

FACSIMILE TRANSMISSION

		Addressee's Telecopier Phone	Date	Page
TO:	<i>Mike Stagner</i>	Company <i>OCP</i>	<i>4-25-90</i>	<i>1 of 4</i>
FROM:	<i>E. Downs</i>	Company <i>OCP</i>	Location <i>Santa Fe</i>	Location <i>Hobbs</i>

Submit to Appropriate District Office
 State Lease - 6 copies
 Fee Lease - 5 copies

State of New Mexico
 Energy, Minerals and Natural Resources Department

Form C-101
 Revised 1-1-89

OIL CONSERVATION DIVISION
 P.O. Box 2088
 Santa Fe, New Mexico 87504-2088

DISTRICT I
 P.O. Box 1980, Hobbs, NM 88240

DISTRICT II
 P.O. Drawer DD, Artesia, NM 88210

DISTRICT III
 1000 Rio Brazos Rd., Aztec, NM 87410

API NO. (assigned by OCD on New Wells)
30-025-30880

5. Indicate Type of Lease
 STATE FEE

6. Stat. Oil & Gas Lease No.

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK

1a. Type of Work
 DRILL RE-ENTER DEEPEN PLUG BACK

b. Type of Well
 OIL WELL GAS WELL OTHER SINGLE ZONE MULTIPLE ZONE

2. Name of Operator
 Anadarko Petroleum Corporation

3. Address of Operator
 P.O. Box 806 Eunice, NM 88233

4. Well Location
 Unit Letter (SL) 2522 (BHL) 2060 Feet From The North North Line and 2172 2500 Feet From The West West Line

Section 33 Township 16 Range 38E NMPM Lea County

7. Lease Name or Unit Agreement Name
 Smith

8. Well No. 1

9. Pool name or Wildcat
 Wildcat

10. Proposed Depth 11,700

11. Formation Strawn

12. Rotary or C.T. Rotary

13. Elevations (Show whether DF, RT, GR, etc.)
3710 GL

14. Kind & Status Plug Bond
Blanket

15. Drilling Contractor
Unknown

16. Approx. Date Work will start
April 30, 1990

17. PROPOSED CASING AND CEMENT PROGRAM

SIZE OF HOLE	SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	SACKS OF CEMENT	EST. TOP
17½	13 3/8	48	450	Circulate	Surface
12½	9 5/8	36	4800	720	Tie Back
7 7/8	5½	17	11700	1000	8000'

- MIRURT. Drill 17½" hole to 450'.
- Run 450' 13 3/8" 48# S-40 csg. Cement w/ enough cement to circulate using Class C w/ 2% CaCl.
- WOC 18 hrs. Nipple up & set double ram BOP. Test csg for 30 min w/1000 PSI.
- Drill out w/ 12½" bit to 4800'.
- Run 4800' of 9 5/8" 36# K-55 & S-80 csg. Cement w/ recommended amount of Lite, tail w/ 200 SX Class C w/ 2% CaCl.
- Drill out w/ 7 7/8" bit to 11,700' TD.
- Run 11,700' of 5½ 17# N-80 csg w/ DV tool @ 9500'. Two stage cement using 1050 SX Class B. Recommend cement top @ 8000'.
- If productive complete as Strawn & POP.

Continued on next page

IN ABOVE SPACE DESCRIBE THE PROPOSED PROGRAM. IF PROPOSAL IS TO DEEPEN OR PLUG BACK, GIVE DATA ON PRESENT PRODUCTIVE ZONE AND PROPOSED NEW PRODUCTIVE ZONE. GIVE BLOWOUT PREVENTION PROGRAM, IF ANY.

I hereby certify that the information above is true and complete to the best of my knowledge and belief

SIGNATURE [Signature] TITLE Field Foreman DATE 4-19-90

TYPE OR PRINT NAME Rick L. Langley TELEPHONE NO. 394-318

(This space for State Use)
ORIGINAL SIGNED BY JERRY SEXTON
 DISTRICT I SUPERVISOR

APPROVED BY _____ TITLE _____ DATE _____

APR 19 1990

CONDITIONS OF APPROVAL, IF ANY

Permit Expires 6 Months From Approval Date Unless Drilling Underway

STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT

P. O. BOX 7088
SANTA FE NEW MEXICO 875

Form C-102
Revised 10-1-78

All distances must be from the outer boundaries of the section.

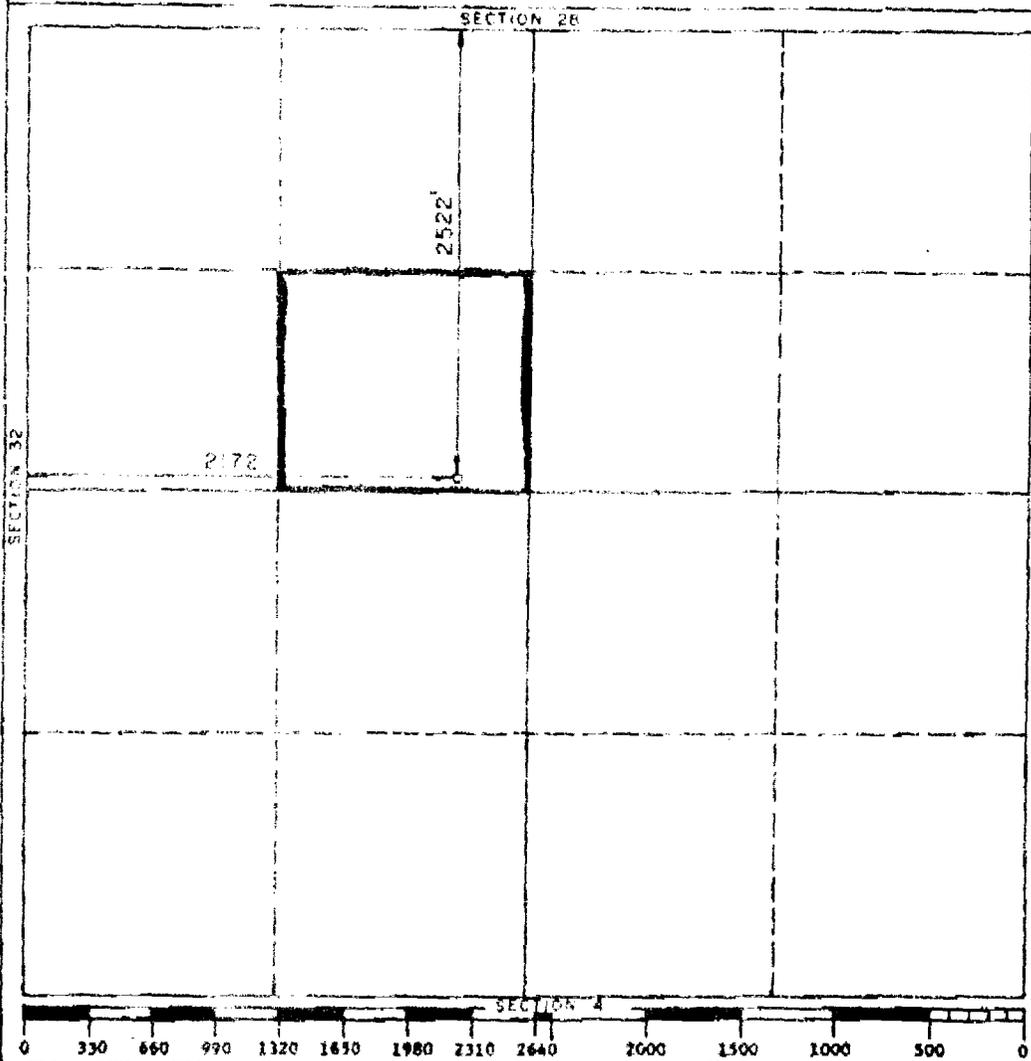
Operator ANADARKO PETROLEUM CORPORATION			Lease SMITH			Well No. #1
Unit Letter F	Section 33	Township 16-SOUTH	Range 38-EAST	County LEA		
Actual Footage Location of Well:						
2522 feet from the NORTH line and		2172 feet from the WEST line				
Ground Level Elev. 3710'	Producing Formation Strawn	Pool wildcat	Dedicated Acreage: 40 Acres			

1. Outline the acreage dedicated to the subject well by colored pencil or hachure marks on the plat below.
2. If more than one lease is dedicated to the well, outline each and identify the ownership thereof (both as to working interest and royalty).
3. If more than one lease of different ownership is dedicated to the well, have the interests of all owners been consolidated by communitization, unitization, force-pooling, etc?

Yes No If answer is "yes, type of consolidation Case No. 9807 Order No. R-9046

If answer is "no," list the owners and tract descriptions which have actually been consolidated. (Use reverse side of this form if necessary.)

No allowable will be assigned to the well until all interests have been consolidated (by communitization, unitization, forced-pooling, or otherwise) or until a non-standard unit, eliminating such interests, has been approved by the Division



CERTIFICATION

I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief.

Earl Foote
Name

Field Foreman

Position
Anadarko Pet. Corp.

Company
April 19, 1990

Date

I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me under my supervision, and that the same is true and correct to the best of my knowledge and belief.

April 13, 1990

Date Surveyed

Earl Foote
Registered Land Surveyor

Earl Foote
NEW MEXICO
REGISTERED PROFESSIONAL
8278

Certificate No.

8278

9. If non-productive plug in accordance w/ State regulations, cover pits and restore as near as possible to original condition.
10. This application submitted under Case No. 9807, Order No. R-9046.
11. The surface location is 2522' from the North line and 2172' from the West line of Sec 33, T 16S, R 38E of Lea County, NM.



STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

RECEIVED
APR 27 1990
CAMPBELL & BLACK

GARREY CARRUTHERS
GOVERNOR

April 27, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Mr. William F. Carr
Campbell & Black
Attorneys at Law
Post Office Box 2208
Santa Fe, New Mexico

Dear Mr. Carr:

Based upon your letter of April 25, 1990, and in accordance with the provisions of Division Order No. R-9046, Anadarko Petroleum Corporation is hereby granted an additional extension of time in which to begin the well on the unit pooled by said order until August 1, 1990.

Sincerely,

WILLIAM J. LEMAY
Director

WJL/fd

cc: Case No. 9807
Jerry Sexton

BEFORE EXAMINER CATANACH
OIL CONSERVATION DIVISION
ANADARKO EXHIBIT NO. <u>1</u>
CASE NO. <u>9932</u>



STATE OF NEW MEXICO

ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

OIL CONSERVATION DIVISION

GARREY CARRUTHERS
GOVERNOR

January 19, 1990

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87504
(505) 827-5800

Ms. Karen Aubrey
Kellahin, Kellahin & Aubrey
Attorneys at Law
Post Office Box 2265
Santa Fe, New Mexico 87504-2265

Dear Ms. Aubrey:

Based upon your letter of January 16, 1990, and in accordance with the provisions of Division Order No. R-9046, Anadarko Petroleum Corporation is hereby granted an extension of time in which to begin the well on the unit pooled by said order until May 1, 1990.

Sincerely,

A handwritten signature in cursive script, appearing to read "William J. Lemay".

WILLIAM J. LEMAY
Director

WJL/fd

cc: ✓ Case No. 9807
Jerry Sexton

STATE OF NEW MEXICO
ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT
OIL CONSERVATION DIVISION

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
DIVISION FOR THE PURPOSE OF
CONSIDERING:

CASE NO. 9807
ORDER NO. R-9046

APPLICATION OF ANADARKO PETROLEUM
CORPORATION FOR COMPULSORY POOLING,
DIRECTIONAL DRILLING AND AN UNORTHODOX
OIL WELL LOCATION, LEA COUNTY, NEW MEXICO.

ORDER OF THE DIVISION

BY THE DIVISION:

This cause came on for hearing at 8:15 a.m. on November 1, 1989, at Santa Fe, New Mexico, before Examiner Victor T. Lyon.

NOW, on this 20th day of November, 1989, the Division Director, having considered the testimony, the record and the recommendations of the Examiner, and being fully advised in the premises,

FINDS THAT:

- (1) Due public notice having been given as required by law, the Division has jurisdiction of this cause and the subject matter thereof.
- (2) The applicant, Anadarko Petroleum Corporation, seeks an order pooling all mineral interests in the Strawn formation, underlying the SE/4 NW/4 (Unit F) of Section 33, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico.
- (3) The applicant has the right to drill a well and proposes to directionally drill a well from a non-standard surface location 2440 feet from the North line and 2230 feet from the West line of said Section 33, to the Strawn formation at a true vertical depth of approximately 11,700 feet within a 125-foot radius of an unorthodox oil well location 2060 feet from the North line and 2500 feet from the West line of said Section 33.
- (4) There are interest owners in the proposed proration unit who have not agreed to pool their interests.

(5) The proposed well is a wildcat projected to the Strawn formation, reservoirs which are typically small and difficult to find. The proposed location was selected from data obtained by eight seismic lines run through the immediate area.

(6) The Division is normally tolerant of unorthodox locations for wildcat wells when ownership is common between the drillsite and adjacent tracts, but this encroachment is excessive.

(7) The SE/4 NW/4 (drillsite) and the SW/4 NE/4 (crowded tract) of Section 33 are both under lease to applicant but are not commonly owned as to mineral interests, and both leases expire, respectively, in April and May, 1990.

(8) A well completed at the eastern edge of the proposed target area would be only fifteen feet from the common lease line which is also common to the NE/4 and NW/4 of the section.

(9) A surface location at the proposed bottomhole location would interfere with irrigated crop land and mitigation costs would be greater than the estimated incremental costs of the directional drilling.

(10) The proposed target should be modified to a 125-foot radius semi-circle west of the proposed bottomhole location and a penalty on the well's allowable should be imposed proportional to the distance the well is moved from a standard location.

(11) To avoid the drilling of unnecessary wells, to protect correlative rights, to prevent waste and to afford to the owner of each interest in said unit the opportunity to recover or receive without unnecessary expense his just and fair share of the oil in any pool resulting from this order, the subject application should be approved by pooling all mineral interests, whatever they may be, within said unit.

(12) The applicant should be designated the operator of the subject well and unit.

(13) Any non-consenting working interest owner should be afforded the opportunity to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production.

(14) Any non-consenting working interest owner who does not pay his share of estimated well costs should have withheld from production his share of reasonable well costs plus an additional 200 percent thereof as a reasonable charge for the risk involved in the drilling of the well.

(15) Any non-consenting interest owner should be afforded the opportunity to object to the actual well costs but actual well costs should be adopted as the reasonable well costs in the absence of such objection.

Case No. 9807
Order No. R-9046
Page No. 3

(16) Following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs should pay to the operator any amount that reasonable well costs exceed estimated well costs and should receive from the operator any amount that paid estimated well costs exceed reasonable well costs.

(17) \$5500.00 per month while drilling and \$500.00 per month while producing should be fixed as reasonable charges for supervision (combined fixed rates); the operator should be authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator should be authorized to withhold from production the proportionate share of actual expenditures required for operating the subject well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(18) All proceeds from production from the subject well which are not disbursed for any reason should be placed in escrow to be paid to the true owner thereof upon demand and proof of ownership.

(19) Upon the failure of the operator of said pooled unit to commence drilling of the well to which said unit is dedicated on or before February 1, 1990, the order pooling said unit should become null and void and of no further effect whatsoever.

(20) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order should thereafter be of no further effect.

(21) The operator of the well and unit should notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

(22) Should the well result in a producing oil well, the operator should propose pool rules and other measures designed to prevent waste and protect correlative rights in the reservoir.

IT IS THEREFORE ORDERED THAT:

(1) All mineral interests, whatever they may be, in the Strawn formation, underlying the SE/4 NW/4 (Unit F) of Section 33, Township 16 South, Range 38 East, NMPM, Lea County, New Mexico, are hereby pooled to form a 40-acre oil spacing and proration unit to be dedicated to a well to be directionally drilled at a non-standard surface location 2440 feet from the North line and 2230 feet from the West line of said Section 33, to the Strawn formation at a true vertical depth of approximately 11,700 feet within a 125-foot radius semi-circle west of an unorthodox oil well location 2060 feet from the North line and 2500 feet from the West line of said Section 33.

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Order No. R-9046
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PROVIDED HOWEVER THAT, the operator of said unit shall commence the drilling of said well on or before the 1st day of February, 1990, and shall thereafter continue the drilling of said well with due diligence to a depth sufficient to test the Strawn formation.

PROVIDED FURTHER THAT, in the event said operator does not commence the drilling of said well on or before the 1st day of February, 1990, Ordering Paragraph No. (1) of this order shall be null and void and of no effect whatsoever, unless said operator obtains a time extension from the Division for good cause shown.

PROVIDED FURTHER THAT, should said well not be drilled to completion, or abandonment, within 120 days after commencement thereof, said operator shall appear before the Division Director and show cause why Ordering Paragraph No. (1) of this order should not be rescinded.

(2) Anadarko Petroleum Corporation is hereby designated the operator of the subject well and unit.

(3) After the effective date of this order and within 90 days prior to commencing said well, the operator shall furnish the Division and each known working interest owner in the subject unit an itemized schedule of estimated well costs.

(4) Within 30 days from the date the schedule of estimated well costs is furnished to him, any non-consenting working interest owner shall have the right to pay his share of estimated well costs to the operator in lieu of paying his share of reasonable well costs out of production, and any such owner who pays his share of estimated well costs as provided above shall remain liable for operating costs but shall not be liable for risk charges.

(5) The operator shall furnish the Division and each known working interest owner an itemized schedule of actual well costs within 90 days following completion of the well; if no objection to the actual well costs is received by the Division and the Division has not objected within 45 days following receipt of said schedule, the actual well costs shall be the reasonable well costs; provided however, if there is an objection to actual well costs within said 45-day period the Division will determine reasonable well costs after public notice and hearing.

(6) Within 60 days following determination of reasonable well costs, any non-consenting working interest owner who has paid his share of estimated costs in advance as provided above shall pay to the operator his pro rata share of the amount that reasonable well costs exceed estimated well costs and shall receive from the operator his pro rata share of the amount that estimated well costs exceed reasonable well costs.

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Page No. 5

(7) The operator is hereby authorized to withhold the following costs and charges from production:

- (A) The pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him; and
- (B) As a charge for the risk involved in the drilling of the well, 200 percent of the pro rata share of reasonable well costs attributable to each non-consenting working interest owner who has not paid his share of estimated well costs within 30 days from the date the schedule of estimated well costs is furnished to him.

(8) The operator shall distribute said costs and charges withheld from production to the parties who advanced the well costs.

(9) \$5500.00 per month while drilling and \$500.00 per month while producing are hereby fixed as reasonable charges for supervision (combined fixed rates); the operator is hereby authorized to withhold from production the proportionate share of such supervision charges attributable to each non-consenting working interest, and in addition thereto, the operator is hereby authorized to withhold from production the proportionate share of actual expenditures required for operating such well, not in excess of what are reasonable, attributable to each non-consenting working interest.

(10) Any unleased mineral interest shall be considered a seven-eighths (7/8) working interest and a one-eighth (1/8) royalty interest for the purpose of allocating costs and charges under the terms of this order.

(11) Any well costs or charges which are to be paid out of production shall be withheld only from the working interest's share of production, and no costs or charges shall be withheld from production attributable to royalty interests.

(12) All proceeds from production from the subject well which are not disbursed for any reason shall be placed in escrow in Lea County, New Mexico, to be paid to the true owner thereof upon demand and proof of ownership; the operator shall notify the Division of the name and address of said escrow agent within 30 days from the date of first deposit with said escrow agent.

(13) Should all the parties to this force-pooling reach voluntary agreement subsequent to entry of this order, this order shall thereafter be of no further effect.

Case No. 9807
Order No. R-9046
Page No. 6

(14) The operator of the well and unit shall notify the Director of the Division in writing of the subsequent voluntary agreement of all parties subject to the force-pooling provisions of this order.

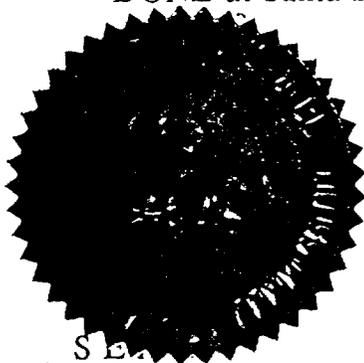
(15) Operator shall run a continuous or multi-shot directional survey of the well so as to determine the bottomhole location and file same with the Hobbs and Santa Fe offices of the Division.

(16) Should the well be completed as a producing oil well, the well shall receive an allowable of 365 barrels of oil per day, as provided in Statewide Rule 505 for a period of seven days. Thereafter, the well shall have a penalized allowable based on the depth bracket allowable mentioned above multiplied by the ratio that the distance of the bottomhole perforations from the nearest unit boundary bears to 330 feet.

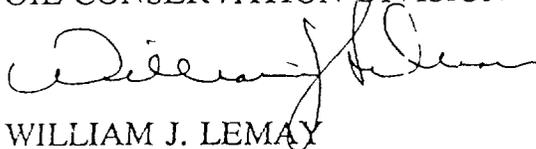
(17) Within 90 days after completion of the well as an oil well or gas well applicant shall file application for appropriate special pool rules or propose other appropriate measures designed to prevent waste and protect correlative rights.

(18) Jurisdiction of this cause is retained for the entry of such further orders as the Division may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION DIVISION


WILLIAM J. LEMAY
Director



October 10, 1989

REGISTERED MAIL

Paul Balband
Paris, France

Re: West Knowles Prospect
NW/4 Section 33, T16S, R38E,
Lea County, New Mexico
320.0 Acres

Dear Mr. Balband:

The records of Lea County, New Mexico indicate that you are the owner of a 1/800 mineral interest in the captioned land.

We wish to obtain an oil and gas lease from you covering this interest and hereby offer you the following terms:

Bonus: \$100 per net acre
Term: 3 years
Royalty: 3/16
Delay Rental: \$1.00 per acre annual.

Provided this offer meets with your approval, it is requested that you advise the undersigned at your earliest opportunity.

REGISTERED NO.		POSTMARK OF		
2420 916 572				
Post Office Completion	Reg. Fee \$ 4.40			Special Delivery \$
	Handling Charge \$			Return Receipt \$ 90.00
	Postage \$ 95			Restricted Delivery \$
	Received by	<input type="checkbox"/> intl		
Customer must declare Full value \$ NONE		<input type="checkbox"/> With Postal Insurance	<input type="checkbox"/> Without Postal Insurance	
		\$25,000 Domestic Ins. Limit		
Customer Completion (Please Print)	FROM	ANADARKO Petroleum Corp		
		P.O. Box 2497		
		Midland, TX 79702		
	TO	PAUL BALBAND		
		PARIS, FRANCE		

Yours very truly,

Wayne M. Wheelis
Senior Landman

Lyon

BEFORE EXAMINER STOGNER
OIL CONSERVATION DIVISION

ANADARKO PETRO EXHIBIT NO. 2

NO. 9807

GB.

#7077.

MINERAL DEED.

KNOW ALL MEN BY THESE PRESENTS: THAT W.C. Goffatt, of 331 Bay Street, Toronto, Ont.,
of _____
Canada, hereinafter called Grantor, (whether one or more) for and in consideration of the sum
of One and no/100 Dollars (\$1.00) cash in hand paid and other good and valuable considera-
tions, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, convey,
transfer, assign and deliver unto Paul Balbaud, of Paris, France, hereinafter called Grantee
(whether one or more) an undivided one/eight hundredth ($1/800$ th) interest in and to all of
the oil, gas and other minerals in and under and that may be produced from the following des-
cribed lands situated in Lea County, State of New Mexico, to-wit:

East half (E/2) and Southwest Quarter (SW/4) of Section 28:
~~and Northwest quarter (NW/4) and East half (E/2) of South-~~
~~west Quarter (SW/4) and Southeast Quarter (SE/4) of Section~~
33, all in Township 16 South, Range 38 East; and North Half
(N/2) and Southwest Quarter (SW/4) of Section 4, and East
Half (E/2) of Section 8, and West Half (W/2) of Section 9,
all in Township 17 South, Range 38 East,

containing 2,000 acres, more or less, together with the right of ingress at all times for the purpose of mining, drilling, exploring, operating and developing said lands for oil, gas, and other minerals, and storing, handling, transporting and marketing the same therefrom with the right to remove from said land all of Grantee's property and improvements.

This sale is made subject to any rights now existing to any lessee or assigns under any valid and subsisting oil and gas lease of record heretofore executed; it being understood and agreed that said Grantee shall have, receive, and enjoy the herein granted undivided interest in and to all bonuses, rents, royalties and other benefits which may accrue under the terms of said lease insofar as it covers the above described land from and after the date hereof, precisely as if the Grantee herein had been at the date of the making of said lease the owner of a similar undivided interest in and to the lands described and Grantee one of the lessors therein.

Grantor agrees to execute such further assurances as may be requisite for the full and complete enjoyment of the rights herein granted and likewise agrees that Grantee herein shall have the right at any time to redeem for said Grantor by payment, any mortgage, taxes or other liens on the above described land, upon default in payment by Grantor, and be subrogated to the rights of the holder thereof.

TO HAVE AND TO HOLD the above described property and easement with all and singular the rights, privileges and appurtenances, thereunto or in any wise belonging to the said Grantee herein, his heirs, successors, personal representatives, administrators, executors, and assigns forever, and Grantor does hereby warrant said title to Grantee, his heirs, executors, administrators, personal representatives, successors and assigns forever and does hereby agree to defend all and singular the said property unto the said Grantee herein his heirs successors, executors, personal representatives, and assigns against every person whomsoever claiming or to claim the same or any part thereof.

WITNESS my hand this 19th day of January, 1933.

W.C. Goffatt

STATE OF NEW YORK)
)SS
COUNTY OF ERIE)

Before me, the undersigned, a Notary Public, in and for said County and State on this 19th day of January, 1933, personally appeared W.C. Goffatt, to me known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

(Notarial Seal) My Commission expires March 1, 1934.

Michael E. Zimmer, Notary Public

P.O. 1216 Liberty Bank Bldg., Buffalo, N.Y.

STATE OF NEW MEXICO)
)SS
COUNTY OF LEA)

This instrument was filed for record on the 14th day of February, 1933, at 3:35 o'clock P.M. and duly recorded in Book 34 page 50 of the records of this office.

(County Clerk's Seal)

B.B. Barnes, County Clerk-Register of Deeds.

By: L.K. Blackmon, Deputy.



October 10, 1989

REGISTERED MAIL

Fernand Renoncourt
c/o Imperial Trusts Co. of Canada
Toronto, Canada

Re: West Knowles Prospect
NW/4 Section 33, T16S, R38E,
Lea County, New Mexico
320.0 Acres

Dear Mr. Renoncourt:

The records of Lea County, New Mexico indicate that you are the owner of a 1/600 mineral interest in the captioned land.

We wish to obtain an oil and gas lease from you covering this interest and hereby offer you the following terms:

Bonus: \$100 per net acre
Term: 3 years
Royalty: 3/16
Delay Rental: \$1.00 per acre annual.

Provided this offer meets with your approval, it is requested that you advise the undersigned at your earliest opportunity.

REGISTERED NO. <i>2420916573</i>		POSTMARK OF 	
Post Office Completion	Reg. Fee \$ <i>450</i>	Special Delivery \$	
	Handling Charge \$	Return Receipt \$ <i>9</i>	
	Postage \$ <i>30</i>	Restricted Delivery \$	
Received by <i>[Signature]</i>		<input type="checkbox"/> Intl	
Customer must declare Full value \$ <i>None</i>		<input type="checkbox"/> With Postal Insurance <input checked="" type="checkbox"/> Without Postal Insurance \$25,000 Domestic Ins. Limit	
Customer Completion (Please Print)	FROM	<i>+ Anadarko Petroleum Corp</i>	
		<i>P.O. Box 2497</i>	
		<i>Midland, TX 79702</i>	
	TO	<i>Fernand Renoncourt</i>	
	<i>c/o Imperial Trusts Co of Canada</i>		
	<i>Toronto, Canada</i>		

Yours very truly,

Wayne M. Wheelis

Wayne M. Wheelis
Senior Landman

Lyon
BEFORE EXAMINER *STOONER*
OIL CONSERVATION DIVISION
ANADARKO PETR EXHIBIT NO. *3*
9807

PS Form 3806, RECEIPT FOR REGISTERED MAIL (Customer Copy)
June 1986 (See Information on Reverse)

All Entries MUST be in Block-Print or Typed

CB.

#7255

MINERAL DEED.

KNOW ALL MEN BY THESE PRESENTS: THAT W.C. Goffatt, 331 Bay Street, Toronto 2, Ontario, Canada, of hereinafter called Grantor, (whether one or more), for and in consideration of the sum of One and no/100 Dollars (\$1.00) cash in hand paid and other good and valuable considerations, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, convey, transfer, assign and deliver unto Fernand Rencourt, w/o The Imperial Trusts Company of Canada, of Toronto 2, Ontario, Canada, hereinafter called Grantee (whether one or more) an undivided one six hundredth (1/600th) interest in and to all of the oil, gas and other minerals in and under and that may be produced from the following described lands situated in Lea County, State of New Mexico, to-wit:

East half (E/2) and Southwest quarter (SW/4) of Section 28, and Northwest quarter (NW/4) and East half (E/2) of Southwest quarter (SW/4) and Southeast quarter (SE/4) of Section 33, all in Township 18 South, Range 38 East, and North half (N/2) and Southwest quarter (SW/4) of Section 4, and east half (E/2) of section 8 and West half (W/2) of Section 9, all in Township 17, South Range 38 East.

containing 2,000 acres, more or less, together with the right of ingress and egress at all times for the purpose of mining, drilling, exploring, operating and developing said lands for oil, gas, and other minerals, and storing, handling, transporting and marketing the same.

to remove from said land all of Grantee's property and improvements.

This sale is made subject to any rights now existing to any lessee or assigns under any valid and subsisting oil and gas lease of record heretofore executed; it being understood and agreed that said Grantee shall have, receive, and enjoy the herein granted undivided interest in and to all bonuses, rents, royalties and other benefits which may accrue under the terms of said lease insofar as it covers the above described land from and after the date hereof, precisely as if the Grantee herein had been at the date of the making of said lease the owner of a similar undivided interest in and to the lands described and Grantee one of the lessors therein.

Grantor agrees to execute such further assurances as may be requisite for the full and complete enjoyment of the rights herein granted and likewise agrees that Grantee herein shall have the right at any time to redeem for said Grantor by payment, any mortgage, taxes or other liens on the above described land, upon default in payment by Grantor, and be subrogated to the rights of the holder thereof.

TO HAVE AND TO HOLD The above described property and easement with all and singular the rights, privileges, and appurtenances thereunto or in any wise belonging to the said Grantee herein, his heirs, successors, personal representatives, administrators, executors, and assigns forever, and Grantor does hereby warrant said title to Grantee, his heirs, executors, administrators, personal representatives, successors and assigns forever and does hereby agree to defend all and singular the said property unto the said Grantee herein his heirs, successors, executors, personal representatives, and assigns against every person whosoever claiming or to claim the same or any part thereof.

WITNESS my hand this 19th day of January, 1933.

W.C. Goffett

STATE OF NEW YORK)
)SS
COUNTY OF ERIE)

Before me, the undersigned, a Notary Public in and for said County and State on this 19th day of January, 1933, personally appeared W.C. Goffett, to me known to be the identical person who executed the within and foregoing instrument and acknowledged to me that he executed the same as his free and voluntary act and deed for the uses and purposes therein set forth.

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

(Notarial Seal) My Commission expires: March 1, 1934. Michael E. Zimmer, Notary Public.

P.O. 121d Liberty Bank Bldg., Buffalo, New York.

STATE OF NEW MEXICO)
)SS
COUNTY OF LEA)

This instrument was filed for record on the 21st day of March, 1933, at 2:40 o'clock P.M., and duly recorded in Book 34 page 133 of the records of this office.

(XXXXXXXXXXXX) (County clerk's Seal)

B.S. Barnes, County Clerk,
Register of Deeds.
By: L.M. Blackmon, Deputy.