



AMMEX

Petroleum, Inc.



P. O. Box 10507 • Midland, Texas 79702

May 18, 1984

Belnorth Petroleum
Internorth Suite 201
One Petroleum Center, Bldg. 6
Midland, Texas 79705

Attention: Don Peters

Re: Farmout Agreement dated 9/14/83
Section 28, Twp 23S, Rng 28E
Eddy County, New Mexico

Gentlemen:

Reference is made to the captioned agreement and subsequent letter agreements wherein Ammex was to commence operations on a well on or before May 15, 1984. However, due to various circumstances we were unable to meet this deadline and therefore relinquish any and all rights extended to us under said agreement.

Your efforts in helping me with the pooling procedures and farmout were very much appreciated.

Very truly yours,

Mark A. Haralson
Land Manager

MAH;lpb

cc: Ed Taylor
Cities Service Oil & Gas Corp.
P. O. Box 1919
Midland, Texas 79702

ARTICLE XVI.
MISCELLANEOUS

This agreement shall be binding upon and shall inure to the benefit of the parties hereto and to their respective heirs, devisees, legal representatives, successors and assigns.

This instrument may be executed in any number of counterparts, each of which shall be considered an original for all purposes.

IN WITNESS WHEREOF, this agreement shall be effective as of 15th day of August, 1984.

FARMOR
AND
OPERATOR

RAY WESTALL

BY: _____

NON-OPERATORS

A. G. HAMILTON

BELCO DEVELOPMENT CORPORATION

BY: _____

BY: R. A. Grinstead
R. A. Grinstead, Vice President

MERLAND, INC.

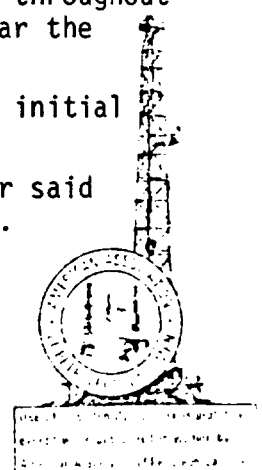
CITIES SERVICE OIL AND GAS CORPORATION

BY: _____

BY: _____

Attached to and made a part of that certain Operating Agreement dated September 14, 1983, by and between Ray Westall, as Operator, and Belco Development Corporation, et al, as Non-Operator. Ray Westall replaces Ammex Petroleum, Inc. who was original operator under this agreement. Each party above agrees to the following changes to this agreement:

1. Ray Westall will be named Operator under this agreement, and throughout this agreement, where the words "Ammex Petroleum, Inc." appear the words "Ray Westall" shall be substituted.
2. Article VI. A., page 4, shall be amended to provide that the initial well must be spudded on or before January 1, 1985.
3. Mr. Ray Westall's mailing address for purpose of notice under said agreement shall be P. O. Box 4, Loco Hills, New Mexico 88255.



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AND
OPERATOR

RAY WESTALL

NON-OPERATORS

BELCO DEVELOPMENT CORPORATION

By: _____
J. M. Oswald, Executive Vice President
CITIES SERVICE OIL AND GAS CORPORATION

By: _____
MERLAND, INC.

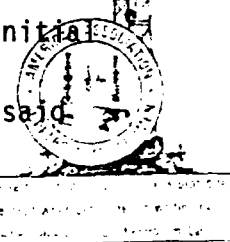
By: _____
A. G. HAMILTON

A. G. Hamilton

GLENN COPE

Attached to and made a part of that certain Operating Agreement dated July 1, 1984, by and between Ray Westall, as Operator, and Belco Development Corporation, et al, as Non-Operator. Ray Westall replaces Ammex Petroleum, Inc. who was original operator under this agreement. Each party above agrees to the following changes to this agreement:

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ARTICLE XVI.
MISCELLANEOUS

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RAY WESTALL

NON-OPERATORS

BELCO DEVELOPMENT CORPORATION


By: _____
J. M. Oswald, Executive Vice President
CITIES SERVICE OIL AND GAS CORPORATION

By: _____

MERLAND, INC.

By: Mary Frances Merchant ✓
President

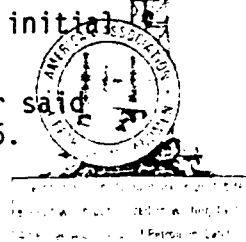
A. G. HAMILTON


Frances W. Brown
Frances W. Brown, Secretary

GLENN COPE

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RAY WESTALL

Ray Westall

NON-OPERATORS

BELCO DEVELOPMENT CORPORATION

By: J. M. Oswald, Executive Vice President
CITIES SERVICE OIL AND GAS CORPORATION

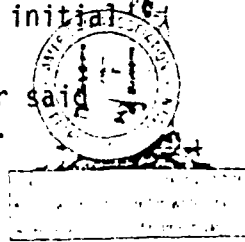
By: _____
MERLAND, INC.

By: _____
A. G. HAMILTON

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LAW OFFICES OF
JENNINGS & CHRISTY

1012 SECURITY NATIONAL BANK BUILDING
P. O. BOX 1180
ROSWELL, NEW MEXICO 88202-1180

TELEPHONE 622-8432
AREA CODE 505

JAMES T. JENNINGS
SIM B. CHRISTY IV
K. DOUGLAS PERRIN
PHIL T. BREWER
VICTORIA ARENDS
A. D. "DIRK" JONES

September 24, 1984

Oil Conservation Division
Energy and Mineral Department
Post Office Box 2088
Santa Fe, New Mexico 87501

7-662e 5377

Attn: Mr. Joe Ramey
Director

Re: Case No. 8048
Order No. R-7567

Gentlemen:

On behalf of Ray Westall and other parties who have the right to drill, you are hereby requested to amend Division Order No. 7567 in Case No. 8048, originally entered on June 28, 1984, ordering the pooling of all formations from the surface down to the top of the South Culebra Bluff Bone Spring Pool and from the base of the South Culebra Bluff Bone Spring Pool to a depth of 8,000 feet underlying the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 28, Township 23 South, Range 28 East, to form a standard 40 acre oil spacing and proration unit be be dedicated to a well at a standard location 660 feet from the South and East lines of said Section 28; and further ordered the pooling of all interests, whatever they may be, in the South Culebra Bluff Bone Spring Pool underlying the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 28 to form a standard 80 acre oil spacing proration unit, also to be dedicated to said well, as follows:

1. That order No. (3) of said order be amended to designate Ray Westall as the operator of the subject well and unit.
2. That order No. (8) (B) of said order be amended to change the risk charge involved in the drilling of the well from 150 percent of the pro rata share of the well costs to 200 percent.
3. To further amend the order so that all the provisions thereof will be effective upon the date of the amended order entered by the Division and to allow the applicants a reasonable extension of time, not to exceed ninety days, in which to commence drilling of the well.

RECEIVED
SEP 28 1984
OIL CONSERVATION DIVISION
SANTA FE

JENNINGS & CHRISTY

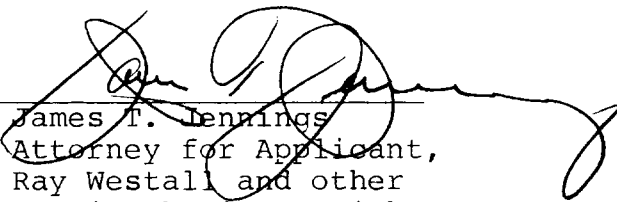
Oil Conservation Division
September 24, 1984
Page Two

We assume that it will be necessary for this matter to be set for hearing, and we would appreciate it if this could be set for hearing at an early date.

Yours very truly,

JENNINGS & CHRISTY

By



James T. Jennings
Attorney for Applicant,
Ray Westall and other
parties having a right to
drill.

JTJ:lt

cc: Ray Westall



STATE OF NEW MEXICO
ENERGY AND MINERALS DEPARTMENT
OIL CONSERVATION DIVISION

TONY ANAYA
GOVERNOR

August 31, 1984

POST OFFICE BOX 2088
STATE LAND OFFICE BUILDING
SANTA FE, NEW MEXICO 87501
(505) 827-5800

Mr. James T. Jennings
Jennings & Christy
Attorneys at Law
P. O. Box 1180
Roswell, New Mexico 88202-1180

Order 5377

Dear Mr. Jennings:

As provided for in Order No. R-7567, the time to commence a well is extended from August 31, 1984 to October 15, 1984.

In your letter of August 30, 1984, you also request that Ray Westall be designated operator under this order.

Yours very truly,

JOE D. RAMEY
Director

JDR/fd

LAW OFFICES OF
JENNINGS & CHRISTY
1012 SECURITY NATIONAL BANK BUILDING
P.O. BOX 1180
ROSWELL, NEW MEXICO 88202-1180

TELEPHONE 622-8432
AREA CODE 505

JAMES T. JENNINGS
SIM B. CHRISTY IV
K. DOUGLAS PERRIN
PHIL T. BREWER
VICTORIA ARENDS
A. D. "DIRK" JONES

August 30, 1984

Oil Conservation Division
Post Office Box 2088
Santa Fe, New Mexico 87501

Attn: Mr. Joe Ramey
Director

Re: Case No. 8048
Order No. R-7567

Case 8377

Dear Mr. Ramey:

On July 28, 1984 the Commission entered a Force Pooling Order in the above case and further provided that a well was to be commenced on the pooled unit on or before August 31, 1984.

The parties drilling the well now desire to change the Order and to name Ray Westall of Loco Hills, New Mexico as operator.

The parties have not been able to complete the drilling arrangements and hereby request an extension of the time in which to commence to on or before October 15, 1984.

Please consider this letter as an application to change the operator and to extend the time for commencement of the well to October 15, 1984.

If you need any further information or if there is anything that remains to be done in connection with the change of the operator and getting the extension, please call me.

Yours very truly,

JENNINGS & CHRISTY


James T. Jennings

JTJ:lt

cc: Mr. Ray Westall
BelNorth Petroleum Corporation