	140.00	Stanolind	Jesse T. Brimhall Veda C. Brimhall	RI	6 1/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
"	8-18-53		26 - E/2 SE/4 27 - NW/4 SW/4, W/2 SW/4 SW/4	140.00	Stanolind	M H Stark & Eula Stark	RI	6 1/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
129	2-27-52	29N 12W	26 - S/2 NW/4, NW/4 NW/4 NE/4 SW/4	160.00	Stanolind	G W & H B Sammons CC & Ethelwyn Culpepper	RI	6 1/4%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
130	2-27-57	29N 12W	26 - S/2 NE/4, NW/4 SE/4	120.00	Stanolind	J E & Hazel Crawford	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
131	Not Leased	29N 12W	27 - E/2 SW/4 SW/4	20.00	Not Leased	Robb Woods	RI	12 1/2%	Robb Woods	87.5000
132	12-16-53	29N 12W	27 - SE/4 SW/4	40.00	Stanolind	Jess T & Veda G. Brimhall	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
133	Not Leased	29N 12W	27 - NE/4 SW/4	40.00	Not Leased	Geo H. Krause Daniel W. Hampton Chas J. Wright	RI	6 1/4%	Geo H. Krause 1/2 WI Daniel W. Hampton 1/4 WI Chas J. Wright 1/4 WI	43.7500 21.8750 21.8750
134	9-17-52	29N 12W	27 - W/2 SW/4 SE/4	20.00	Stanolind	Mrs. C.V.H. Carlisle	RI	6 1/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
"	8-18-53	29N 12W	27 - W/2 SW/4 SE/4	20.00	Stanolind	M H & Eula Stark	RI	6 1/4%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
135	8-18-53	29N 12W	27 - E/2 SW/4 SE/4 34 - NW/4 NE/4, E/2 NE/4 NE/4	80.00	Stanolind	M H & Eula Stark	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500

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PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TWP	R	SEC	DESCRIPTION	NO. ACRES	LEASE OWNER OF RECORD	ROYALTY OWNER & INTEREST		ORRI INTEREST	WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	
								OWNER	RI OR		OWNER	INTEREST
136	Not-leased	29N	12W	27	W/2 SE/4 SE/4 34 - W/2 NE/4 NE/4	40.00	Not-leased	Camera Palmer	RI	12 3/4%	Stanolind 1/2 WI Benson & Kontin 1/2 WI	43.7500 43.7500
137	9-17-52	29N	12W	27	E/2 SE/4 SE/4	20.00	Stanolind	G W & H B Sammons C C & Ethelwyn H Calpepser	RI	12 1/2%	Stanolind 1/2 WI Benson & Kontin 1/2 WI	43.7500 43.7500
138	Not Leased	29N	12W	27	S/2 NW/4, NW/4 NW/4	120.00	Not Leased	T R Knowles & Sydney Sher Greathel & Bert Olsen	RI	12.1094 .3906	T R Knowles & Sydney Sher Greathel & Bert Olsen	34.7656 2.7344
139	8-13-58	29N	12W	27	NE/4 NW/4 22 - SE/4 SW/4	80.00	Stanolind	Frank & Chrissie Marsrow	RI	12 3/4%	Stanolind 1/2 WI Benson & Kontin 1/2 WI	43.7500 43.7500
140	Not Leased	29N	12W	22	SW/4 SW/4	40.00	Not Leased	T. R. Knowles	RI	12 1/2%	T. R. Knowles	87.5000
141	9-24-57	29N	12W	22	S/2 SE/4	80.00	Stanolind	Thos Gordon & Mary Eliz. Gordon	RI	12 1/2%	Stanolind 1/2 WI Benson & Kontin 1/2 WI	43.7500 43.7500
142	1-31-57	29N	12W	34	NE/4 SW/4, SE/4 35 - SW/4 NW/4, W/2 SW/4	320.00	Stanolind	Joe S & Helen Hartman, E. A. & Ruth H. Schreck, Wm P & Ruby Longhurst	RI	12 1/2%	Stanolind 1/2 WI Benson & Kontin 1/2 WI	43.7500 43.7500
143	6-28-53	29N	12W	34	S/2 N/2	160.00	Stanolind	Chas R Keller, Jr. & June O Keller	RI	12 1/2%	Stanolind 1/2 WI Benson & Kontin 1/2 WI	43.7500 43.7500
144	3-12-52	29N	12W	34	N/2 NW/4 33 - N/2 NE/4	160.00	Stanolind	Peto J Medina, Mary P Medina, Eu- dora Medina, Francis Medina & Joe E Medina Tony P Medina	RI	12 1/2%	Stanolind 1/2 WI Benson & Kontin 1/2 WI	43.7500 43.7500

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PATENTED LAND

TRACT NO.	LEASE EXPIRATION DATE	TYPE	TRACT	DESCRIPTION	NO. ACRES	LEASEE OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND CUMMER	
							OWNER	ORRI INTEREST		
145	8-16-53	29N 12W	35	W/2 NE/4, E/2 NW/4	160.00	Stanolind	Jno B & Winnie Arrington, Faye Arrington Haines, Ruth & Geo G. Pearson Amy Arrington, Alice M & Melvin Ibcy, Ester & B J Chelto	RI 12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
146	1-31-57	29N 12W	35	E/2 NE/4, E/2 SW/4, SE/4	320.00	Stanolind	J S & Helen Hartman RI Chas R Keller, Jr. E. A. & Ruth R. Schreck; Ruby & Vm P. Longhurst Ella & Henry M. Blaise	RI 12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
147	10-23-57	29N 12W	26	NE/4 SE/4	40.00	Stanolind	Maude B. Farrell RI	RI 6 1/2%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
"	1-30-57	29N 12W	26	NE/4 SE/4	40.00	Stanolind	J E & Hazel Crawford	RI 6 1/2%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
148	10-23-57	29N 12W	26	SE/4 SE/4	40.00	Stanolind	Maude B Farrell RI	RI 6 1/2%	Stanolind 1/4 WI Benson & Montin 1/4 WI	21.8750 21.8750
"	Not Leased	29N 12W	26	SE/4 SE/4	40.00	Not Leased	B H & Dyvena Crawford	RI 6 1/2%	B H & Dyvena Crawford	37.5000
149	1-30-52	29N 12W	26	NE/4, E/2 NW/4, SW/4 NW/4 and N/2 SW/4	360.00	Stanolind	J W & Lcis E Deak RI	RI 12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500

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PATENTED LAND

TRACT NO.	LEASE DATE	TWP R	DESCRIPTION	NO. ACRES	LEASEE OF RECORD	ROYALTY OWNER & INTEREST		WORKING INTEREST OWNER UNDER		
						OWNER	RI OR ORRI INTEREST	OPTION AGREEMENT, OPERATING AGREEMENT, LEASE, ASSIGNMENT OR LAND INTEREST	OWNER	INTEREST
150	3-12-57	29N 12W	25 - SW/4 SE/4, NE/4 NW/4	30.00	Stanolind	Maria C Peterson	RI	7.8125%	Stanolind 5/16 WI Benson & Montin 5/16 WI	27.3435 27.3435
"	3-12-59	29N 12W	25 - SW/4 SE/4, NE/4 NW/4	"	Stanolind	Cecilia P Ransom	RI	2.34375	Stanolind 3/32 WI Benson & Montin 3/32 WI	8.2031 8.2031
"	2-1-54	29N 12W	25 - SW/4 SE/4, NE/4 NW/4	"	Stanolind	Cecil R & Hazel Talbot Peterson	RI	2.34375	Stanolind 3/32 WI Benson & Montin 3/32 WI	8.2031 8.2031
151	12-4-53	29N 12W	25 - S-3/4 NW/4 SE/4	30.00	Stanolind	Clair & Violet Patterson & J W & Jean Adams	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
152	1-30-57	29N 12W	25 - W/2 NW/4, N/2 SW/4	160.00	Stanolind	J E & Hazel L Crawford	RI	12 1/2%	Stanolind 1/2 WI Benson & Montin 1/2 WI	43.7500 43.7500
153	Not Leased	29N 12W	25 - E/4 NW/4, S/2 SW/4	120.00	Not Leased	B. H. Crawford	RI	12 1/2%	B. H. Crawford	57.5000
154	Not Leased	29N 12W	25 - S 7/4 ac E/2 SE/4	74.00	Not Leased	E. A. Crawford	RI	12 1/2%	E. A. Crawford	57.5000
155	Not Leased	29N 13W	13 - W 249' SW/4 NW/4	8.00	Not Leased	Mary Roberts Berry	RI	12 1/2%	Mary Roberts Berry	57.5000
156	Not Leased	29N 12W	25 - N 10 ac NW/4 SE/4	10.00	Not Leased	Elsworth R & Nova K. Caldwell	RI	12 1/2%	Elsworth R & Nova K. Caldwell	57.5000
157	Not Leased	29N 12W	25 - N 6 ac E/2 SE/4	6.00	Not Leased	E. A. Crawford	RI	12 1/2%	E. A. Crawford	57.5000

April 1951

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RECAPITULATION

<u>LANDS</u>	<u>AREA ACRES</u>
TOTAL FEDERAL LAND - - - - -	24,716.72
TOTAL NAVAJO INDIAN LANDS (Allotted) - - - - -	4,905.46
TOTAL STATE LANDS - - - - -	3,186.60
TOTAL PATENTED LANDS - - - - -	<u>6,515.73</u>
TOTAL UNIT AREA - - - - -	39,324.51

April 1951

17185

SCHEDULE OF COMMITMENTS
TO THE GALLEGOS CANYON UNITIZATION
August 1, 1951

TRACT NO.	ROYALTY INTERESTS		WORKING INTERESTS	
	Subscribing Owners	Non-Subscribing Owners	Subscribing Owners	Non-Subscribing Owners
1	All	-	All	-
2	"	-	"	-
3	"	-	"	-
4	"	-	"	-
5	"	-	"	-
6	"	-	"	-
7	"	-	"	-
8	-	-	-	W. H. Sloan
9	All	-	All	-
10	"	-	"	-
11	"	-	"	-
11-A	-	-	-	H. K. Beardmore
12	All	-	All	-
13	"	-	"	-
14	"	-	"	-
15	"	-	"	-
16	"	-	"	-
17	-	C. C. Seymour	"	-
18	All	-	"	-
19	"	-	"	-
20	"	-	"	-
21	"	-	"	-
22	"	-	"	-
23	-	-	-	L. N. Hagood
24	All	-	All	-
25	"	-	"	-
26	"	-	"	-
27	"	-	"	-
28	-	-	-	George Siegel
29	All	-	All	-
30	"	-	"	-
31	"	-	"	-
32	"	-	"	-
33	"	-	"	-
34	"	-	"	-
34-A	"	-	"	-
35	"	-	"	-
36	"	-	"	-
37	*	-	"	-
38	All	-	"	-
39	"	-	"	-
40	"	-	"	-
41	"	-	"	-
42	"	-	"	-
43	All except ...	Heirs of Isabelle (Will has not been probated)	"	-
44	All	-	"	-
45	"	-	"	-
46	-	-	-	Skelly Oil Co.
47	All	-	All	-
48	-	Not Leased	-	Not Leased
49	-	" "	-	" "
50	-	" "	-	" "
51	All	-	All	-
52	-	Not Leased	-	Not Leased
53	All	-	All	-
54	"	-	"	-
55	"	-	"	-
56	-	-	-	Skelly Oil Co.
57	-	-	-	Paul T. Purcell
58	All	-	All	-

* Commitments of Indians under this tract are currently being secured. These same Indians have already executed the agreement for Tract No. 45.

7/17/55

TRACT NO.	ROYALTY INTERESTS		WORKING INTERESTS	
	Subscribing Owners	Non-Subscribing Owners	Subscribing Owners	Non-Subscribing Owners
59	All	-	All	-
60	"	-	"	-
61	"	-	"	-
62	-	Not Leased	-	Not Leased
63	-	" "	-	" "
64	All	-	All	-
65	-	Not Leased	-	Not Leased
66	-	" "	-	" "
67	All	-	All	" "
68	-	Not Leased	-	" "
69	All	-	All	-
70	"	-	"	-
71	"	-	"	-
72	"	-	"	-
73	-	-	-	Clarence Rupp
74	All	-	All	-
75	-	Not Leased	-	Not Leased
76	-	-	-	Skelly Oil Co.
77	-	-	-	Pearl Kercheval
78	All	-	All	-
79	-	-	-	Paton Bros.
80	-	Not Leased	-	Not Leased
81	-	" "	-	" "
82	-	" "	-	" "
83	-	" "	-	" "
84	All	-	All	-
85	"	-	"	-
86	-	-	-	Not Leased
87	-	-	-	" "
88	-	-	-	" "
89	-	-	-	" "
90	All	-	All	" "
91	"	-	"	-
92	"	-	"	-
93	"	-	"	-
94	"	-	"	-
94-A	"	-	"	-
95	"	-	"	-
96	"	-	"	-
97	"	-	"	-
98	"	-	"	-
99	"	-	"	-
100	-	-	-	-
101	-	Not Leased	-	Not Leased
102	-	All	All	-
103	-	Not Leased	-	Not Leased
104	-	" "	-	" "
105	All	-	All	-
106	"	-	"	-
107	"	-	"	-
108	-	-	-	-
109	-	Not Leased	-	Not Leased
110	All	-	All	-
111	"	-	"	-
112	"	-	"	-
113	"	-	"	-
114	-	All	"	-
115	-	"	"	-
116	-	"	"	-
117	All	-	"	-
118	"	-	"	-
119	"	-	"	-
120	"	-	"	-
121	"	-	"	-
122	"	-	"	-

111/85
182-100

TRACT NO.	ROYALTY INTERESTS		WORKING INTERESTS	
	Subscribing Owners	Non-Subscribing Owners	Subscribing Owners	Non-Subscribing Owners
123	All	-	All	-
124	-	All	-	All
125	All	-	All	-
126	"	-	"	-
127	"	-	"	-
128	-	M. H. & Eula Stark	"	-
129	-	G. W. & G. B. Sammons	"	-
		C. C. & Ethelwyn Culpepper	"	-
130	All	-	"	-
131	"	-	"	-
132	"	-	"	-
133	"	-	"	-
134	-	M. H. & Eula Stark	"	-
135	-	" " "	"	-
136	All	-	"	-
137	-	All	"	-
138	-	Not Leased	-	Not Leased
139	-	All	All	-
140	-	Not Leased	-	Not Leased
141	All	-	All	-
142	All except ...	E. A. & Ruth Schreck	"	-
143	"	-	"	-
144	"	-	"	-
145	All except ...	J. B. & Winnie Arrington	"	-
146	All except ...	E. A. & Ruth Schreck	"	-
147	All	-	"	-
148	-	B. H. & Dyvena Crawford	"	-
149	All	-	"	-
150	"	-	"	-
151	"	-	"	-
152	"	-	"	-
153	-	Not Leased	-	Not Leased
154	-	" "	-	" "
155	All	-	All	-
156	-	Not Leased	-	Not Leased
157	-	" "	-	" "

177/85
 1672-110

LIST OF COMPANIES AND INDIVIDUALS WHO HAVE EXECUTED OR RATIFIED, AS WORKING INTEREST OWNERS, THE UNIT AGREEMENT AND UNIT OPERATING AGREEMENT FOR THE DEVELOPMENT AND OPERATION OF THE GALLEGOS CANYON UNIT AREA, COUNTY OF SAN JUAN, STATE OF NEW MEXICO.

A. List of subscribers whose executed instruments have been received by Benson and Montin as of April 24, 1951.

- Benson and Montin
- Stanolind Oil and Gas Co.
- Southern Union Gas Co.
- Summit Oil Co.
- The Texas Co.
- Mid Continent Petroleum Corp.
- Albuquerque Associated Oil Co.
- Niloco Company
- E. H. Colby
- Ernest A. Hanson
- L. B. Hodges
- J. J. Hudson
- Elma R. Jones
- Emma Louise Krause
- Dorothy J. Krause
- George Krause
- S. B. Lancaster
- John A. Owings
- Bertha Rahn
- Freda Rahn
- Otto Schindler
- C. C. Seymour
- Arthur W. Sunter
- E. B. Todhunter
- Robb Woods
- Charles J. Wright
- Mary Roberts Berry
- L. M. Johnson
- John W. Hjertstedt
- Tom Bolack
- Phillips Gates
- Thelma Gopen

Grace Van Hook
H. K. Riddle

B. List of subscribers whose executed instruments are reported to be in the mail as of April 24, 1951.

- T. R. Knowles
- Sidney Sher
- Texas Pacific Coal and Oil Co. J

CERTIFIED TO BE A TRUE COPY
Albert R. Green

To: BHP
 Attn: Donald Rheinhart

From: Duane Spencer, BLM Farmington

Subject: Unit commitment status definitions

Attached are the definitions we use when defining the commitment status of a lease to a unit agreement. These definitions are in use ~~X~~ Bureauwide.

Please call me at (505)327-5344 if you have any questions.

Duane Spencer

BEFORE EXAMINER STOGNER	
OIL CONSERVATION DIVISION	
<i>BHP</i>	EXHIBIT NO. <u>4</u>
CASE NO. _____	

COMMITMENT STATUS

The various possible commitment categories of a unit tract and its effect on operations are:

- a) Fully Committed (FC) - indicates that all interest owners in that tract have signed. This includes the lessor, lessee of record, overrides, if any, and working interests if different from the lessee of record. The working interests must also have signed the operating agreement. A fully committed tract is eligible for all benefits under the unit.
- b) Effectively Committed (EC) - indicates that all interest owners, except overrides, have signed. An effectively committed tract is also eligible for all benefits under the unit.
- c) Partially Committed (PC) - in reference to a patented tract, it indicates the lessor (mineral interest owner) has not signed but the lessee and working interest have committed their interest. In reference to a State or Federal tract, it indicates the lessee of record has not signed but the working interest and lessor have committed their interests (Note: In some States, commitment by a lessee of record who owns no working interest is considered as unnecessary and the tract may be considered as effectively committed without such signature). A PC lease is not subject to any benefit by unit operations unless there are actual operations and/or production on the lease itself or it is included within and receives an allocation of production from a participating area. Unitized drilling is permissible on a PC tract but if unitized production is obtained on the PC tract and a participating area is established, the working interest operator must allocate the entire production to the participating area and also pay the noncommitted parties their just royalty on a leasehold basis.
- d) Not Committed (NC) - any tract in which a working interest has not committed, regardless of other committed interest, is considered as not committed and is not subject to the Unit Agreement.

COMMON SOURCE OF SUPPLY

An underground reservoir, all parts of which are permeably connected so as to permit the migration of oil or gas or both from one portion thereof to another wherever and whenever pressure differentials are created as a result of the production of oil or gas from that producing formation.

COMMUNITIZATION AGREEMENT

An agreement to combine two or more mineral leases in order to have sufficient acreage to comply with the spacing required to drill a well.

COMPENSATORY ROYALTY

A royalty paid in lieu of drilling a well which would otherwise be required under the requirements of the lease.

CONTRACTION

To diminish in size. Section 2 of the unit agreement provides that the unit area shall when practicable be contracted to exclude lands whenever it is deemed necessary or advisable.

COOPERATIVE AGREEMENT

An agreement or plan of development and operation for the recovery of oil and gas made subject thereto in which separate ownership leases or portion of leases are independently operated without allocation of production.



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Farmington Resource Area
1235 Laplata Highway
Farmington, New Mexico 87401



IN REPLY REFER TO:
Gallegos Canyon Unit (GC)
3180 (019)

FEB. 12 1992

BHP Petroleum
Attn: Mr. Donald Reinhardt
5847 San Felipe, Suite 3600
Houston, TX 77057

Dear Mr. Reinhardt:

You asked us to determine if Tract 102 is committed to the Gallegos Canyon Unit. We have determined that the Tract 102 is committed to the unit. However, our records are not clear if the royalty owner committed to the unit.

If you have any further questions concerning this matter, please call Duane Spencer at (505) 599-8950 or 327-5344.

Sincerely,

John L. Keller
Chief, Branch of Mineral Resources

BEFORE THE
OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

Case No. _____ Exhibit No. 4A

Submitted by BHP

Exhibiting Date _____

RECEIVED
FEB 14 1992
IBU LAND DEPT.

Amoroso

MILLEGOS CANYON UNIT
REVISED EXHIBIT "B" EFFECTIVE APRIL 1, 1950

1960
 LOGICAL SURVEY
 NEW MEXICO

Project No. Pan Am. 1958 Number	Description	Number Of Acres Committed to Unit	Number Of Acres In Unit Area	Serial or Contract No. & Lease Date	Basic Royalty Percentage of 9/3	Oil or P/P Percentage of 3/3	Lessee Or Applicant Of Record	Working Interest Owner	Percent of Total Int.
1	N/2 S/2 Sec. 24, 25-13N	160.00	160.00	U.S.A.	12.50	None	Texonian Gas & Oil Company	Texonian Gas & Oil Company	100.00
2	Lot 1 Sec. 17, SE/4 NE/4 and SW/4 SE/4 Sec. 18, 28N-13N	106.90	106.90	U.S.A.	12.50	None	Summit Oil Company	Summit Oil Company	100.00
3 170547	Lot 3 Sec. 18, 28N-12N	39.43	39.43	U.S.A.	12.50	Pauline S. McNaughton 5.00000 ORI	Pan American Petroleum Corporation	Pan American Petroleum Corp.	100.00
4 170547	S/2 SW/4, SW/4 SE/4, Sec. 23, NE/4 NE/4 Sec. 26, 28N-13N	160.00	160.00	U.S.A.	12.50	Pauline S. McNaughton 5.00000 ORI	Pan American Petroleum Corporation	Pan American Petroleum Corp.	100.00
5	NE/4 Sec. 21, 28N-12N	160.00	160.00	U.S.A.	12.50	None	Ernest A. Hansen	Ernest A. Hansen	100.00
6	Sec. 23, Sec. 24, SW/4 and SE/4 Sec. 11, 28N-13N	1600.00	1600.00	U.S.A.	12.50	None	Astec Oil and Gas Company	Astec Oil and Gas Company	100.00
7 170274	Sec. 35, Sec. 36, 28N-13N	1280.00	1280.00	U.S.A.	12.50	None	Southern Union Gas Company	Pictured Cliffs & Above Southern Union Gas Company	100.00
8	E/2 and N/2 Sec. 11, 28N- 13N	0	275.56	U.S.A.	12.50	None	Louise K. Phillips	Robert Pims	100.00
9	Sec. 15, 17, 18 and NW/4 Sec. 19, NW/4, SE/4 Sec. 21 and NW/4 Sec. 22-28N-13N	2536.94	2536.94	U.S.A.	12.50	None	Sumray Mid-Continent Oil Company	Sumray Mid- Continent Oil Co.	100.00
10	NW/4, N/2 SW/4, SE/4 Sec. 21, S/2 SW/4, N/2 SW/4 Sec. 26 S/2 NE/4 Sec. 27, NE/4 NE/4 Sec. 28, All Sec. 31, SW/4 Sec. 33, S/2 SW/4 Sec. 34, 28N-12N and Sections 7, 8, 10, N/2 Sec. 9, Lots 3&4, Sec. 11-28N-12N	2561.19	2561.19	U.S.A.	12.50	None	Sumray Mid-Continent Oil Company	Sumray Mid- Continent Oil Company	100.00

4B
 BHP

GALLAGHER CANYON UNIT
 REVENUE CURRENT BY PAYMENTS APRIL 1, 1960

Tract No. & Pan Am. Lease Number	Description	Number Of Acres Committed To Unit	Number Of Acres In Unit Area	Serial Or Contract No. & Lease Date	Owner	Percentage of 6/8	Cr P/P of 6/8	Lessee Cr Applicant Of Record	Owner	Percent Of Total U. I.
99 87789	N/2 SW/4 SE/4 Sec. 13-29N-13W	20.00	20.00	11-29-48 Patented	J. B. & Veda E. Brown	12.50	*5.12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle	Pan American George J. Darnelle et al	50.00 50.00
100 87774-A	E/2 SW/4 SW/4, SE/4 SW/4 Sec. 13-29N-13W	60.00	60.00	11-1-48 Patented	Gladys Beorum	6.25	*3.12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle	Pan American George J. Darnelle et al	25.00 25.00
87774-B	E/2 SW/4 SW/4, SE/4 SW/4 Sec. 13-29N-13W			11-1-48 Patented	Gladys Beorum	6.25	*3.12500 P/P	Below The Base of the Pictured Cliffs Formation Pan American George J. Darnelle	Pan American George J. Darnelle et al	37.50 12.50
101	Beginning at a pt. on N. line, Sec. 23, 40 rds. E from NW/4 of NE/4 of said Sec.; Thence S. 746.81; Thence N. 777' to piece of beginning - All located in Sec. 23-29N-13W	0	12.00	Patented	John A. Lee	12.50	None	Above The Base of the Pictured Cliffs Formation Pan American George J. Darnelle	Locke-Taylor Ltr. Co. Locke-Taylor Drlg. Co.	25.00 100.00
102 74463	E/2 NE/4, SW/4 NE/4 & 13.00 Acres in S/part of NW/4 NE/4 Sec. 23-29N-13W	133.00	133.00	Patented 2-20-47	See Page 32	12.50	*6.25000 P/P	Above The Base of the Pictured Cliffs Formation Pan American and Emscon- Locke-Taylor Drilling Co. Below The Base of the Pictured Cliffs Formation Pan American	Pan American Pan American	100.00 100.00
103 171978	E/2 SW/4 Sec. 23-29N-13W	0	80.00	Patented 12-13-51	Carrie Allen Ramsey, Edna L. Allen, Life William S. Allen 4.16	6.25	William S. Allen 24.00 Edna L. Allen 2.00 2.50000 CrP 6.25000 P/P	Above The Base of the Pictured Cliffs Formation Below The Base of the Pictured Cliffs Formation Pan American	Pan American Pan American	100.00 100.00

GILLESPIE CANYON UNIT
REVISED SCHEDULE OF PICTURES APRIL 1, 1950

Tract No. & Pay Ad. Lease Number	Description	Number Of Acres Committed To Unit	Number Of Acres In Unit Area	Serial Or Contract No. & Lease Date	Owner	Percentage of E/P	ORRI Cr P/P Percentage of E/P	Lessee Or Applicant Of Record	Percent Of Total P.P.
103-A 171878	NW/4 Sec. 23-29N-13W	0	160.00	Patented 12-13-51	Gerris Allen Ramsey Edna L. Allen Life Estate William S. Allen	6.25 2.08 4.16	William S. Allen Et Ux Edna J. and Edna L. Allen 2,50000 GR 6,25000 P/P Bernie E. Dustin Et Ux Both 5.00000 P/P	Above The Base of the Pictured Cliffs Formation Below The Base of the Pictured Cliffs Formation Pan American	100.00 100.00 100.00
104 171873	Begin at ETC of NE/4 Sec. 23; Thence S. 60 Rds; Thence E. 40 Rds; Thence N. 60 Rds; Thence W. 40 Rds. to beginning. All in Sec. 23-29N-13W.	15.00	15.00	Patented 4-21-51	Louise Dustin	12.50	*12,500000 P/P	Above The Base of the Pictured Cliffs Formation Locke-Taylor Drilling Co. Locke-Taylor Drilling Co. Below The Base of the Pictured Cliffs Formation Pan American	100.00 100.00 100.00
105 77789	W/2 Ac. NW/4 NS/4 Sec. 24-29N-13W	12.00	12.00	Patented 9-17-47	John B. & Linda Lee Burrell Lerton W. & Demetra W. Clifford W. William B. Dean	7.29 1.63 3.58	#35,00000 P/P #3,12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American Below The Base of the Pictured Cliffs Formation George J. Darnelle Pan American Below The Base of the Pictured Cliffs Formation George J. Darnelle Pan American	50.00 50.00 75.00 25.00
106 74469	E/28 Ac. NW/4 NW/4 (Except 2 Ac. On Eastern Edge) Sec. 24-29N-13W	26.00	26.00	Patented 3-13-47	Owen K. McCarthy Ray A. & Helen O. Killian S. B. Lancaster	5.75 5.75 1.00	#35,00000 P/P #3,12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American Below The Base of the Pictured Cliffs Formation George J. Darnelle Pan American Below The Base of the Pictured Cliffs Formation George J. Darnelle Pan American Below The Base of the Pictured Cliffs Formation George J. Darnelle Pan American	50.00 50.00 75.00 25.00
106-A 109910	E/2 Ac. NW/4 NW/4 Sec. 24-29N-13W	2.00	2.00	Patented 12-3-52	Owen K. McCarthy Ray A. & Helen O. Killian S. B. Lancaster	5.75 5.75 1.00	#35,00000 P/P #3,12500 P/P	Above The Base of the Pictured Cliffs Formation Pan American Below The Base of the Pictured Cliffs Formation George J. Darnelle Pan American Below The Base of the Pictured Cliffs Formation George J. Darnelle Pan American	50.00 50.00 75.00 25.00

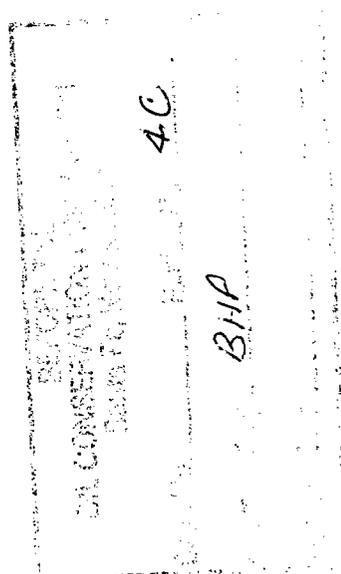
REVISED #3
EXHIBIT B
UNITED STATES DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

TRACT NO. & SURVEILING LEASE NO.	DESCRIPTION	WORKING INTEREST OWNER	\$ OF WORKING INTEREST GROSS	\$ OF WORKING INTEREST NET	OVERLIDING ROYALTY OWNER	% OF GRI	ROYALTY OWNER	% OF ROYALTY	RECORD OWNER OF LEASE OR APPLICATION	SERIAL NO. AND DATE OF LEASE	ACRES IN UNIT AREA	% OF OWNER-SHIP IN UNIT AREA	ACRES IN PARTICIPATING UNIT AREA	% OF OWNER-SHIP IN PARTICIPATING UNIT AREA	TOTAL TRACT ACREAGE
1.	<u>W/2 S/2 Sec. 24, 25, 13V</u>	Devonian Gas and Oil Company	87,500	87,500	None	None	U.S.A.	12,500	Devonian Gas and Oil Company		160.00	.11462	160.00	-.62090	160.00
2.	<u>Lot 1 Sec. 1, SE 1/4 NE 1/4, SW 1/4 NE 1/4, Sec. 16, 28N, 13W</u>	Summit Oil Company	87,500	87,500	None	None	U.S.A.	12,500	Summit Oil Co.	047019-3	106.90	.27702	--	--	106.90
3.	<u>Lot 3 Sec. 18, 29N, 12W</u>	Pauline S. McNaughton	87,500	87,500	None	None	U.S.A.	12,500	Pauline S. McNaughton	BN 03654 2-1-51	39.43	.10218	--	--	39.43
4.	<u>S/2 SW 1/4, SW 1/4 SE 1/4 Sec. 23, NE 1/4 NE 1/4 Sec. 25, 28N, 13W</u>	Pauline S. McNaughton	87,500	87,500	None	None	U.S.A.	12,500	Pauline S. McNaughton	BN 03654 2-1-51	160.00	.11462	40.00	.15512	160.00
5.	<u>SE 1/4 Sec. 21, 29N, 12W</u>	Billie Dunlap Day	87,500	87,500	None	None	U.S.A.	12,500	Billie Dunlap Day	BN 06237 10-1-52	160.00	.11462	--	--	160.00
6.	<u>Sec. 23, Sec. 24, SW 1/4, SE 1/4 Sec. 34, 28N, 13W</u>	Aztec Oil and Gas Company	87,500	87,500	None	None	U.S.A.	12,500	Aztec Oil and Gas Company	077955 2-1-48	1,600.00	4.14621	800.00	3.10251	1,600.00
7.	<u>Sec. 35, Sec. 36, 28N, 13W</u>	Southern Union Gas Company	87,500	87,500	None	None	U.S.A.	12,500	Southern Union Gas Company	077957 2-1-48	1,280.00	3.31697	--	--	1,280.00
8.	<u>E/2 1/2 Sec. 11, 28N, 13W</u>	Robert Hims	87,500	87,500	None	None	U.S.A.	12,500	Louise M. Phillips	078072 529 (275-56) 2-1-48	1,280.00	3.31697	--	--	1,280.00
9.	<u>Sections 15, 17, 18, and NE 1/4 Sec. 16, NW 1/4 SE 1/4 Sec. 21, and NW 1/4 Sec. 22, 28N, 12W</u>	Not in lease													
10.	<u>SW 1/4, SE 1/4, NE 1/4, NW 1/4, W/2 SW 1/4, W/2 SE 1/4, Sec. 21, 26, 28N, 13W</u>	MIA-Continental Petr. Corp.	87,500	87,500	None	None	U.S.A.	12,500	MIA-Continental Petr. Corp.	078106 12-1-47	2,536.94	6.57418	2,536.94	9.89851	2,536.94
11.	<u>NE 1/4 Sec. 28, NE 1/4 NE 1/4, Lot 4 Sec. 31, NW 1/4 Sec. 34, NW 1/4 NE 1/4 Sec. 35, 29N, 12W</u>	MIA-Continental Petr. Corp.	87,500	87,500	None	None	U.S.A.	12,500	MIA-Continental Petr. Corp.	078109 2-1-48	2,561.19	6.63702	1,801.19	6.9827	2,561.19
		Albuquerque Assoc. Oil Company	87,500	87,500	None	None	U.S.A.	12,500	Albuquerque Assoc. Oil Co.	078209 10-1-49	239.68	.62110	119.68	.60114	239.68

(137.78)
BOLIVIA STILL COMM.
(275.36)
to SE Cha Cha Unit 7-7-62

(275.56)
NIM-0335690

17185



BHP

AC

April 16 1962

of 2.20 exhibit F
and Recorded in Book 515 A
Page 34

Sp. Sec. Sec. County Clerk
Sp. Sec. Sec.
Fee \$0.75 R#00312

DECLARATION OF UNITIZATION

THE STATE OF NEW MEXICO)
)
COUNTY OF SAN JUAN)

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, Pan American Petroleum Corporation is the owner and holder of the oil and gas leases described in Exhibit "A" attached hereto and made a part hereof; and

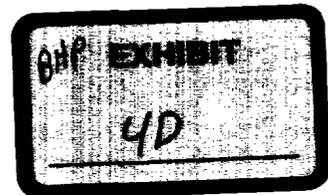
WHEREAS, the oil and gas leases identified in said Exhibit "A" as Tracts 1 and 2 have been committed to the "Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico," dated November 1, 1950, and to the "Unit Operating Agreement under Unit Agreement for the Development and Operation of the Gallegos Canyon Unit Area, County of San Juan, State of New Mexico," dated January 15, 1951; and

WHEREAS, Pan American Petroleum Corporation, in its capacity as Unit Operator under said Unit Agreement dated November 1, 1950, and representing the various interest owners under said Unit Agreement dated November 1, 1950, and said Unit Operating Agreement dated January 15, 1951, executes this declaration in its capacity as Unit Operator; and

WHEREAS, Pan American Petroleum Corporation, as the owner of the oil and gas leases identified as Tracts 3 and 4 in said Exhibit "A", which oil and gas leases have not been committed to said Unit Agreement or Unit Operating Agreement, executes this declaration also in its capacity as the owner and holder of said uncommitted oil and gas leases; and

WHEREAS, each of the oil and gas leases described in Exhibit "A" hereto authorizes the pooling and unitization thereof in the manner set forth in this instrument.

NOW, THEREFORE, PAN AMERICAN PETROLEUM CORPORATION, acting in the afore-said capacities, does hereby pool, combine and unitize said oil and gas leases, as to dry gas and associated liquid hydrocarbons producible from the Dakota formation only to form a unit comprising the following described land in San Juan County, New Mexico, to-wit:



1-226

Township-29-North, Range-13-West, NMPM
Section 23: N/2,
Containing 320 acres, more or less.

The unitized area created hereby shall be developed and operated as an entirety, and all unitized substances produced therefrom shall be allocated among the tracts comprising said area in the proportion that the acreage interest of each such tract bears to the entire acreage interest included in the unit created hereby. The commencement, completion, continued operation or production of a well, or wells, for unitized substances on the unit created hereby shall be construed and considered as the commencement, completion, continued operation or production on each and all of the lands within and comprising said unitized area, and operations or production pursuant hereto shall be deemed to be operations or production as to each lease committed hereto.

EXECUTED, this 11th day of April, 1962.



[Signature]
Assistant Secretary

PAN AMERICAN PETROLEUM CORPORATION

By- [Signature]
Attorney in Fact

THE STATE OF TEXAS)
COUNTY OF TARRANT)

On this 11th day of April, 1962, before me appeared D. E. MASON, JR., to me personally known, who, being by me duly sworn did say that he is the Attorney in Fact of PAN AMERICAN PETROLEUM CORPORATION, a corporation, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed in behalf of said corporation by authority of its Board of Directors, and said D. E. Mason, Jr. acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal on this, the day and year first above written.

My Commission expires:

June 1, 1963

[Signature]
Notary Public in and for Tarrant
County, Texas

ALMA B. CRAWF

EXHIBIT "A"

To Declaration of Unitization embracing Town-
ship-29-North, Range-13-West, N.M.P.M., San
Juan County, New Mexico, Section 23: N/2

Operator of Unitized Area: Pan American Petroleum Corporation

Tract No. 1

Lessor: B. E. Dustin and wife, Ruth Dustin; and
Louie Dustin

Lessee: Albert R. Greer

Date of Lease: April 21, 1951

Recorded: Book 175, page 137, Records of San Juan
County, New Mexico

Description of Lands
Committed:

The following described tract of land in
San Juan County, New Mexico, to-wit:
Beginning at the Northwest corner of the
Northeast Quarter (NE $\frac{1}{4}$) of Section Twenty-
three (23), in Township Twenty-nine (29)
North, of Range Thirteen (13) West, N.M.P.M.,
thence running South 60 rods, thence East 40
rods, thence North 60 rods, thence West 40
rods to the place of beginning.

Number of Acres: 15

Provision of Lease
Authorizing Pooling:

"Lessee is hereby given the right at its
option, at any time and from time to time,
to pool or unitize all or any part or parts
of the above described land with other land,
lease, or leases in the immediate vicinity
thereof, such pooling to be into units not
exceeding the minimum size tract on which a
well may be drilled under laws, rules or re-
gulations in force at the time of such pool-
ing or unitization: provided, however, that
such units may exceed such minimum by not more
than ten acres if such excess is necessary in
order to conform to ownership subdivisions or
lease lines. Lessee shall exercise said option,
as to each desired unit, by executing and record-
ing an instrument identifying the unitized area.
Any well drilled or operations conducted on any
part of each such unit shall be considered a
well drilled or operations conducted under this
lease, and there shall be allocated to the por-
tion of the above described land included in any
such unit such proportion of the actual produc-
tion from all wells on such unit as lessor's in-
terest, if any, in such portion, computed on an
acreage basis, bears to the entire acreage of such
unit. And it is understood and agreed that the

production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production from the portion of the above described land included in such unit in the same manner as though produced from the above described land under the terms of this lease."

Tract No. 2

Lessor: Helen Zimmerman and husband, R. J. Zimmerman
Lessee: Charles Newbold
Date of Lease: February 20, 1947
Recorded: Book 125, page 153, Records of San Juan County, New Mexico
Description of Lands Committed: E/2 of NE/4, SW/4 of NE/4, and 13 acres in the South part of the NW/4 of the NE/4 of Section 23, Township-29-North, Range-13-West, N.M.P.M.
Number of Acres: 131.80
Provisions of Lease Authorizing Pooling:

"Lessee is hereby given the power and right, at any time during the term of this lease, as to all or any part of the land described herein and as to any one or more of the formations thereunder and the minerals therein or produced therefrom, at its option and without Lessor's joinder or further consent, to pool and unitize the leasehold estate and the Lessor's royalty estate created by this lease with the rights of any third parties in all or any part of the land described herein, and with any other land, lands, lease, leases, mineral and royalty rights, or any of them, adjacent, adjoining or located within the immediate vicinity of the land covered by this lease, whether owned by lessee or some other person, firm or corporation, so as to create by such pooling and unitization, one or more drilling or production units. Each such drilling or production unit shall not exceed 320 acres, whether created for the purpose of drilling for or producing oil, gas, casinghead gas or casinghead gasoline, or any combination of such minerals, therefrom, except that larger units may be created to conform to the spacing or well unit patterns prescribed by State or Federal authorities having jurisdiction in the premises. The commencement, drilling, completion of or production from a well on any portion of a unit created hereunder, including the completion of a well capable of producing gas only from which gas is not being sold or used, shall for all purposes, except the payment of royalties, have the same effect upon the terms and provisions of this lease, as if a well were commenced, drilled, completed producing, or capable of producing gas only and shut-in (gas not being sold or used) on the land embraced by this lease. As

5

to each such unit so created by Lessee, Lessor agrees to accept and shall receive out of the production or the proceeds from the production from such unit, such portion of the royalties elsewhere herein specified as the number of acres out of this lease placed in any such unit bears to the total number of acres included in such unit; provided, however, that, anything to the contrary contained in this lease notwithstanding, in the event a well capable of producing gas only is completed on a unit created hereunder and gas is not sold or used from said well, Lessor agrees to accept and shall receive as royalty, an amount equal to One Dollar (\$1.00) for each acre herein recited to be covered by this lease, payable annually at the end of each year during which such gas is not sold or used, and while said royalty is so paid or tendered, this lease shall continue in full force and effect and said well shall be considered a producing well under the paragraph hereof setting forth the term of this lease. The Lessee may place and use on each unit created hereunder common measuring and receiving tanks for production from such unit. If Lessee does create any such unit or units under the option herein granted, then Lessee shall execute in writing and file for record in the County or Counties in which each such unit or units created hereunder may be located, an instrument identifying and describing each such unit or units. The provisions of this paragraph shall be construed to be covenants running with the land and shall inure to the benefit of and be binding upon the parties hereto, their heirs, legal representatives, successors and assigns."

Tract No. 3

Lessor: John A. Lee and wife, Eleanor K. Lee

Lessee: Lloyd D. Locke and Lloyd B. Taylor, d/b/a Locke-Taylor Drilling Co.

Date of Lease: August 22, 1952

Recorded: Book 192, page 161, Records of San Juan County, New Mexico

Description of Lands Committed: The following described tract of land in San Juan County, New Mexico, to-wit:
Beginning at a point on the North line of Section 23, 40 rods East from the Northwest corner of the NW $\frac{1}{4}$ of said section, thence South 746.8 feet, thence East 770 feet, thence North 746.8 feet, thence West 770 feet, to place of beginning, all in Township-29-North, Range-13-West, N.M.P.M.

Number of Acres: 13.20

Provisions of Lease Authorizing Pooling: Same as Tract No. 1, above.

Tract No. 4

Lessor: William S. Allen and wife, Melba J. Allen;
and Eula L. Allen

Lessee: Lloyd D. Locke and Lloyd B. Taylor, d/b/a
Locke-Taylor Drilling Company

Date of Lease: December 13, 1951

Recorded: Book 192, page 160, Records of San Juan County,
New Mexico

Description of Lands
Committed: NW/4 of Section 23, Township-29-North, Range-13-
West, N.M.P.M.

Number of Acres: 160

Provisions of Lease
Authorizing Pooling: Same as Tract No. 1, above.

October 31, 1990

Mrs. Louise Locke
c/o Don Locke
139 1/2 E. 2nd
Rifle, Colorado 81650

BEFORE EXAMINER STOGNER	
OIL CONVEYANCE	
BHP	5
CASE NO.	



BHP
Petroleum
(Americas) Inc

Re: Offer to Purchase Leasehold Interest
Gallegos Canyon Unit
San Juan County, New Mexico

Dear Mr. Locke:

BHP Petroleum (Americas) Inc. (BHP) offers to purchase from Mrs. Louise L. Locke one hundred percent (100%) of Mrs. Locke's right, title and interest in and to the following described oil and gas lease insofar as such lease covers and affects those certain depths from the surface down to the Base of the Pictured Cliffs formation.

<u>LESSOR</u>	<u>LEGAL DESCRIPTION</u>	<u>ACRES</u>	
		<u>GROSS</u>	<u>NET</u>
William B. Allen and Melba J. Allen, his wife and Eula L. Allen, a widow	<u>T29N, R13W</u> Section 23: NW1/4	160.00	160.00

This offer is subject to the following terms and conditions:

1. The purchase price for the above described lease is \$20,000.00, payable at closing for assignment of all of Mrs. Locke's right, title and interest in such lease from the surface down to the base of the Pictured Cliffs formation.
2. The effective date of the proposed transaction will be October 31, 1990.
3. Closing for the transaction contemplated herein shall take place by overnight delivery of a properly executed assignment in a form substantially identical to the assignment enclosed herewith, from you as Mrs. Locke's Attorney-in-Fact to BHP and the delivery of funds by check from BHP on or before November 20, 1990.
4. This offer is subject to BHP's review of and satisfaction with title to Mrs. Locke's leasehold interest including any contractual obligations or other salient factors affecting such title.

Mr. Don Locke
October 31, 1990
Page 2

5. At any time and from time to time after the effective date hereof, upon BHP's request, you, as Mrs. Locke's Attorney-in-Fact, agree to execute, acknowledge and deliver or cause to be delivered, all further documents or instruments necessary to complete the transaction contemplated herein.

If the foregoing terms and conditions are acceptable, please so indicate by signing in the space provided below and returning one signed duplicate of this letter by November 9, 1990.

Thank you in advance for your prompt reply. Please call if BHP can be of any further assistance.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.



Donald Reinhardt
Senior Landman
Inland Business Unit

DR/lid
Enclosure

ACCEPTED AND AGREED TO this
_____ day of November, 1990.

By: _____
Don Locke
Attorney-in-Fact

5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
Fax (713) 780-5273
Telex 9108813603

December 11, 1990

Mr. Don Locke
139 1/2 2nd
Rifle, Colorado 81650



Offer to Purchase Leasehold Interest
San Juan County, New Mexico

Dear Mr. Locke:

Enclosed for your information are copies of instruments affecting title to Louise Locke's working interest in the NW/4 Section 23-T29N, R13W, San Juan County, New Mexico. The instruments were copied for BHP by its New Mexico attorney from materials being examined for a title opinion which is yet unfinished. Copies of these instruments are being faxed today to Richard Tully in Farmington. Please let me know if I can be of any additional assistance.

Very truly yours,

A handwritten signature in cursive script that reads "Donald Reinhardt".

Donald Reinhardt
Senior Landman

Donald Reinhardt
February 22, 1991
PAGE TWO

the well was plugged back and completed in the Fruitland Formation. The Fruitland Formation was completed on October 22, 1952, and first delivery occurred April 19, 1954.

The Howard Tycksen Pooled Unit No. 1 Well is located in the NE/4NE/4 of Section 23, and has a pooling designation of the N/2 of Section 23. It is located 990' FNL and 990' FEL of Section 23. The Fruitland Formation has been produced continuously from date of first delivery to the present time.

BHP Petroleum (Americas) Inc. has staked and commenced the drilling of the Gallegos Canyon Unit #391 also in the NE/4NE/4 of Section 23 on December 12, 1990. This well is located almost on the same well pad as the Tycksen #1 Well, and is located 975' FNL and 870' FEL of Section 23. The Gallegos Canyon Unit #391 Well is also a Fruitland well, but it shows an E/2 dedication of the pooled unit.

BHP Petroleum (Americas) Inc. ("BHP") has wrongfully invaded the property of our client; it has appropriated, or converted to its own use, the property of our client. It is therefore guilty of trespassing. BHP is also a bad faith trespasser due at least the following factors:

1. The files and records of the Gallegos Canyon Unit Operator and the Suboperator as well as the records of the San Juan County Clerk conclusively show the working interest owner of the N/2 of Section 23 is our client, and not BHP.
2. The files and records of the Gallegos Canyon Unit Operator and the Suboperator as well as the records of the San Juan County Clerk conclusively show that the N/2 of Section 23 from the surface to the base of the Pictured Cliffs Formation has not been committed to the Gallegos Canyon Unit.
3. The files and records of the New Mexico Oil Conservation Division conclusively show that the Howard Tycksen Pooled Unit #1 Well operated by our client has been completed and producing from the Fruitland Formation since April, 1954 (almost 37 years).

Donald Reinhardt
February 22, 1991
PAGE THREE

4. The files and records of the New Mexico Oil Conservation Division conclusively show the exact location of the Tycksen #1 Well, a Fruitland producing well, and yet BHP staked its location for the Gallegos Canyon Unit #391 Well, a proposed Fruitland well, 15 feet to the North and 120 feet to the East of the Tycksen #1 Well.
5. As a result of BHP drilling the Gallegos Canyon Unit #391 Well immediately offsetting the Tycksen #1 Well to the same formation, drainage is taking place or is imminent; thereby causing or will cause irreparable damage to our client's property.
6. BHP has no reasonable basis, nor honest, but mistaken belief, upon which it can rely that it had or has the right to drill and complete a well from the surface to the base of the Pictured Cliffs Formation, and especially the Fruitland Formation where a well is already in existence and producing, in the N/2 of Section 23, T-29-N, R-13-W, N.M.P.M.

Our clients have instructed this law firm to recover compensatory damages, punitive damages, destruction of speculative value, attorney's fees, and costs of suit for BHP's bad faith trespass upon our client's property.

Before a lawsuit is initiated, our clients have however expressed a willingness to enter into settlement negotiations for a reasonable length of time.

Without waiving any rights, claims, causes of actions, injuries, and damages, our clients have authorized us to make the following settlement offer:

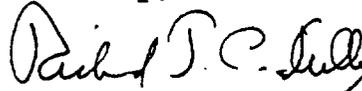
1. BHP will complete and equip the Gallegos Canyon Unit #391 Well in the Fruitland Formation in a reasonably prudent manner on or before April 1, 1991.
2. BHP will change the pooled unit from the Gallegos Canyon Unit #391 to the N/2 of Section 23 on or before April 1, 1991.

Donald Reinhardt
February 22, 1991
PAGE FOUR

3. On April 1, 1991 BHP will turn over the operations of the Gallegos Canyon #391 Well to our client, and execute an indemnification agreement with our client that it will hold our client harmless from any and all of its actions and operations pertaining to the well prior to April 1, 1991.
4. On or before March 1, 1991 BHP will pay the sum of \$1,500,000 by company check, cashier's check, or money order payable to the "Richard T. C. Tully, P.A. Trust Fund".
5. Our clients will execute an appropriate release of all claims, rights, injuries, and damages when the items stated in #1, #2, #3, and #4 are completed.

Our client is hopeful this matter can be settled without the initiating of legal action. However, if there is not a mutually agreeable settlement agreement entered into by April 1, 1991, legal action will commence.

Sincerely,



Richard T. C. Tully

RTCT:sak

cc: Louise Y. Locke
c/o Don Locke
139-1/2 East 2nd Street
Rifle, CO 81650

S147/52532L

5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
Fax (713) 780-5273
Telex 9108813603



January 28, 1991

Richard T. C. Tully
P.O. Box 268
Saginaw, New Mexico 87499-0268

Case Y. Locke

Dear Mr. Tully:

BHP Petroleum (Americas) Inc. is in receipt of your letter dated
January 22, 1991 regarding the Gallegos Canyon Unit Well #391.
Please be advised BHP's attorney is reviewing the allegations set
forth in your letter and BHP will respond accordingly in the very
near future.

If BHP can be of any additional assistance in the meantime, please
advise us.

Sincerely yours,

A handwritten signature in cursive script that reads "Donald Reinhardt". The signature is written in dark ink and is positioned above the typed name.

Donald Reinhardt
Senior Counsel

5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
FAX (713) 780-5273
Telex 9108813603

April 1, 1991

Mr. Richard T. C. Tully
P. O. Box 268
Farmington, NM 87499-0268



Re: Louise Y. Locke

Dear Mr. Tully:

BHP Petroleum (Americas) Inc. (BHP) is in receipt of your February 22, 1991 letter wherein you discussed a number of issues affecting BHP, Louise Y. Locke and the Gallegos Canyon Unit #391 well located in the NE/4 NE/4 Section 23-T29N, R13W.

Please be advised BHP categorically denies any attempt to trespass or otherwise interfere with the rights of your client. Further, BHP has conducted its business in good faith and since receiving your February 22 letter, has confirmed, contrary to previous title information, the ownership you described in the N/2 Section 23 as set out in your letter.

BHP is not willing to complete and turn over its Gallegos Canyon Unit #391 well for your client's benefit. BHP's well is a properly permitted well within the existing spacing orders issued by the State of New Mexico for wells producing from the Basin Fruitland Coal pool.

In the interest of settling this matter, BHP is willing to purchase from your client all of your client's right, title and interest in and to the leasehold interest covering the entirety of the Fruitland Coal interval underlying the N/2 Section 23-T29N, R12W and any improvements, personal property, fixtures or equipment associated therewith or located thereon for a purchase price of \$144,000.00 payable by check with your client reserving a proportionate 7.5% overriding royalty on all oil and/or gas produced from such interval. The purchase price offered corresponds with the highest paid in the area for similar interests purchased by BHP and includes an offer of a reserved overriding royalty much larger than any reserved in any such previous purchases. Any interest conveyed to BHP shall on a form acceptable to BHP and containing language warranting title to the interest to be conveyed.

In addition to providing BHP with an assignment conveying to BHP the interest described herein, at such time as BHP and Mrs. Locke close on the purchase and sale of Mrs. Locke's leasehold interest, Mrs. Locke, or her representatives, will provide BHP with recordable instrument dissolving the N/2 Section 23 pooled unit insofar as it affects the Fruitland Coal interval.

BHP's offer shall remain in effect until 4:30 p.m., April 22, 1991.

Very truly yours,

BHP PETROLEUM (AMERICAS) INC.


Donald Reinhardt
Senior Landman
Inland Business Unit

DR:CFL

April 1, 1991
Page 2
Mr. Richard T. C. Tully

bc: Mr. Jim Bruce
Hinkle, Cox, Eaton, Coffield & Hensley
500 Marquette N.W., Suite 740
Albuquerque, NM 87102-2121

Mr. Jon Bowden - Legal Dept.
BHP Petroleum (Americas) Inc.

RICHARD T.C. TULLY, P.A.
ATTORNEY AT LAW
111 NORTH ORCHARD AVENUE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268

HARD T.C. TULLY

505-327-3388

April 23, 1991

Donald Reinhardt
Senior Landman
Inland Business Unit
BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3600
Houston, TX 77057

Re: Louise Y. Locke

Dear Mr. Reinhardt:

Receipt is acknowledged of your letter dated April 1, 1991 concerning the Howard Tycksen Pooled Unit No. 1 Well and the Gallegos Canyon Unit #391 Well.

The offer to purchase all of our client's right, title, and interest in the N/2 of Section 23, T-29-N, R-12-W, N.M.P.M., and reserving a 7.5% overriding royalty interest is rejected.

We are presently completing the taking of pictures of the wellsite location; having a wellsite diagram drafted, and securing a reservoir engineering study for all of Section 23 for the Fruitland Formation.

At such time as this work is completed, we will submit a final settlement offer to your company before litigation is initiated. This final settlement offer will probably be forthcoming in the next few weeks.

If you need further information, please advise.

Sincerely,



Richard T. C. Tully

RTCT:sak

cc: Louise Y. Locke
c/o Don Locke
139-1/2 East 2nd Street
Rifle, CO 81650

S151/52532L

RICHARD T.C. TULLY, P.A.

ATTORNEY AT LAW
111 NORTH ORCHARD AVENUE
POST OFFICE BOX 268
FARMINGTON, NEW MEXICO 87499-0268

RICHARD T.C. TULLY
MICHAEL CUNNINGHAM

505-327-3388

May 14, 1991

Donald Reinhardt
Senior Landman
Inland Business Unit
BHP Petroleum (Americas) Inc.
5847 San Felipe, Suite 3600
Houston, TX 77057

Re: Louise Y. Locke

Dear Mr. Reinhardt:

Enclosed for your ready reference are copies of the following instruments pertaining to the Tycksen #1 Well and the Gallegos Canyon Unit #391 Well:

1. Evaluation dated April 25, 1991 by Walsh Engineering & Production Corp.
2. Well site diagram and pictures by Simkins Drafting Service.

As you can readily ascertain, your company had information and knowledge or as a reasonable operator should have had information and knowledge of the ownership and existence of the Tycksen #1 Well from the records of the San Juan County Clerk; the records of the NMOCD in Aztec, New Mexico; and from visual inspection at the well site.

Without waiving any rights, claims, causes of action, injuries, and damages, our clients have authorized us to make the following settlement offer:

1. On or before June 15, 1991 BHP will pay the sum of \$500,000 by company check, cashier's check, or money order payable to the "Richard T. C. Tully, P.A. Trust Fund".
2. Upon receipt of the above-described payment our clients will execute and deliver an assignment of all of their right, title, and interest in the N/2 of Section 23, T-29-N, R-13-N, N.M.P.M. from the surface to the base of the Fruitland Formation, but

Donald Reinhardt
May 14, 1991
PAGE TWO

reserving an overriding royalty interest of 12-1/2% of 8/8ths. This overriding royalty interest shall be exclusive of all other royalty interests, overriding royalty interests, production payments, and interests of a similar nature. Such assignment shall be without warranty of title as is customary in the oil and gas industry of the San Juan Basin, and it shall include the Tycksen #1 Well.

3. Our clients will also execute and deliver an appropriate release of all claims, rights, injuries, and damages upon receipt of the above-described payment.
4. If this settlement agreement is not completed by June 15, 1991, then legal action requesting a jury trial will be initiated.

Please advise if you need further information or assistance.

Sincerely,



Richard T. C. Tully

RTCT:sak

Enclosure

cc w/o encl.

Louise Y. Locke
c/o Don Locke
139-1/2 East 2nd Street
Rifle, CO 81650

S152/52532L

SENDER: Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.
 Put your address in the "RETURN TO" Space on the reverse side. Failure to do this will prevent this card from being returned to you. The return receipt fee will provide you the name of the person delivered to and the date of delivery. For additional fees the following services are available. Consult postmaster for fees and check box(es) for additional service(s) requested.

1. Show to whom delivered, date, and addressee's address. (Extra charge)
 2. Restricted Delivery (Extra charge)

3. Article Addressed to: Mr. Richard T. C. Tully P. O. Box 268 Farmington, NM 87499-0268	4. Article Number P 566 936 880
Type of Service: <input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input checked="" type="checkbox"/> Return Receipt for Merchandise	
Always obtain signature of addressee or agent and DATE DELIVERED:	
5. Signature - Addressee X <i>Richard T. C. Tully</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent X	
7. Date of Delivery 6-3-91	

PS Form 3811, Apr. 1989

U.S.G.P.O. 1989-238-815

DOMESTIC RETURN RECEIPT

P 566 936 880

RECEIPT FOR CERTIFIED MAIL

NO INSURANCE COVERAGE PROVIDED
 NOT FOR INTERNATIONAL MAIL
 (See Reverse)

U.S.G.P.O. 1989-234-555

PS Form 3800, June 1985

Sent to . Mr. Richard T. C. Tully	
Street and No. P. O. Box 268	
P.O., State and ZIP Code Farmington, NM 87499-026	
Postage	\$
Certified Fee	
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt showing to whom and Date Delivered	
Return Receipt showing to whom, Date, and Address of Delivery	
TOTAL Postage and Fees	\$
Postmark or Date 05/29/91	

5847 San Felipe Suite 3600
Houston, Texas 77057
Telephone: (713) 780-5000
FAX (713) 780-5273
Telex 9108813603

May 29, 1991



Mr. Richard T. C. Tully
P. O. Box 268
Farmington, New Mexico 87499-0268

Louise Y. Locke

Dear Mr. Tully:

BHP Petroleum (Americas) Inc. is in receipt of your May 14, 1991 letter with enclosures wherein you submitted a counteroffer to BHP's offer to purchase the Fruitland Coal rights owned by Louise Y. Locke in the N/2 Section 23-T29N, R13W, San Juan County, New Mexico. Having reviewed the counteroffer, BHP wishes to first advise that it is not willing nor interested in purchasing Mrs. Locke's Fruitland Sand rights nor any of her interest in the Tycksen #1 well. The Tycksen #1 well is completed in the Fruitland Sand interval from 900 to 925 feet. It is BHP's intention to complete the Gallegos Canyon Unit #390 and #391 in the Fruitland Coal interval starting at approximately 1180'. Completion of the #390 and #391 wells in this lower interval will not interfere with your client's ability to continue to produce in the Tycksen well.

In evaluating the engineering report, BHP compared Mr. Walsh's reserve estimates and values with those provided BHP in an annual independent reserve study completed earlier this year by Netherland, Sewell & Associates, a very large, international engineering consulting firm located in Dallas, Texas. Having compared the conclusions reached in each such study, it can only be said Mr. Walsh's estimates are at best overly optimistic and, in our view, wholly unreliable. Mr. Walsh's assumption of an initial production rate of 400 MCF/d is not warranted. The GCU #377 well cited in Mr. Walsh's report had an initial production rate of only 250 MCF/d. The average initial production rates in twelve Fruitland Coal wells completed since the drilling of the GCU #377 have averaged only 290 MCF/d. Furthermore, BHP considers the use of a \$1.30 gas sales price for Fruitland Coal gas for the purpose of conducting economic analysis suspect at best considering today gas market and the costs involved in transporting gas out of the basin.

In conclusion, BHP does not consider the analysis performed on Mrs. Locke's interest to be either thorough or truly indicative of its value. In earlier correspondence, BHP made what it felt was an

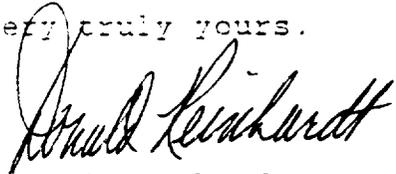
Mr. Richard T. C. Tully
Page two
May 29, 1991

exceedingly reasonable offer for your client's Fruitland Coal reserves especially when taking into consideration the reservation of a proportionate 7.5% overriding royalty. BHP is still willing to pay Mrs. Locke the sum of \$144,000.00 for the Fruitland Coal rights in the N/2 Section 23 and allow for the reservation of the proportionate 7.5% overriding royalty.

If your client does not wish to sell the Fruitland Coal rights in in the N/2 Section 23, BHP is willing to have your client join as a working interest owner in both wells. Enclosed for your information are copies of BHP's Authorization for Expenditure for each well setting out the estimated costs to drill and complete each well. If your client prefers to join in each well as a 50% working interest owner, an operating agreement can be prepared and furnished for your review.

Your assistance in bringing this matter to a speedy resolution will be greatly appreciated. Please advise within ten day of your receipt of this letter if either of the alternatives set out above are acceptable to your client. If neither alternative is acceptable, BHP will seek other legal means to consolidate the interests in the drillsite spacing units for each of the #390 and #391 wells. Please advise if BHP can be of any additional assistance.

Very truly yours.



Donald Reinhardt
Senior Landman

DR



**AUTHORITY FOR EXPENDITURE
Inland Business Unit
(Drilling, Workovers, Recomp.'s, Etc.)**

Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101208

Contract/Agreement No. _____ Land Lease No. _____ Budget Year 1991

Project must be commenced by: Date _____

Lease Name & Well No. Gallegos Canyon Unit No.390	Prospect Name _____ Prospect No. _____	Activity No. <u>NM003000390</u>	Focal Area <u>FA106</u>
Field or Area Basin Fruitland Field	Location SE/SW Section 23 T29N - R13W	County and State San Juan, New Mexico	
Type of AFE Drill, Complete, Equip	Development (X) Exploratory () AAPG Class: _____ Others _____	Formation & Depth Fruitland Coal - ±1470' Well TD - 1640'	Expected Production Gas - (X) Oil - ()
Last Well on Lease Yes () No ()			
Project Description: (To Include Special Provisions and Remarks) Drill, complete, and equip a 1640 foot Fruitland Coal well at the referenced location.			<p align="center">BHP Interest</p> <p>BPO W.I. <u>100.00</u> NRI <u>76.75</u></p> <p>APO W.I. _____ NRI _____</p>

ESTIMATED COSTS

COMPANY	WORKING INTEREST OR ALLOCATION %		DRILLING WELLS		OTHER Total Cost
	To Csg. Pt.	Aft. Csg. Pt.	Dry Hole	Producer	
BHP Petroleum	100		43,655	132,130	
Total	100		43,655	132,130	
Less: Contributions			(- 0 -)	(- 0 -)	()
Net Costs			43,655	132,130	

Prepared by Paul C. Bertoglio *PCB* Date May 14, 1990

Recommended:

Operations	Date	Land	Date	Marketing	Date	Technology	Date
_____	_____	_____	_____	_____	_____	<i>SLC/MS/SLC</i>	<u>5/24/90</u>
_____	_____	_____	_____	_____	_____	_____	_____
<i>SLC/MS/SLC</i>	<u>6-4-90</u>	_____	_____	_____	_____	_____	_____

Approved *Q.M. Edgington* Date 6/5/90
Date



**DETAILED COST ESTIMATE
DRILLING, RECOMPLETIONS AND WORKOVERS**

Name & Well No. Gallegos Canyon Unit No. 390 AFE No. 9101208

on SE/SW Section 23 T29N - R13W County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

	Gross Cost To Csg Pt.
4527-20	
Rotary Footage	
1,640 ft. @ \$ 9.00	\$ 14,760
Rotary Daywork	
2 days WDP @ \$ 4,000/day	8,000
days WOPD @ \$ /day	
Drillsite Camp Expense	
Rotary Turnkey	
Drilling Deals (W.I.)	
Rental Tools/Equipment	1,500
Rig Move	
Inspection Services	
Trucking/Boats	2,000
Personnel Transportation	
Power/Fuel	
Drig Mud & Additives	2,000
Drill Bits/Reamers	
Water	1,200
Mud Logging	
Open Hole Logs	4,000
DST's/Surveys	
Cement & Cementing	2,000
Cores	
Directional Drilling	
Engineering & Consulting	
Location Dirtwork/Cln Up	2,500
Geological	
Drig Permits/Bonds	
Drig Title Opinion	
Stake/Survey Location	500
Right of Way/Damages	2,000
Well Control Insurance	
Overhead - Drig	
Material & Supplies	
Co. Labor/Supervision	1,200
Contract Labor	
Other Drilling Costs	
Supplemental	
Total TCP	\$ 41,660
BHP Net	\$ 41,660

TANGIBLE DRILLING COSTS

<u>4515-10</u>	<u>X-on Hand</u>	<u>TCP</u>
Installation Cost		\$ 250
Casinghead		500
Cond./Surface Csg		
120 ft 7" 23# K-55		
@ \$ 10.37/ft		1,245
Inter./Liner Csg		
ft		
@ \$ /ft		
ft		
@ \$ /ft		
Supplemental		
Total Tangible TCP		\$ 1,995
BHP Net		\$ 1,995
Total Drilling Cost TCP		\$ 43,655
BHP Net Cost TCP		\$ 43,655

<u>CODE 4527-30</u>		Gross Completion Costs
01	Completion Rig	\$ 7,500
03	Camp Expense	
04	Wireline Services	
07	Rental Tools/Equipment	1,000
09	Inspection Services	
10	Trucking/Boats	2,000
11	Personnel Transportation	
12	Power/Fuel	
14	Drill Bits/Reamers	
15	Completion Fluids	
16	Water	1,000
18	Cased Hole Logs	
19	Perforate	1,500
20	Well Surveys & Testing	
21	Acidize & Frac	17,500
22	Cement & Cementing	5,000
23	Squeeze Jobs	
30	Engr. & Consulting	
31	Location Dirtwork/Cln. Up	1,500
37	ROW/Damages	
40	Overhead - Completion	
41	Material & Supplies	2,000
42	Co. Labor/Supervision	1,500
43	Contract Labor	
45	Other Completion Costs	
	Supplemental	
	Total Comp. Costs	\$ 40,500
	BHP Net	\$ 40,500

<u>CODE 4515-20</u>	<u>X-on Hd</u>	<u>Comp. Costs</u>
01	Installation Costs	\$ 1,500
02	Sucker Rods	1,500
03	Btm Hole Pump	1,200
04	Pumping Unit	5,000
05	Prime Mover	7,500
06	Wellhead/Tree	2,500
07	Casing:	
	1,640 ft 4 1/2" 10.5# J-55	
	@ \$ 5.00/ft	
	ft	
	@ \$ /ft	
	ft	
	@ \$ /ft	
	ft	8,200
08	Tubing:	
	1,525 ft 2 3/8" 4.7# J-55	
	@ \$ 3.00/ft	4,575
09	Hyd. & Other Pmp Equip.	
20	Packers	
23	Other Well Equipment	

<u>CODE 4515-21</u>		
01	Installation Costs	\$ 5,000
11	Tanks	1,500
12	Buildings	
13	Compressors	
14	Elec Line & Equip.	
15	Sepr. & Treaters	2,500
16	Line Pipe	5,000
17	Dehy. Equipment	
18	Other Lse Equipment	
19	Misc Valves & Ftgs.	2,000
	Supplemental	
	Total Tang Comp. Cost	\$ 47,975
	BHP NET	\$ 47,975

TOTAL WELL COSTS GROSS \$ 132,130
BHP NET \$ 132,130

PREPARED BY: Paul C. Bertoglio



**AUTHORITY FOR EXPENDITURE
Inland Business Unit
(Drilling, Workovers, Recomp.'s, Etc.)**

Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101208

Contract/Agreement No. _____ Land Lease No. _____ Budget Year 1991

Project must be commenced by: Date _____

Lease Name & Well No. Gallegos Canyon Unit No.390	Prospect Name _____ Prospect No. _____	Activity No. <u>NM003000390</u> Focal Area <u>FA106</u>
Field or Area Basin Fruitland Field	Location SE/SW Section 23 T29N - R13W	County and State San Juan, New Mexico
Type of AFE Drill, Complete, Equip	Development (X) Exploratory () AAPG Class: _____ Others _____	Formation & Depth Fruitland Coal - ±1470' Well TD - 1640'
Last Well on Lease Yes () No ()	Expected Production Gas - (X) Oil - ()	
Project Description: (To Include Spill Prevention and Remarks) Drill, complete, and equip a 1640 foot Fruitland Coal well at the referenced location. <i>BEFORE THE OIL CONSERVATION COMMISSION Santa Fe, New Mexico</i> Exhibit No. _____ By _____		BHP Interest BPO W.I. <u>100.00</u> NRI <u>76.75</u> APO W.I. _____ NRI _____

ESTIMATED COSTS

COMPANY	WORKING INTEREST OR ALLOCATION %		DRILLING WELLS		OTHER Total Cost
	To Csg. Pt.	Aft. Csg. Pt.	Dry Hole	Producer	
BHP Petroleum	100		43,655	132,130	
Total	100		43,655	132,130	
Less: Contributions			(- 0 -)	(- 0 -)	()
Net Costs			43,655	132,130	

Prepared by Paul C. Bertoglio *PCB* Date May 14, 1990

Recommended:

Operations	Date	Land	Date	Marketing	Date	Technology	Date
_____	_____	_____	_____	_____	_____	<i>SLC 7/25/90</i>	<u>5/24/90</u>
<i>Tom Stone</i>	<u>6-4-90</u>	_____	_____	_____	_____	_____	_____

Approved *Q M Edgerton* Date *6/5/90*

Joint Interest Approval - It is recognized that the amounts provided for herein are estimates only, and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, either more or less than herein set out.

Company By _____ Title _____ Date _____

BEFORE DAWSON STROVER
OIL CONSERVATION COMMISSION
BHP
CASE NO. _____



DETAILED COST ESTIMATE
DRILLING, RECOMPLETIONS AND WORKOVERS

Lease Name & Well No. Gallegos Canyon Unit No. 390

AFE No. 9101208

Location SE/SW Section 23 T29N - R13W

County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

CODE 4527-20	Gross Cost To Csg Pt.
01 Rotary Footage	
<u>1,640</u> ft. @ \$ <u>9.00</u>	\$ <u>14,760</u>
02 Rotary Daywork	
<u>2</u> days WDP @ \$ <u>4,000</u> day	<u>8,000</u>
<u> </u> days WOPD @ \$ <u> </u> day	
03 Drillsite Camp Expense	
05 Rotary Turnkey	
06 Drilling Deals (W.I.)	
07 Rental Tools/Equipment	<u>1,500</u>
08 Rig Move	
09 Inspection Services	
10 Trucking/Boats	<u>2,000</u>
11 Personnel Transportation	
12 Power/Fuel	
13 Drig Mud & Additives	<u>2,000</u>
14 Drill Bits/Reamers	
16 Water	<u>1,200</u>
17 Mud Logging	
18 Open Hole Logs	<u>4,000</u>
20 DST's/Surveys	
22 Cement & Cementing	<u>2,000</u>
24 Cores	
29 Directional Drilling	
30 Engineering & Consulting	
31 Location Dirtwork/Cln Up	<u>2,500</u>
32 Geological	
34 Drig Permits/Bonds	
35 Drig Title Opinion	
36 Stake/Survey Location	<u>500</u>
37 Right of Way/Damages	<u>2,000</u>
38 Well Control Insurance	
40 Overhead - Drig	
41 Material & Supplies	
42 Co. Labor/Supervision	<u>1,200</u>
43 Contract Labor	
44 Other Drilling Costs	
Supplemental	
Total TCP	\$ <u>41,660</u>
BHP Net	\$ <u>41,660</u>

CODE 4527-30	Gross Completion Costs
01 Completion Rig	\$ <u>7,500</u>
03 Camp Expense	
04 Wireline Services	
07 Rental Tools/Equipment	<u>1,000</u>
09 Inspection Services	
10 Trucking/Boats	<u>2,000</u>
11 Personnel Transportation	
12 Power/Fuel	
14 Drill Bits/Reamers	
15 Completion Fluids	
16 Water	<u>1,000</u>
18 Cased Hole Logs	
19 Perforate	<u>1,500</u>
20 Well Surveys & Testing	
21 Acidize & Frac	<u>17,500</u>
22 Cement & Cementing	<u>5,000</u>
23 Squeeze Jobs	
30 Engr. & Consulting	
31 Location Dirtwork/Cln. Up	<u>1,500</u>
37 ROW/Damages	
40 Overhead - Completion	
41 Material & Supplies	<u>2,000</u>
42 Co. Labor/Supervision	<u>1,500</u>
43 Contract Labor	
45 Other Completion Costs	
Supplemental	
Total Comp. Costs	\$ <u>40,500</u>
BHP Net	\$ <u>40,500</u>

CODE 4515-10	X-on Hand	TCP
01 Installation Cost		\$ <u>250</u>
06 Casinghead		<u>500</u>
07 Cond./Surface Csg		
<u>120</u> ft 7" 23# K-55		
@\$ <u>10.37</u> ft		<u>1,245</u>
10 Inter./Liner Csg		
<u> </u> ft		
@\$ <u> </u> ft		
<u> </u> ft		
@\$ <u> </u> ft		
Supplemental		
Total Tangible TCP		\$ <u>1,995</u>
BHP Net		\$ <u>1,995</u>
Total Drilling Cost TCP		\$ <u>43,655</u>
BHP Net Cost TCP		\$ <u>43,655</u>

CODE 4515-20	X-on Hd	Comp. Costs
01 Installation Costs		\$ <u>1,500</u>
02 Sucker Rods		<u>1,500</u>
03 Btm Hole Pump		<u>1,200</u>
04 Pumping Unit		<u>5,000</u>
05 Prime Mover		<u>7,500</u>
06 Wellhead/Tree		<u>2,500</u>
07 Casing:		
<u>1,640</u> ft 4 1/2" 10.5# J-55		
@\$ <u>5.00</u> ft		
<u> </u> ft		
@\$ <u> </u> ft		
<u> </u> ft		
@\$ <u> </u> ft		
<u> </u> ft		<u>8,200</u>
08 Tubing:		
<u>1,525</u> ft 2 3/8" 4.7# J-55		
@\$ <u>3.00</u> ft		<u>4,575</u>
09 Hyd. & Other Pmp Equip.		
20 Packers		
23 Other Well Equipment		

CODE 4515-21	Comp. Costs
01 Installation Costs	\$ <u>5,000</u>
11 Tanks	<u>1,500</u>
12 Buildings	
13 Compressors	
14 Elec Line & Equip.	
15 Sepr. & Treaters	<u>2,500</u>
16 Line Pipe	<u>5,000</u>
17 Dehy. Equipment	
18 Other Lse Equipment	
19 Misc Valves & Ftg.	<u>2,000</u>
Supplemental	
Total Tang Comp. Cost	\$ <u>47,975</u>
BHP NET	\$ <u>47,975</u>

TOTAL WELL COSTS GROSS \$ 132,130
BHP NET \$ 132,130

PREPARED BY: Paul C. Bertoglio

AFE NUMBER 9101208 START DATE 06/05/90 COMPLETION-DATE / / ACTIVITY NM003000390 STATE
 AFE NAME GALLEGOS CANYON UNIT #390 -TYPE X BILL CODE N COUNTY
 OPERATOR -STAT 0 W KING INT 0.00000000 FIELD

ACCOUNT CODE ACCOUNT NAME ORIGINAL BUDGET SUPPLEMENT TOTAL ACTUAL VARIANCE

ACCOUNT CODE	ACCOUNT NAME	ORIGINAL	BUDGET SUPPLEMENT	TOTAL	ACTUAL	VARIANCE
DRY HOLE						
INTANGIBLE						
452702001	DRILLING CONTRACT-FOOTAGE-IDC	14,760	0	14,760	16,275	1,515
452702002	DRILLING CONTRACT-DAV WORK-IDC	8,000	0	8,000	4,488	-3,512
452702007	RENTAL TOOLS/EQUIPMENT-IDC	1,500	0	1,500	505	-995
452702008	MOVING RIG-IDC	0	0	0	2,131	2,131
452702010	TRUCKING/BOATS-IDC	2,000	0	2,000	0	-2,000
452702011	PERSONNEL-TRANSPORTATION-IDC	0	0	0	189	189
452702013	DRILLING MUD & ADDITIVES-IDC	2,000	0	2,000	1,537	-463
452702014	DRILL BITS/REAMERS-IDC	0	0	0	2,274	2,274
452702016	WATER-IDC	1,200	0	1,200	2,300	1,100
452702018	WELL LOGGING-OPEN HOLE-IDC	4,000	0	4,000	5,839	1,839
452702022	CEMENT & CEMENTING-IDC	2,000	0	2,000	6,258	4,258
452702030	ENGINEERING & CONSULTING-IDC	0	0	0	2,237	2,237
452702031	LOCATTON,DIRT WORK/CLEANUP-IDC	2,500	0	2,500	1,710	-790
452702035	DRILLING TITLE OPINION-IDC	0	0	0	3,170	3,170
452702036	STAKE & SURVEY LOCATION - IDC	0	0	0	390	390
452702037	RIGHT OF WAY/DAMAGES-IDC	500	0	500	0	-500
452702038	STAKE & SURVEY LOCATION - IDC	2,000	0	2,000	513	-1,487
452702041	MATERIALS & SUPPLIES-IDC	0	0	0	1,499	1,499
452702042	COMPANY LABOR/SUPERVISION-IDC	1,200	0	1,200	2,667	1,467
452702043	CONTRACT LABOR-IDC	0	0	0	2,667	2,667
TOTAL INTANGIBLE		41,660	0	41,660	53,981	12,321

ACCOUNT CODE	ACCOUNT NAME	ORIGINAL	BUDGET SUPPLEMENT	TOTAL	ACTUAL	VARIANCE
TANGIBLE						
451501001	INSTALLATION COSTS-WELL EQUIP	250	0	250	0	-250
451501006	CASING HEAD	500	0	500	421	-79
451501007	CONDUCTOR/SURFACE CASING	1,245	0	1,245	386	-859
TOTAL TANGIBLE		1,995	0	1,995	807	-1,188
TOTAL DRY HOLE COSTS		43,655	0	43,655	54,788	11,133

ACCOUNT CODE	ACCOUNT NAME	ORIGINAL	BUDGET SUPPLEMENT	TOTAL	ACTUAL	VARIANCE
COMPLETION INTANGIBLE						
452703001	COMPLETION RIGS-IDC	7,500	0	7,500	0	-7,500
452703007	RENTAL TOOLS/EQUIPMENT-IDC	1,000	0	1,000	0	-1,000
452703009	INSPECTION SERVICES-IDC	0	0	0	855	855
452703010	TRUCKING/BOATS-IDC	2,000	0	2,000	97	-1,903
452703011	PERSONNEL TRANSPORTATION-IDC	0	0	0	99	99
452703016	WATER-IDC	1,000	0	1,000	0	-1,000
452703019	PERFORATE-IDC	1,500	0	1,500	0	-1,500
452703021	ACIDIZE & FRAC-IDC	17,500	0	17,500	0	-17,500
452703022	CEMENT & CEMENTING-IDC	5,000	0	5,000	0	-5,000
452703031	LOCATTON,DIRT WORK/CLEANUP-IDC	1,500	0	1,500	0	-1,500
452703041	MATERIALS & SUPPLIES-IDC	2,000	0	2,000	452	-1,548
452703042	COMPANY LABOR/SUPERVISION-IDC	1,500	0	1,500	881	-619
TOTAL INTANGIBLE		40,500	0	40,500	2,384	-38,116

ACCOUNT CODE	ACCOUNT NAME	ORIGINAL	BUDGET SUPPLEMENT	TOTAL	ACTUAL	VARIANCE
TANGIBLE						
TOTAL TANGIBLE		1,995	0	1,995	807	-1,188

6A

		GROSS AFE DETAIL COSTS				
451502001	INSTALLATION COSTS-WELL EQUIP	1,500	1,500	143	-1,357	
451502002	SUCKER RODS	1,500	1,500	0	-1,500	
451502003	BOTTOM HOLE PUMP	1,200	1,200	0	-1,200	
451502004	PUMPING UNIT	5,000	5,000	0	-5,000	
451502005	PRIME MOVER	7,500	7,500	0	-7,500	
451502006	WELLHEAD	2,500	2,500	443	-2,057	
451502007	CASING	8,200	8,200	6,330	-1,870	
451502008	TUBING	4,575	4,575	0	-4,575	
451502101	INSTALLATION COSTS-LEASE EQUIP	5,000	5,000	0	-5,000	
451502111	BATTERIES AND BOILER STE	1,500	1,500	0	-1,500	
451502115	SEPARATOR TREATERS	2,500	2,500	0	-2,500	
451502116	PIPE, USED FOR OPER PURPOSES	5,000	5,000	0	-5,000	
451502119	MISC. VALVES & FITTINGS	2,000	2,000	0	-2,000	
	TOTAL TANGIBLE	47,975	47,975	6,915	-41,060	
	TOTAL COMPLETION COSTS	88,475	88,475	9,299	-79,176	
	TOTAL 9101208	132,130	132,130	64,088	-68,042	



**AUTHORITY FOR EXPENDITURE
Inland Business Unit
(Drilling, Workovers, Recomp.'s, Etc.)**

Operator BHP PETROLEUM (AMERICAS) INC. AFE No. 9101209
 Contract/Agreement No. C-EXRM02634 Land Lease No. _____ Budget Year 1991
C-EXRM02709
 Project must be commenced by: Date December 31, 1990

Lease Name & Well No. Gallegos Canyon Unit No.391	Prospect Name <u>Gallegos Canyon</u> Prospect No. <u>PR350028</u>	Activity No. <u>NM003100391</u> Focal Area <u>FA 202</u>
Field or Area <u>Basin Fruitland Field</u>	Location <u>NE/NE Section 23 T29N - R13W</u>	County and State <u>San Juan, New Mexico</u>
Type of AFE <u>Drill, Complete, Equip</u>	Development (X) Exploratory () AAPG Class: _____ Others _____	Formation & Depth <u>Fruitland Coal - ±1170'</u> Well TD - <u>1350'</u>
Last Well on Lease Yes () No ()		Expected Production Gas - (X) Oil - ()
Project Description: (To Include Special Provisions and Remarks) <u>Drill, complete, and equip a 1350 foot Fruitland Coal well at the referenced location.</u> <u>*Interest subject to partner elections.</u>		BHP Interest BPO * W.I. <u>62.50</u> NRI <u>48.75</u> APO W.I. _____ NRI _____

ESTIMATED COSTS

COMPANY	WORKING INTEREST OR ALLOCATION %		DRILLING WELLS		OTHER Total Cost
	To Csg. Pt.	Aft. Csg. Pt.	Dry Hole	Producer	
BHP Petroleum	62.50		25,653	79,528	
Meridian Oil Production, Inc.	37.50		15,392	47,717	
Total	100.00		41,045	127,245	
Less: Contributions			(- 0 -)	(- 0 -)	()
Net Costs			41,045	127,245	

Prepared by Paul C. Bertoglio *PCB* Date May 14, 1990

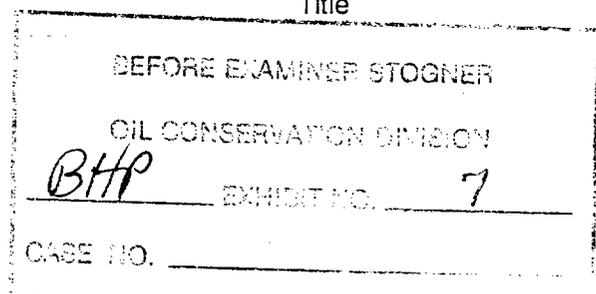
Recommended:

Operations	Date	Land	Date	Marketing	Date	Technology	Date
_____	_____	_____	_____	_____	_____	<i>S. C. G. M. / J. B. / J. S.</i>	<i>5/29/90</i>
<i>J. M. / J. S.</i>	<i>6-4-90</i>	_____	_____	_____	_____	_____	_____

Approved *J. M. Edgington* Date *6/5/90*

Joint Interest Approval - It is recognized that the amounts provided for herein are estimates only, and approval of this authorization shall extend to the actual costs incurred in conducting the operation specified, either more or less than herein set out.

Company By _____ Title _____ Date _____





**DETAILED COST ESTIMATE
DRILLING, RECOMPLETIONS AND WORKOVERS**

Lease Name & Well No. Gallegos Canyon Unit No. 391

AFE No. 9101209

Location NE/NE Section 23 T29N - R13W

County and State San Juan, New Mexico

INTANGIBLE DRILLING COSTS

CODE 4527-20		Gross Cost To Csg Pt.	CODE 4527-30		Gross Completion Costs
01	Rotary Footage		01	Completion Rig	\$ 7,500
	<u>1,350</u> ft. @ \$ <u>9.00</u>	\$ <u>12,150</u>	03	Camp Expense	
02	Rotary Daywork		04	Wireline Services	
	<u>2</u> days WDP @ \$ <u>4,000</u> day	<u>8,000</u>	07	Rental Tools/Equipment	<u>1,000</u>
	<u> </u> days WOPD @ \$ <u> </u> day		09	Inspection Services	
03	Drillsite Camp Expense		10	Trucking/Boats	<u>2,000</u>
05	Rotary Turnkey		11	Personnel Transportation	
06	Drilling Deals (W.I.)		12	Power/Fuel	
07	Rental Tools/Equipment	<u>1,500</u>	14	Drill Bits/Reamers	
08	Rig Move		15	Completion Fluids	
09	Inspection Services		16	Water	<u>1,000</u>
10	Trucking/Boats	<u>2,000</u>	18	Cased Hole Logs	
11	Personnel Transportation		19	Perforate	<u>1,500</u>
12	Power/Fuel		20	Well Surveys & Testing	
13	Drig Mud & Additives	<u>2,000</u>	21	Acidize & Frac	<u>17,500</u>
14	Drill Bits/Reamers		22	Cement & Cementing	<u>5,000</u>
16	Water	<u>1,200</u>	23	Squeeze Jobs	
17	Mud Logging		30	Engr. & Consulting	
18	Open Hole Logs	<u>4,000</u>	31	Location Dirtwork/Cln. Up	<u>1,500</u>
20	DST's/Surveys		37	ROW/Damages	
22	Cement & Cementing	<u>2,000</u>	40	Overhead - Completion	
24	Cores		41	Material & Supplies	<u>2,000</u>
29	Directional Drilling		42	Co. Labor/Supervision	<u>1,500</u>
30	Engineering & Consulting		43	Contract Labor	
31	Location Dirtwork/Cln Up	<u>2,500</u>	45	Other Completion Costs	
32	Geological			Supplemental	
34	Drig Permits/Bonds			Total Comp. Costs	\$ <u>40,500</u>
35	Drig Title Opinion			BHP Net	\$ <u>25,312</u>
36	Stake/Survey Location	<u>500</u>		X-on	
37	Right of Way/Damages	<u>2,000</u>		Hd	
38	Well Control Insurance			CODE 4515-20	Comp. Costs
40	Overhead - Drig		01	Installation Costs	\$ <u>1,500</u>
41	Material & Supplies		02	Sucker Rods	<u>1,500</u>
42	Co. Labor/Supervision	<u>1,200</u>	03	Btm Hole Pump	<u>1,200</u>
43	Contract Labor		04	Pumping Unit	<u>5,000</u>
44	Other Drilling Costs		05	Prime Mover	<u>7,500</u>
	Supplemental		06	Wellhead/Tree	<u>2,500</u>
	Total TCP	\$ <u>39,050</u>	07	Casing:	
	BHP Net	\$ <u>24,406</u>		<u>1,350</u> ft <u>4 1/2"</u> <u>10.5#</u> J-55	
				@ \$ <u>5.00</u> ft	
				<u> </u> ft	
				@ \$ <u> </u> ft	
				<u> </u> ft	
				@ \$ <u> </u> ft	
				<u> </u> ft	<u>6,750</u>
			08	Tubing:	
				<u>1,250</u> ft <u>2 3/8"</u> <u>4.7#</u> J-55	
				@ \$ <u>3.00</u> ft	<u>3,750</u>
			09	Hyd. & Other Pmp Equip.	
			20	Packers	
			23	Other Well Equipment	

TANGIBLE DRILLING COSTS

CODE 4515-10		X-on Hand	TCP	CODE 4515-21		
01	Installation Cost		\$ <u>250</u>	01	Installation Costs	\$ <u>5,000</u>
06	Casinghead		<u>500</u>	11	Tanks	<u>1,500</u>
07	Cond./Surface Csg			12	Buildings	
	<u>120</u> ft <u>7" 23#</u> K-55		<u>1,245</u>	13	Compressors	
	@ \$ <u>10.37</u> ft			14	Elec Line & Equip.	
10	Inter./Liner Csg			15	Sepr. & Treaters	<u>2,500</u>
	<u> </u> ft			16	Line Pipe	<u>5,000</u>
	@ \$ <u> </u> ft			17	Dehy. Equipment	
	<u> </u> ft			18	Other Lse Equipment	
	@ \$ <u> </u> ft			19	Misc Valves & Ftgs.	<u>2,000</u>
	Supplemental				Supplemental	
	Total Tangible TCP		\$ <u>1,995</u>		Total Tang Comp. Cost	\$ <u>45,700</u>
	BHP Net		\$ <u>1,247</u>		BHP NET	\$ <u>28,563</u>
	Total Drilling Cost TCP		\$ <u>41,045</u>			
	BHP Net Cost TCP		\$ <u>25,653</u>			

TOTAL WELL COSTS GROSS \$ 127,245
BHP NET \$ 79,528

PREPARED BY: Paul C. Bertoglio

RUN DATE 11/05/91
 REPORT ID: AF715-BU-1

GROSS AFE DETAIL COSTS

AFE NUMBER 9101209 START DATE 05/90 COMPLETION-DATE / / ACTIVITY NM003100391 STATE
 AFE NAME GALLEGOS CANYON UNIT #391 -TYPE X BILL CODE A COUNTY
 OPERATOR -STAT 0 W KING INT 0.00000000 FIELD

ACCOUNT CODE	ACCOUNT NAME	BUDGET		TOTAL	ACTUAL	VARIANCE
		ORIGINAL	SUPPLEMENT			
DRY HOLE						
INTANGIBLE						
452702001	DRILLING CONTRACT-FOOTAGE-IDC	12,150	0	12,150	0	-12,150
452702002	DRILLING CONTRACT-DAY WORK-IDC	8,000	0	8,000	12,307	4,307
452702007	RENTAL TOOLS/EQUIPMENT-IDC	1,500	0	1,500	2,370	870
452702008	MOVING RIG-IDC	0	0	0	13,507	13,507
452702010	TRUCKING/BOATS-IDC	2,000	0	2,000	0	-2,000
452702013	DRILLING MUD & ADDITIVES-IDC	2,000	0	2,000	2,254	254
452702016	WATER-IDC	1,200	0	1,200	1,837	637
452702018	WELL LOGGING-OPEN HOLE-IDC	4,000	0	4,000	6,089	2,089
452702022	CEMENT & CEMENTING-IDC	2,000	0	2,000	5,819	3,819
452702030	ENGINEERING & CONSULTING-IDC	0	0	0	4,170	4,170
452702031	LOCATION,DIRT WORK/CLEANUP-IDC	2,500	0	2,500	8,102	5,602
452702034	DRILLING PERMITS/BONDS-IDC	0	0	0	8,934	8,934
452702035	DRILLING TITLE OPINION-IDC	0	0	0	3,267	3,267
452702036	STAKE & SURVEY LOCATION - IDC	500	0	500	390	-110
452702037	RIGHT OF WAY/DAMAGES-IDC	2,000	0	2,000	2,500	500
452702041	MATERIALS & SUPPLIES-IDC	0	0	0	2,585	2,585
452702042	COMPANY LABOR/SUPERVISION-IDC	1,200	0	1,200	0	-1,200
452702043	CONTRACT LABOR-IDC	0	0	0	3,082	3,082
TOTAL INTANGIBLE		39,050	0	39,050	77,214	38,164
TANGIBLE						
451501001	INSTALLATION COSTS-WELL EQUIP	250	0	250	0	-250
451501006	CASING HEAD	500	0	500	940	440
451501007	CONDUCTOR/SURFACE CASING	1,245	0	1,245	1,481	236
TOTAL TANGIBLE		1,995	0	1,995	2,421	426
TOTAL DRY HOLE COSTS		41,045	0	41,045	79,635	38,590
COMPLETION						
INTANGIBLE						
452703001	COMPLETION RIGS-IDC	7,500	0	7,500	0	-7,500
452703007	RENTAL TOOLS/EQUIPMENT-IDC	1,000	0	1,000	539	-461
452703009	INSPECTION SERVICES-IDC	0	0	0	1,608	1,608
452703010	TRUCKING/BOATS-IDC	2,000	0	2,000	10	-1,990
452703011	PERSONNEL TRANSPORTATION-IDC	0	0	0	90	90
452703016	WATER-IDC	1,000	0	1,000	0	-1,000
452703019	PERFORATE-IDC	1,500	0	1,500	0	-1,500
452703021	ACIDIZE & FRAC-IDC	17,500	0	17,500	0	-17,500
452703022	CEMENT & CEMENTING-IDC	5,000	0	5,000	3,939	-1,061
452703031	LOCATION,DIRT WORK/CLEANUP-IDC	1,500	0	1,500	0	-1,500
452703041	MATERIALS & SUPPLIES-IDC	2,000	0	2,000	98	-1,902
452703042	COMPANY LABOR/SUPERVISION-IDC	1,500	0	1,500	3,218	1,718
452703043	CONTRACT LABOR-IDC	0	0	0	486	486
TOTAL INTANGIBLE		40,500	0	40,500	9,987	-30,513
TANGIBLE						

BEFORE THE
 OIL CONSERVATION COMMISSION
 Santa Fe, New Mexico

DATE: 11/05/91

BY: BHP

7A

GROSS AFE DETAIL COSTS

451502001	INSTALLATION COSTS-WELL EQUIP	1,500	0	1,500	143	-1,357
451502002	SUCKER RODS	1,500	0	1,500	0	-1,500
451502003	BOTTOM HOLE PUMP	1,200	0	1,200	0	-1,200
451502004	PUMPING UNIT	5,000	0	5,000	0	-5,000
451502005	PRIME MOVER	7,500	0	7,500	0	-7,500
451502006	WELLHEAD	2,500	0	2,500	443	-2,057
451502007	CASING	6,750	0	6,750	5,130	-1,620
451502008	TUBING	3,750	0	3,750	0	-3,750
451502101	INSTALLATION COSTS-LSE EQUIP	5,000	0	5,000	0	-5,000
451502111	BATTERIES AND BOILER STE	1,500	0	1,500	0	-1,500
451502115	SEPARATOR TREATERS	2,500	0	2,500	0	-2,500
451502116	PIPE, USED FOR OPER PURPOSES	5,000	0	5,000	0	-5,000
451502119	MISC. VALVES & FITTINGS	2,000	0	2,000	0	-2,000
	TOTAL TANGIBLE	45,700	0	45,700	5,716	-39,984
	TOTAL COMPLETION COSTS	86,200	0	86,200	15,703	-70,497
	TOTAL 9101209	127,245	0	127,245	95,337	-31,908

2025/11/05

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF NEW MEXICO

LOUISE Y. LOCKE d/b/a
LOCKE-TAYLOR DRILLING COMPANY,

Plaintiff,

vs.

No. CIV 91-748M

BHP PETROLEUM (AMERICAS) INC.,

Defendant.

PLAINTIFF'S RESPONSES TO
DEFENDANT'S FIRST REQUEST FOR ADMISSIONS

COMES NOW the Plaintiff Louise Y. Locke d/b/a Locke-Taylor Drilling Company and responds to the Defendant's First Request for Admissions as follows:

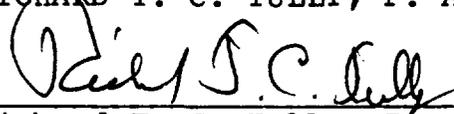
Response to Request for Admission No. 1: The Howard Tycksen Pooled Unit No. 1 Well is completed and is producing from the West Kutz Fruitland Sand Pool. However, due to the open hole method of completion of this well, some exposed Basin Fruitland Coal Gas Intervals could be contributing to the gas production from this well.

Response to Request for Admission No. 2: The West Kutz Fruitland Sand Pool is a separate and distinct pool from the Basin Fruitland Coal Gas Pool as determined by the New Mexico Oil Conservation Division in its pool classifications.

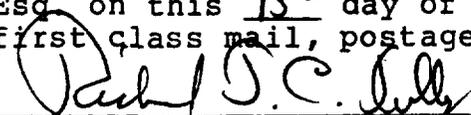
Response to Request for Admission No. 3: Under the current New Mexico Oil Conservation Division Rules and Regulations the designated drilling for the West Kutz Fruitland Sand Pool is 160 surface contiguous acres, and the designated drilling tract for the Basin Fruitland Coal Gas Pool is 320 surface contiguous acres.

Response to Request for Admission No. 4: As described above, the Howard Tycksen Pooled Unit No. 1 Well is possibly producing gas from what is now called the Basin Fruitland Coal Gas Intervals. Plaintiff is the owner of all the working interest and operating rights from the surface to the base of the Pictured Cliffs Formation, which includes the West Kutz Fruitland Sand Pool and the Basin Fruitland Coal Gas Pool in the N/2 of Section 23, T-29-N, R-13-W, N.M.P.M. and had no plans and did not deem it reasonable or necessary to test the Basin-Fruitland Coal Gas Pool prior to the spudding of the Gallegos Canyon Unit No. 391 Well by Defendant on December 12, 1990.

RICHARD T. C. TULLY, P. A.


Richard T. C. Tully, Esq.
P. O. Box 268
Farmington, NM 87499-0268
(505) 327-3388

I hereby certify that the foregoing pleading was mailed to James Bruce, Esq. on this 13th day of January, 1992 by first class mail, postage pre-paid.


Richard T. C. Tully, Esq.