

BILL SELTZER214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701**BEFORE EXAMINER CATANACH**
OIL CONSERVATION DIVISIONOKY EXHIBIT NO. 3CASE NO. 10200

August 17, 1990

Re: T-21-S, R-27-E
Section 29
Eddy County, New MexicoMr. and Mrs. Robert D. Ogas
503 S. Lake
Carlsbad, New Mexico 88220

Attn: Mrs. Dora Ogas

Dear Ms. Ogas:

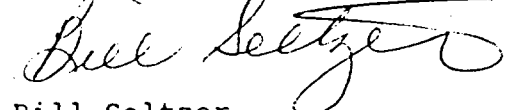
In accordance with your instructions of Thursday, August 16, 1990, please find enclosed Oil and Gas Lease, Ratification and Rental Division Order, along with my check representing the bonus consideration, pertaining to Arselia G. Ogas, and husband, Robert D. Ogas. Please have the instruments handled as follows:

1. Please have Arselia G. Ogas and Robert D. Ogas execute the Oil and Gas Lease and Ratification and Rental Division Order (both instruments) before a notary public.
2. Endorse the check.
3. Then return to the undersigned the properly executed and acknowledged Oil and Gas Lease and Ratification and Rental Division Order in the enclosed self-addressed and stamped envelope.

Also enclosed is a copy of a previous Oil and Gas Lease dated April 30, 1973, which was executed by Mr. and Mrs. Ogas.

Thank you for your assistance and cooperation in this matter.

Yours very truly,



Bill Seltzer

BS/kp
Enclosures

BILL SELTZER
214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

August 29, 1990

Re: T-21-S, R-27-E
Section 29
Eddy County, New Mexico

Mrs. Dora Ogas
503 S.Lake
Carlsbad, New Mexico 88220

Dear Mrs. Ogas:

On August 17, 1990, we forwarded to you an Oil and Gas Lease, Ratification and Rental Division Order and our check in the amount of \$100.00 to cover the bonus consideration for the Oil and Gas Lease.

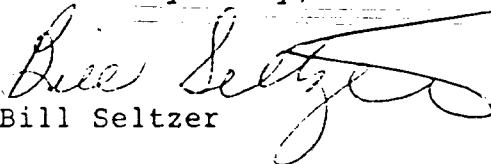
You advised us that you would have Mr. and Mrs. Robert D. Ogas execute the Oil and Gas Lease and Ratification and Rental Division Order before a notary public.

We have not received the executed Oil and Gas Lease and Ratification and Rental Division Order.

Please advise us when we may receive the Oil and Gas Lease and Ratification and Rental Division Order.

Your immediate attention will be appreciated.

Yours very truly,


Bill Seltzer

BS/kp

100
3-16
3/16
C
896Form 31-84 (4-71)
02-01-38Recorded by:
CURRIER Abstract Co.

OIL AND GAS LEASE

PRODUCERS OF SPECIAL 6-04
(Paid-up)Agreement, Made and entered into the 30th day of April, 1973
by and between ARSELIA G. OGAS and ROBERT D. OGAS, her husband,whose mailing address is Rt. 1, Box 16, Carlsbad, N. M. 88220, hereinafter called
Lessor (whether one or more), and LEONARD T. MAY

hereinafter called Lessee:

WITNESSETH: That the said Lessor, for and in consideration of - TEN and (OVC) - Dollars,
each to hand paid, the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on
part of lease to be paid, kept and performed, has granted, demised, leased and let and by these presents does grant, demise, lease
and let unto the said Lessee for the sole and only purpose of exploring by geophysical and other methods, mining and operating for
oil and gas, and of laying of pipe lines, and of building tanks, power stations and structures thereon to produce, save and take
care of said products, all that certain tract of land situated in the County of Eddy, State of New Mexico
described as follows, to-wit: The South 77.75 feet of the East 141.5 feet of Lot Six
(6) in Block Twenty-five (25) of LA HUERTA, Eddy County, New Mexico,

1-07X6-8014925

File 8014925

of Section 29 Township 21 S. Range 27 E. and containing 0.251 acres, more or less.It is agreed that this lease shall remain in force for a term of five years from this date, and as long thereafter as all or
gas or either of them is produced from said land by Lessee, or from land pooled herewith.

In consideration of the premises the said Lessee covenants and agrees:

1st. To deliver to the credit of Lessor, free of cost, in the pipe line to which Lessee may connect wells on said land, the equal 3/16 part
of all oil produced and saved from the leased premises.

3/16

2nd. To pay Lessor for gas of whatever nature or kind produced and sold, or used off the premises, or used in the manufacture of any
products therefrom, at the market price at the well for the gas sold, used off the premises, or in the manufacture of products there-
from, notwithstanding gas sold at the well the royalty shall be 20% of the amount realized from such sale, said payments to be made monthly.
Where gas from a well producing gas only is not sold or used, Lessee may pay or tender as royalty One Dollar (\$1.00) per year per net mineral
acre retained hereunder, and if such payment or tender is made it will be considered that gas is being produced within the meaning of the pre-
ceding paragraph. The term "gas from a well producing gas only" shall be construed as a well capable of producing gas and/or condensate
and/or other gaseous substances in commercial quantities and the term "gas" shall be construed to include any such substances.

3/16

This lease may be maintained during the primary term hereof without payment or drilling operations. If the Lessee shall commence
to drill a well within the term of this lease or any extension thereof, the Lessee shall have the right to drill such well to completion with reasonable
diligence and dispatch, and if oil or gas, or either of them, be found in paying quantities, this lease shall continue and be in force with like effect
as if such well had been completed within the term of years first mentioned.If said Lessor owns a less interest in the above described land than the entire and undivided fee simple estate therein, then the royalties
provided for shall be paid the said Lessor only in the proportion which Lessor's interest bears to the whole and undivided fee.
Lessee shall have the right to use, free of cost, gas, oil and water produced on said land for Lessee's operation thereon, except water from the
wells of Lessor.

When requested by Lessor, Lessee shall bury Lessee's pipe lines below plow depth.

No well shall be drilled nearer than 200 feet to the house or barn now on said premises without written consent of Lessor.

Lessee shall pay for damages caused by Lessee's operations to growing crops on said land.

Lessee shall have the right at any time to remove all machinery and fixtures placed on said premises, including the right to draw and re-
move casing.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 their heirs, executors, administrators, successors or assigns, but no change in the ownership of the land, or assignments of royalties
shall be binding on the Lessee until after the Lessee has been furnished with certified copies of instruments of title designating title from Lessor. 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.Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above
described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.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.Lessor hereby warrants and agrees to defend the title to the lands herein described, and agrees that the Lessee shall have the right at any time
to redeem for Lessor, by payment, any mortgages, taxes or other liens on the above described lands, in the event of default of payment by Lessor,
and be subrogated to the rights of the holder thereof, and the undersigned lessors, for themselves and their heirs, successors and assigns, hereby
surrender and release all right of dower and homestead in the premises described herein, in so far as said right of dower and homestead may in any
way affect the purposes for which this lease is made, as recited herein.Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease or any portion thereof with
other land, lease or leases in the immediate vicinity thereof, when in Lessee's judgment it is necessary or advisable to do so in order to properly
develop and operate said lease premises so as to promote the conservation of oil, gas or other minerals in and under and that may be produced
from said premises, such pooling to be of tracts contiguous to one another and to be into a unit or units not exceeding 40 acres each in the event
of an oil well, or into a unit or units not exceeding 640 acres each in the event of a gas well. Lessee shall execute in writing and record in the
conveyance records of the county in which the land herein leased is situated an instrument identifying and describing the pooled acreage. The en-
tire acreage so pooled into a tract or unit shall be treated, for all purposes except the payment of royalties on production from the pooled unit, as
if it were included in this lease. If production is found on the pooled acreage, it shall be treated as if production is had from this lease, whether the
well or wells be located on the premises covered by this lease or not. In lieu of the royalties elsewhere herein specified, Lessor shall receive on
production from a unit or pooled only such portion of the royalty stipulated herein as the amount of his acreage placed in the unit or his royalty
interest therein on an acreage basis bears to the total acreage so pooled in the particular unit involved.The surface of the lands covered by this lease shall not be used by Lessee for drilling operations under the provisions of this lease with-
out the prior written consent of the Lessor.IN WITNESS WHEREOF, the undersigned execute this instrument as of the day and year first above written.
Witnesses:

S. B. No. 525-58-2008

Arselia G. Ogas
Robert D. Ogas

BILL SELTZER, LEASE ACCOUNT
507 PETROLEUM BLDG.
MIDLAND, TX 79701

3006

~~88-7265~~
~~3119~~

August 17 19 90

PAY TO THE ORDER OF Arselia G. Ogas, and husband, Robert D. Ogas | \$ 100.00

One Hundred and no/100-----DOLLARS



AN OLNEY SAVINGS INC.
CORPORATE OFFICE 300 Main Street
Olney, Texas 76360

Bonus on Sec. 29, 21-27

FOR Eddy-Co. New Mexico

"003006" 1:119726521:039462121, 108"

Bill Selzer

THIS AGREEMENT made this 17th day of August, 1990 between
Arselia G. Ogas, and husband, Robert D. Ogas

Lessor (whether one or more), whose address is: 503 S. Lake, Carlsbad, New Mexico 88220
and Bill Seltzer, 214 W. Texas, Suite 507, Midland, Texas 79701 Lessee, WITNESSETH:

1. Lessor in consideration of Ten and no/100----- Dollars
(\$10.00) in hand paid, of the royalties herein provided and of the agreements of Lessee herein contained, hereby grants, leases and lets exclusively unto Lessee for the purpose of investigating, exploring, prospecting, drilling and mining for and producing oil and gas, laying pipe lines, building roads, tanks, power stations, telephone lines and other structures thereon and on, over and across lands owned or claimed by Lessor adjacent and contiguous thereto, to produce, save, take care of, treat, transport, and own said products, and housing its employees, the following described land in

Eddy County, New Mexico
All of the South 77.75 feet of the East 141.5 feet of Lot Six (6) in Block 25 of La Huerta Subdivision, City of Carlsbad, in Section 29, T-21-S, R-27-E

2. Without reference to the commencement, prosecution or cessation at any time of drilling or other development operations and/or to the discovery, development or cessation at any time of production of oil or gas and without further payments than the royalties herein provided, and notwithstanding anything else herein contained to the contrary, this lease shall be for a term of ~~XXX~~ three (3) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or land with which said land is pooled hereunder.

3. The royalties to be paid by Lessee are: (a) on oil, 3/16 of that produced and saved from said land, the same to be delivered at the wells or to the credit of Lessor into the pipe line to which the wells may be connected; Lessee may from time to time purchase any royalty oil in its possession, paying the market price therefor prevailing for the field where produced on the date of purchase; (b) on gas, including casinghead gas or other gaseous substance, produced from said land, and sold, or used off the premises or for the extraction of gasoline or other product therefrom, the market value at the well of 3/16

of the gas so sold or used, provided that on gas sold at the wells the royalty shall be 3/16 of the amount realized from such sale; while there is a gas well on this lease or on acreage pooled therewith but gas is not being sold or used, Lessee may pay or tender as royalty, on or before ninety (90) days after the date on which said well is shut in and thereafter at annual intervals the sum of \$1.00 per acre, and if such payment is made or tendered, this lease shall not terminate and it will be considered that gas is being produced from this lease in paying quantities. Payment or tender of said shut-in gas royalty may be made by check or draft of Lessee mailed or delivered to the parties entitled thereto on or before the date said payment is due. Lessee shall have free use of oil, gas, road and water from said land, except water from Lessor's wells, for all operations hereunder, and the royalty on oil and gas shall be computed after deducting any so used.

4. Lessee, at its option, is hereby given the right and power to pool or combine the acreage covered by this lease, or any portion thereof as to oil and gas, or either of them, with other land, lease or leases in the immediate vicinity thereof to the extent, hereinafter stipulated, when in Lessee's judgment it is necessary or advisable to do so in order properly to explore, or to develop and operate said leased premises in compliance with the spacing rules of the New Mexico Oil Conservation Commission, or other lawful authority or when to do so would, in the judgment of Lessee, promote the conservation of oil and gas in and under and that may be produced from said premises. Units pooled for oil hereunder shall not substantially exceed 40 acres each in area, and units pooled for gas hereunder shall not substantially exceed in area 640 acres each plus a tolerance of 10% thereof, provided that should governmental authority having jurisdiction prescribe or permit the creation of units larger than those specified, units thereafter created may conform substantially in size with those prescribed by governmental regulations. Lessee under the provisions hereof may pool or combine acreage covered by this lease, or any portion thereof as above provided as to oil in any one or more strata and as to gas in any one or more strata. The units formed by pooling as to any stratum or strata need not conform in size or area with the unit or units into which the lease is pooled or combined as to any other stratum or strata, and oil units need not conform as to area with gas units. The pooling in one or more instances shall not exhaust the rights of the Lessee hereunder to pool this lease or portions thereof into other units. Lessee shall file for record in the appropriate records of the county in which the leased premises are situated an instrument describing and designating the pooled acreage as a pooled unit. Lessee may at its election exercise its pooling option after commencing operations for or completing an oil or gas well on the leased premises, and the pooled unit may include, but it is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas has theretofore been commenced. Operations for drilling on or production of oil or gas from any part of the pooled unit which includes all or a portion of the land covered by this lease regardless of whether such operations for drilling were commenced or such production was secured before or after the execution of this instrument or the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil or gas from land covered by this lease whether or not the well or wells be located on the premises covered by this lease, and the entire acreage constituting such unit or units, as to oil and gas, or either of them, as herein provided, shall be treated for all purposes, except the payment of royalties on production from the pooled unit, as if the same were included in this lease. For the purpose of computing the royalties to which owners of royalties and payments out of production and each of them, shall be entitled on production of oil and gas, or either of them, from the pooled unit, there shall be allocated to the land covered by this lease and included in said unit a pro rata portion of the oil and gas, or either of them, produced from the pooled unit after deducting that used for operations on the pooled unit. Such allocation shall be on an acreage basis--that is to say, there shall be allocated to the acreage covered by this lease and included in the pooled unit that pro rata portion of the oil and gas, or either of them, produced from the pooled unit which the number of surface acres covered by this lease and included in the pooled unit bears to the total number of surface acres included in the pooled unit. Royalties hereunder shall be computed on the portion of such production, whether it be oil and gas, or either of them, so allocated to the land covered by this lease and included in the unit just as though such production were from such land. The production from an oil well will be considered production from the lease or oil pooled unit from which it is producing and not as production from a gas pooled unit; and production from a gas well will be considered as production from the lease or gas pooled unit from which it is producing and not from an oil pooled unit. In addition to the foregoing, Lessee at its option is hereby given the right and power from time to time to commit said land or any part or formation or mineral substance covered hereby to any cooperative or unit agreement or plan of development and operation, and to any modifications thereof, which have been approved by the New Mexico Oil Conservation Commission or other lawful governmental authority. In such event, the royalty payable to Lessor hereunder shall be computed and paid on the basis of the oil or gas allocated to such land under the terms of any such agreement or plan of operation, which basis shall be the same by which the royalty due the United States or the State of New Mexico is computed and paid. This lease shall not expire during the life of such agreement or plan and shall be subject to the terms thereof and said agreement or plan of operation shall be filed with the New Mexico Oil Conservation Commission, or other lawful authority, and Lessee shall record in the County in which the leased premises are situated, an instrument describing such agreement or plan of operation and reflecting the commitment thereto, and the same may be recorded either before or after the completion of wells.

5. If at the expiration of the primary term oil or gas is not being produced on said land, or from land pooled therewith, but Lessee is then engaged in drilling or reworking operations thereon, or shall have completed a dry hole thereon within 60 days prior to the end of the primary term, the lease shall remain in force so long as operations on said well or for drilling or reworking of any additional well are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas so long thereafter as oil or gas is produced from said land, or from land pooled therewith. If, after the expiration of the primary term of this lease and after oil or gas is produced from said land, or from land pooled therewith, the production thereof should cease from any cause, this lease shall not terminate if Lessee commences operations for drilling or reworking within 60 days after the cessation of such production, but shall remain in force and effect so long as such operations are prosecuted with no cessation of more than 60 consecutive days, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land, or from land pooled therewith. Any pooled unit designated by Lessee in accordance with the terms hereof, may be dissolved by Lessee by instrument filed for record in the appropriate records of the county in which the leased premises are situated at any time after the completion of a dry hole or the cessation of production on said unit. In the event a well or wells producing oil or gas in paying quantities should be brought in on adjacent land and within 660 feet of and draining the lease premises, or land pooled therewith, Lessee agrees to drill such offset well or wells as a reasonably prudent operator would drill under the same or similar circumstances. Lessee may at any time execute and deliver to Lessor or place of record a release or releases covering any portion or portions of the above described premises and thereby surrender this lease as to such portion or portions and be relieved of all obligations as to the acreage surrendered.

6. Lessee shall have the right at any time during or after the expiration of this lease to remove all property and fixtures placed by Lessee on said land, including the right to draw and remove all casing. When required by Lessor, Lessee will bury all pipe lines below ordinary plow depth, and no well shall be drilled within two hundred feet of any residence or barn now on said land without Lessor's consent.

7. The rights of either party hereunder may be assigned in whole or in part, and the provisions hereof shall extend to their heirs, successors and assigns but no change or division in ownership of the land or royalties, however accomplished, shall operate to enlarge the obligations or diminish the rights of Lessee; and no change or division in such ownership shall be binding on Lessee until thirty (30) days after Lessee shall have been furnished by registered U. S. mail at Lessee's principal place of business with a certified copy of recorded instrument or instruments evidencing same. In the event of assignment hereof in whole or in part liability for breach of any obligation hereunder shall rest exclusively upon the owner of this lease or of a portion thereof who commits such breach. If six or more parties become entitled to royalty hereunder, Lessee may withhold payment thereof unless and until furnished with a recordable instrument executed by all such parties designating an agent to receive payment for all.

8. The breach by Lessee of any obligation arising hereunder shall not work a forfeiture or termination of this lease nor cause a termination or revision of the estate created hereby nor be grounds for cancellation hereof in whole or in part. In the event Lessor considers that operations are not at any time being conducted in compliance with this lease, Lessor shall notify Lessee in writing of the facts relied upon as constituting a breach hereof, and Lessee, if in default, shall have sixty days after receipt of such notice in which to commence the compliance with the obligations imposed by virtue of this instrument. After the discovery of oil or gas in paying quantities on said premises, Lessee shall develop the acreage retained hereunder as a reasonably prudent operator but in discharging this obligation it shall in no event be required to drill more than one well per forty (40) acres of the area retained hereunder and capable of producing oil in paying quantities and one well per 640 acres plus an acreage tolerance not to exceed 10% of 640 acres of the area retained hereunder and capable of producing gas in paying quantities.

9. Lessor hereby warrants and agrees to defend the title to said land and agrees that Lessee at its option may discharge any tax, mortgage or other lien upon said land either in whole or in part, and in event Lessee does so, it shall be subrogated to such lien with the right to enforce same and apply royalties accruing hereunder toward satisfying same. Without impairment of Lessee's right under the warranty in event of failure of title, it is agreed that if Lessor owns an interest in the oil or gas on, in or under said land less than the entire fee simple estate, then the royalties to be paid Lessor shall be reduced proportionately. Should any one or more of the parties named as Lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

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

IN WITNESS WHEREOF, this instrument is executed on the date first above written.

✓ Arselia G. Ogas

SS#:

Robert D. Ogas

SS#:

Lessor

Lessee

INDIVIDUAL ACKNOWLEDGMENT

STATE OF NEW MEXICO, }
County of Eddy } ss.

The foregoing instrument was acknowledged before me this _____ day of _____,
19____ by Arselia G. Ogas and husband, Robert D. Ogas

My commission expires _____, 19____. Notary Public
Printed Name: _____

CORPORATION ACKNOWLEDGMENT

STATE OF NEW MEXICO }
County of _____ } ss.

The foregoing instrument was acknowledged before me this _____ day of _____, 19____
by _____ President
of _____ a _____ corporation
on behalf of said corporation.

My Commission Expires: _____ Notary Public

INDIVIDUAL ACKNOWLEDGMENT

STATE OF _____ }
County of _____ } ss.

The foregoing instrument was acknowledged before me this _____ day of _____,
19____ by _____

My commission expires _____, 19____. Notary Public

Producers 66 Rev. (5 Year Lease) (10-67)

No. _____

Oil and Gas
Lease

FROM

TO

Dated _____, 19____
No. Acres _____
County, N. M. _____

Term _____
This instrument was filed for record on the
_____ day of _____, 19____,
at _____ o'clock _____ M., and duly
recorded in Book _____, Page _____
of the _____ records of this office.

County Clerk
By _____, Deputy
When recorded return to _____

RATIFICATION AND RENTAL DIVISION ORDER

To: Bill Seltzer Lessee

You are the owner of a mineral lease dated August 17, 1990, recorded in Vol., at page, of the Records of Eddy County (Parish), State of New Mexico, between Arselia G. Ogas, and husband, Robert D. Ogas

as Lessors, and Bill Seltzer as Lessee, in so far as said lease covers the following land situated in said County (Parish) and State: All of the South 77.75 feet of the East 141.5 feet of Lot Six (6) in Block 25 of La Huerta Subdivision, City of Carlsbad, in Section 29, T-21-S, R-27-E

We, the undersigned parties, hereby authorize you to pay or tender rentals under said lease in accordance with the provisions thereof to the respective parties named below, or to the credit of any party named below either to a depository bank as named in said lease or to the respective depository set out below opposite such party's name, and in the following amounts:

CREDIT TO	Fractional Interest	AMOUNT	DEPOSITORY
Arselia G. Ogas, and husband, Robert D. Ogas	All	None Paid Up Lease	

Each of the undersigned parties agrees that payment or tender of said rentals as set forth above will protect said lease and continue same in force as therein provided in so far as said lease covers the interest of such undersigned party in said land. Each undersigned party, however, certifies only the interest, if any, set forth above opposite such party's name.

This division order covers only payment of delay rentals under said lease as to said land and does not cover royalty payments thereunder.

The provisions hereof shall be binding upon our respective heirs, legal representatives, successors and assigns, except that payment of rentals under said lease as to said tract to an assignee of any undersigned party shall be made to the depository bank named in said lease, if different from the respective depository specified above.

Said lease is hereby ratified and confirmed and declared to be in full force and effect, and the undersigned hereby lease, let and demise the lands described in said lease, unto the record owners and holders of said lease, its successors and assigns, upon the terms and conditions set out in said lease.

EXECUTED this day of, 19

Arselia G. Ogas SS#: Robert D. Ogas SS#:

TEXAS AND NEW MEXICO-ACKNOWLEDGMENTS

STATE OF New Mexico §
COUNTY OF Eddy § Before me, the undersigned authority, a Notary Public in
and for said County and State, on this day personally appeared Arselia G. Ogas, and husband, Robert D. Ogas
known to me to be the person whose names are subscribed to the foregoing instrument, and
acknowledged to me that he executed the same as _____ free act and deed for the purposes
and consideration therein expressed.
Given under my hand and seal of office, this the ____ day of _____, A. D. 19__.

(New Mexico)

Notary Public in and for _____
County, _____

STATE OF _____ §
COUNTY OF _____ § Before me, the undersigned authority, a Notary Public in
and for said County and State, on this day personally appeared _____

Printed Name: _____

known to me to be the person whose name _____ subscribed to the foregoing instrument, and
acknowledged to me that he executed the same as _____ free act and deed for the purposes
and consideration therein expressed.

Given under my hand and seal of office, this the ____ day of _____, A. D. 19__.

(New Mexico)

Notary Public in and for _____
County _____

STATE OF _____ §
COUNTY OF _____ § Before me, the undersigned authority, a Notary Public in
and for said County and State, on this day personally appeared _____

Printed Name: _____

known to me to be the person whose name _____ subscribed to the foregoing instrument, and
acknowledged to me that he executed the same as _____ free act and deed for the
purposes and consideration therein expressed.

Given under my hand and seal of office, this the ____ day of _____, A. D. 19__.

(New Mexico)

Notary Public in and for _____
County _____

STATE OF _____ §
COUNTY OF _____ § Before me, the undersigned authority, a Notary Public in
and for said County and State, on this day personally appeared _____

Printed Name: _____

known to me to be the person whose name _____ subscribed to the foregoing instrument, and
acknowledged to me that he executed the same as _____ free act and deed for the purposes
and consideration therein expressed.

Given under my hand and seal of office, this the ____ day of _____, A. D. 19__.

(New Mexico)

Notary Public in and for _____
County, Texas _____

Printed Name: _____

CORPORATE ACKNOWLEDGEMENT - TEXAS OR NEW MEXICO

STATE OF _____ §
COUNTY OF _____ § Before me the undersigned authority, on this day personally
appeared _____ known to me to be the person whose name
is subscribed to the foregoing instrument as _____
of _____, a corporation, and acknowledged to me that
he executed the same, on behalf of said corporation, for the purposes and consideration
therein expressed and in the capacity therein stated.

Given under my hand and seal of office, this the ____ day of _____, A. D. 19__.

(New Mexico)

Notary Public in and for _____
County _____

Printed Name: _____

046 665 627

Mr. and Mrs. Robert
Ogas
503 S. Lake
Carlsbad, NM 88220
Attn: Dora Ogas

.25

.85

.90

2.00

10/3/90

<p>SENDER'S USE ONLY Complete items 1 and 2 when additional services are desired, and complete items 3 and 4.</p> <p>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 boxes for additional service(s) requested.</p> <p>1. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. 2. <input type="checkbox"/> Restricted Delivery (Extra charge)</p>	
<p>3. Article Addressed to:</p> <p>Mr. and Mrs. Robert D. Ogas 503 S. Lake Carlsbad, NM 88220</p> <p>Attn: Dora Ogas <i>Dora Ogas</i></p>	<p>4. Article Number</p> <p>P 046 665 627</p> <p>Type of Service:</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Insured <input checked="" type="checkbox"/> Certified <input type="checkbox"/> COD <input type="checkbox"/> Express Mail <input type="checkbox"/> Return Receipt for Merchandise</p> <p>Always obtain signature of addressee or agent and DATE DELIVERED.</p>
<p>5. Signature - Address</p> <p>X. <i>Dora Ogas</i></p>	<p>8. Addressee's Address (ONLY if requested and fee paid)</p>
<p>6. Signature - Agent</p> <p>X. <i>Roe</i></p>	
<p>7. Date of Delivery</p> <p><i>10-5-90</i></p>	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

Certified #P 046-665-627

October 3, 1990

Re: T-21-S, R-27-E
Section 29: All of the
South 77.75 feet of the
East 141.5 feet of Lot 6
in Block 25, La Huerta
Subdivision, City of
Carlsbad, Eddy County,
New Mexico

Mr. and Mrs. Robert D. Ogas
503 S. Lake
Carlsbad, New Mexico 88220
Attn: Mrs. Dora Ogas

Dear Mrs. Ogas:

According to your instructions of August 17, 1990, you advised this office to forward an Oil and Gas Lease to you to be executed by Arselia G. Ogas and Robert D. Ogas (your mother-in-law and father-in-law) covering the above lands.

We forwarded the Oil and Gas Lease and our check #3006 in the amount of \$100.00 covering the bonus consideration for the Oil and Gas Lease and requested that you have the Oil and Gas Lease executed before a notary public and return in the enclosed self-addressed stamped envelope.

Again on August 29, 1990, we requested you to have the Oil and Gas Lease properly executed and returned.

We are again requesting that you have the Oil and Gas Lease and Ratification and Rental Division Order properly executed before a notary public and return in order that my client may commence operations for the drilling of a well in the S/2 of Section 29.

We are prepared to make an application with the Oil Conservation Division in Santa Fe, State of New Mexico, to compulsory pool all unleased owners in the S/2 of Section 29.

If you do not desire to lease we request you pay your proportionate share of the cost of drilling and completing the test well which we estimate to be \$755,000.00. If you desire to pay your part of the drilling and completing said well, please sign the attached AFE. If not, please have the Oil and Gas Lease and Ratification and Rental Division Order properly executed and acknowledged and return.

We request your immediate attention in this matter.

If you have any questions, please call.

Yours very truly,

A handwritten signature in cursive script, appearing to read "Bill Seltzer", written over a horizontal line.

Bill Seltzer

BS/kp
Atch.

P.S. For your information, Mr. Dow, a local attorney in Carlsbad, has just returned his Oil and Gas Lease.

CITIES SERVICE OIL AND GAS CORPORATION

DETAILED WELL ESTIMATE

Simpson A #2

DATE 4/18/90

LEASE WELL NO.

LOCATION 1980' FSL & FEL

PROP. DEPTH 11810'

S 29 T21-S R 27-E COUNTY Eddy

STATE NM

AFE NO.

DESCRIPTION	GRADE	SIZE	QUAN.	W	ESTIMATE PRODUCER	ESTIMATE DRY HOLE	REVISED ESTIMATE	ACTUAL COST
TANGIBLES								
Casing								
Surface 13-3/8" 48# H-40 ST6C			600'		13,200	13,200		
8-5/8" 24# K-55 ST6C			2400'		28,800	28,800		
8-5/8" 32# K-55 ST6C			600'		8,500	8,500		
5-1/2" 17# N-80 LT6C			10480'		104,800			
5-1/2" 20# N-80 LT6C			1330'		15,950			
Well head connections	A				10,000			
Tubing 2-3/8" 4.7# N-80 EVE 8rd	A		11800'		43,400			
Sucker rods								
Bottom hole pump								
Engine or motor								
Pumping unit								
Electrical equip. incl. Labor & Trans.								
Line pipe, fittings incl. Labor & Trans.	A				5,000			
Packer & Accessories	A				4,000			
TANK BATTERY								
Stock tanks	A	300	2		7,000			
Separator, heater treater, dehydrator	A				12,000			
Meter run and housing					2,500			
Labor & transportation					5,000			
Total Tangibles					260,150	50,500		
INTANGIBLES								
Contract drilling labor 11810' @ \$15/foot					177,150	177,150		
Rotary day work 6 days @ \$4000/day					24,000	24,000		
Service rig work 12 days @ \$1100/day					13,200			
Subsurface casing equipment					2,500	1,500		
D. S. T., electric, radioactivity logs, etc.					50,000	47,000		
Acidizing, fracturing					45,000			
Perforating					6,000			
Misc. company and contract labor					12,000	10,000		
Road building, location					25,000	25,000		
Cement and cementing service					25,000	19,000		
Cement squeeze jobs								
Drilling mud, chemicals					30,000	30,000		
Diamond coring & analyses, bits, reamers					18,000	18,000		
Mud logging unit 30 days @ \$350/day					10,500	10,500		
Rental of miscellaneous equip.					20,000	15,000		
Contract hauling					10,000	8,000		
Water, fuel					15,000	10,000		
Miscellaneous incidentals					12,000	8,000		
Total Intangibles					495,350	403,150		
Total estimated cost - 100% -					755,500	453,650		
Total estimate C. S. -								

APPROVED BY OPERATOR

OXY USA Inc.

R. L. Doty, Exploitation Manager

Date

APPROVED BY NON-OPERATOR

Dora Ogas
Mr. & Mrs. Robert Ogas
503 S. Lake
Carlsbad, NM 88220

.25

.85

.90

2.00

10/19/90

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. <input type="checkbox"/> Show to whom delivered, date, and addressee's address. 2. <input type="checkbox"/> Restricted Delivery (Extra charge)	
3. Article Addressed to: Mr. and Mrs. Robert Ogas 503 S. Lake Carlsbad, NM 88220 Attn: Mrs. Dora Ogas	4. Article Number P 046 665 632 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 type="checkbox"/> Return Receipt for Merchandise Always obtain signature of addressee or agent and DATE DELIVERED.
5. Signature Address <i>Dora Ogas</i>	8. Addressee's Address (ONLY if requested and fee paid)
6. Signature - Agent <i>Heenan</i>	
7. Date of Delivery 10-20	

PS Form 3811, Mar. 1988 * U.S.G.P.O. 1988-212-865 DOMESTIC RETURN RECEIPT

BILL SELTZER

214 WEST TEXAS, SUITE 507
MIDLAND, TEXAS 79701

October 19, 1990

Re: T-21-S, R-27-E
Section 29: All of the
South 77.75 feet of the
East 141.5 feet of Lot 6
in Block 25, La Huerta
Subdivision, City of
Carlsbad, Eddy County,
New Mexico

Mr. and Mrs. Robert D. Ogas
503 S. Lake
Carlsbad, New Mexico 88220

Attn: Mrs. Dora Ogas

Dear Mrs. Ogas:

On October 5, 1990, you advised me by telephone that you would go to the Guaranty Abstract Co. on North Canyon, Carlsbad, New Mexico, and check the mineral ownership on the above tract and then have the Ogas' execute the Oil and Gas Lease and return to me.

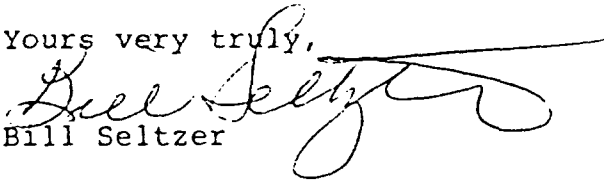
As of this date I have not received the executed Oil and Gas Lease as you had advised.

Please be advised I must have the Oil and Gas Lease which should be executed before a notary public in hand by October 30, 1990. If I do not receive the Oil and Gas Lease by October 30, 1990, I will make application to the Oil Conservation, Santa Fe, New Mexico, to compulsory pool the interest of Mr. and Mrs. Robert D. Ogas.

I trust you will forward the properly executed and acknowledged Oil and Gas Lease immediately in order to eliminate the unnecessary expense of a hearing in the Oil Conservation Division in Santa Fe.

If you have any questions, please call.

Yours very truly,


Bill Seltzer

BS/kp