

EXHIBIT 2

Lot 3 of Section 1, T-16-S, R-35-E
Lea County, New Mexico

A. MINERAL INTEREST OWNERS NOT LOCATED

1. Henry H. Lawton ^{1/160}
2. Amanda K. Parks ^{1/160}
3. Edward O'Neil ~~1/160~~ ^{1/160}
4. Violet O'Neil Stadwick ^{1/160}

1/160

1/160

B. MINERAL AND LEASEHOLD INTEREST OWNERS NOT COMMITTED

^{1/160} 1. Leonardo S. Anderson, Jr.
30357 Palos Verdes Dr. East
Rancho Palos Verdes, CA 90274

^{1/160} 2. Geraldine Anderson Hill
30357 Palos Verdes Dr. East
Rancho Palos Verdes, CA 90274

^{1/160} { 3. Barbara M. Gallagher
44 William St.
Lincoln Park, NJ 07035

Leased

^{1/160} { 4. Berkeley N. Moynihan
1220 NE 3rd St., #403
Ft. Lauderdale, FL 33301

^{1/160} { 5. Francis J. Moynihan, Jr.
135 Old Warren Rd.
Frewsburg, NY 14738

^{1/160} { 6. Bridge Oil (USA) Inc.
12404 Park Central Drive, Suite 400
Dallas, Texas 75251

Assigned

^{1/160} 7. Rio Pecos Corporation
110 W. Louisiana
Midland, Texas 79701

CHARLES B. GILLESPIE, JR.

EXHIBIT 3

LOT 3, SECTION 1, T-16-S, R-35-E

LEA COUNTY, NEW MEXICO

CRAIG HUBBARD, CPL
P.O. Box 3282
Midland, Texas 79702
915-682-3282

June 25, 1992
Section 1, T-16-S, R-35-E,
Lea County, New Mexico.

OWNER	INTEREST	LEASEHOLD
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Lot 1 - 50.13 acres

Lost Mineral Owners

1.) Edward O'Neil - received 2/160 interest 3/24/41. No address on instrument. Conveyed 1/160 to Violet O'Neil Stadwick 5/8/56. This was the last time Mr. O'neil appeared in the County records. Address was stated as Detroit, Michigan.

3/7/91 - Called Wayne County (MI) Clerk's office (313/224-5721) and asked them to search Probate records for Mr. O'Neil. Search was negative.

4/11/91 - Searched Polk's directory for Detroit in the Midland County Library. Search was negative.

2.) Violet O'Neil Stadwick - received 1/160 interest 5/8/56. Address on instrument was Wayne County, Michigan. This was the last time Ms. Stadwick appeared in the County records.

3/7/91 - Called Wayne County (MI) Clerk's office and asked them to search the Probate records for Ms. Stadwick. Search was negative.

4/11/91 - Searched Polk's directory for Detroit in the Midland County Library. Search was negative.

3.) Henry H. Lawton - received 4/160 interest 3/24/41. Last appeared in County records on Oil and Gas lease 11/15/55. Lease was acknowledged in Cattaraugus County, NY.

3/7/91 - Called Cattaraugus County (NY) Clerk's office and asked them to search Probate for Mr. Lawton. Search was negative.

4/11//91 - Searched Polk's directory for Western New York State. Search was negative.

4.) Amanda K. Parks - received 1/160 interest 4/17/41. Last appeared in County records on Oil and Gas lease 11/15/55. Last known address was RFD 2, Olean, NY.

3/7/91 - Called Cattaraugus County (NY) Clerk's office and asked them to search Probate records for Ms. Parks. Search was negative.

4/11/91 - Searched Polk's directory for Western New York State. Search was negative.

For each of the above, I initially did the following:

Search the Probate records of Lea County, NM.
Search the alphabetical Miscellaneous card file in the Lovington Abstract Company records to determine the existence of a divorce, abstract of judgement, etc. for any of the above.
Checked telephone directory assistance in and around their last known addresses for telephone listings.

Each turned up nothing.

Unleased Mineral Owners.

Barbara M. Gallagher, Berkeley N. Moynihan, Francis J. Moynihan, Jr. - Each owns 1/3 x 1/160 interest. I have been in contact with Ms. Gallagher (she speaks for all three) since June

12, 1991. At that time, I sent each a lease, and they decided not to sign. On May 19, 1992 I made an offer to lease, Ms. Gallagher told me she would check with the others and let me know. On June 5, 1992 Ms. Gallagher told me that they would sign an oil and gas lease. I mailed each a lease. To date, only Ms. Gallagher has signed and returned her lease.

Geraldine Anderson Hill and Leonardo S. Anderson, Jr. - Each owns 1/160 interest. Ms. Hill told me she spoke for both interests, and I dealt solely with her. On 4/11/92, I contacted Ms. Hill at 213/833-8017 (the area code has since changed to 310) and offered her \$100 per acre, 1/6th royalty, five year primary term for an oil and gas lease covering her interest in Lots 3, 4, 5, and 6 of Section 1, 16-35. She said she would talk to her brother and let me know. I called back on 5/21/91. She told me she was not interested in leasing. We talked at some length and she told me she was, "against the oil drilling because of what it does to the environment". I asked her if it was a matter of more bonus, or more royalty, and she replied that she did not want to lease regardless of terms. I then explained at length the process in New Mexico of forced pooling. When I finished, I asked Ms. Hill if she wished for her interest to be force pooled, and she replied, "Yes.". On 6/12/92 I again phoned Ms. Hill and asked if she would lease. She said she would talk to her attorney and her brother and decide. I mailed her a lease on 6/16/92 at \$100 per acre, 3/16ths royalty, five year primary term. I called Ms. Hill on 6/22/92 and she told me that she had received the leases, but that they did not want to sign. "We just felt that we wanted to go this way.". She did not make any sort of counter offer.

Uncommitted Lessees

Bridge Oil Company - Bridge has committed to an assignment of 79.75% NRI in their 1/160 interest lease for good and valuable consideration.

Rio Pecos Corporation - This 1/160 leasehold interest is split between five individuals, and I have been told that they all wish to participate in the well. None of the five have, at this time, signed an AFE or JOA.

Edward O'Neil

Detroit, Michigan ⁵⁷²¹
~~5708~~
Wayne Co. Clerk 313-224-~~3270~~

3/7

4th Polks - Edward O'Neil
Factoryworker
Terusted +
r 7100 Julian

5/22 Box 843 Big Bear Lake, Ca. 7
Dep. bank: City National Bank of Detroit ^{First of America}
20055 Ann Arbor Trail 313-271-4140
Dearborn Hts, Mi.

5/23 No listing in Big Bear Lake.
Bank shows neither has account at present time.

Violet O'Neil Stadwick (Marvin?)

Wayne County, Michigan

313 - 544-1076

Telegraph Rd. ?

3/7

5/22 No answer for Marvin's listing.

Big Bear Lake, Ca. ? 714 - No listing

Henry H. Lawton

716 - No listing (clean or Jamestown)

317 Cattaraugus Co. Clerk 716-938-9411
Little Valley

411 Polks -

Amanda K. Parks

1160

1.1375

RFD No. 2

Olean, NY

716 -

822 9178 ✓

223 7852 ✓

837 4417 ✓

~~342 6642~~

3/1

Cattaraugus Co. Clerk
Little Valley

116 - 938-9111

4/11

Polks -

General Purpose Worksheet



Subject	Page No.	Of
File	By	Date

Edward S. Moynihan died 2 mths ago. (never married)

his ~~list~~ list - Mary Burns

Francis was Brother - died July, 1966

Loretta 44

Interest went to wife Loretta, dec'd.

~~Francis as Executor~~

710 561-2587

Francis J. Moynihan, Jr. 104-22-4601 135 Old Warren Rd. RD-2 Arrowsburg NJ 14738
 Berkeley N. Moynihan 1220 NE 3rd St. Apt. 403 Ft Lauderdale 33308
 Barbara M. Gallagher 44 William Street Lincoln Park NJ 07035

201-694-1672

wants $\frac{3}{16}$ ths

$$\frac{1}{160} \div 3 = .00208333 \times 182 = .3791666$$

$$\times 100 = 37.92$$

$$\times 4 = 1.51$$

$$39.43$$

069-24-6049

11/2/51 - Leases (3) mailed.

5/16/52 - the said the bank charged \$40. so they decided no.

she will call bank & decide to lease at 100 or sell at 250.

over

Wanted to know about amount. She will call & let me know
Wanted to know about amount. She will call & let me know

6/23 - Barbara is sending express mail.

CRAIG HUBBARD, CPL

P.O. BOX 3282
MIDLAND, TEXAS 79702
(915) 682-3282

June 12, 1991

To: Francis J. Moynihan, Jr.
135 Old Warren Road, RD 2
Frewsburg, NY 14738

Re: Lots 3, 4, 5, and 6, Section 1, 16-35, Lea Co., NM.
Containing 182 acres, more or less.

Dear Mr. Moynihan,

Enclosed you will find an oil and gas lease covering your interest
(.3791666 net mineral acres) in the above captioned lands, at the terms
we discussed, which are as follows:

- \$100.00 per net mineral acre bonus payment
- five year primary term
- three-sixteenths royalty
- \$1.00 per acre per year delay rentals, paid-up.

If everything is agreeable, please sign the lease in the presence of a
notary, endorse the draft, and deposit the lease with the draft into
your bank for collection.

June 12 , 19 91 NO. 163501.026

PLACE _____ DATE _____

30 DAYS AFTER sight AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Francis J. Moynihan, Jr.

\$ 39.43

Thirty Nine and 43/100 DOLLARS

WITHOUT EXCHANGE

FOR OGL of even date covering subject lands in Lea County, NM

To Charles B. Gillespie, Jr., POB 8 Midland, Tx. 79702 **NOT A CASH ITEM**

Craig Hubbard 915-682-3282

RM-117

June 12 , 19 91 NO. 163501.025

PLACE _____ DATE _____

30 DAYS AFTER sight AND SUBJECT TO APPROVAL OF TITLE

PAY TO THE ORDER OF Berkeley N. Moynihan

\$ 39.43

Thirty Nine and 43/100 DOLLARS

WITHOUT EXCHANGE

FOR OGL of even date covering subject lands in Lea Co., NM

To Charles B. Gillespie, Jr. POB 8, Midland, Tx. 79702 **NOT A CASH ITEM**

Craig Hubbard 915-682-3282

RM-117

COLLECTION DRAFT
COURTESY OF
NCSB Texas
P.O. BOX 1599 • MIDLAND, TEXAS 79702

CRAIG HUBBARD, CPL

P.O. BOX 3282
MIDLAND, TEXAS 79702
(915) 682-3282

June 12, 1991

To: Barbara M. Gallagher
44 William Street
Lincoln Park, NJ 07035

Re: Lots 3, 4, 5, and 6, Section 1, 16-35, Lea Co., NM.
Containing 182 acres, more or less.

Dear Ms. Gallagher,

Enclosed you will find an oil and gas lease covering your interest
(.3791666 net mineral acres) in the above captioned lands, at the terms
we discussed, which are as follows:

\$100.00 per net mineral acre bonus payment
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If everything is agreeable, please sign the lease in the presence of a
notary, endorse the draft, and deposit the lease with the draft into
your bank for collection.

Thank you for your cooperation in this matter, and should you have any
questions, feel free to contact me at the number or address above.

Sincerely yours,

Craig Hubbard

CEH/og

PLACE	DATE	NO.
_____	June 12, 19 91	163501.027
30	DAYS AFTER	sight
AND SUBJECT TO APPROVAL OF TITLE		
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To	Charles B. Gillespie, Jr., POB 8, Midland, Tx. 79702	NOT A CASH ITEM
	Craig Hubbard 915-682-3282	

COLLECTION DRAFT
COURTESY OF

NCNB Texas
P.O. BOX 1598 • MIDLAND, TEXAS 79702

CRAIG HUBBARD, CPL

P.O. BOX 3282
MIDLAND, TEXAS 79702
(915) 682-3282

June 12, 1992

To: Berkeley N. Moynihan
1220 NE 3rd Street, Apt. 403
Fort Lauderdale, FL 33301

Re: Lots 3, 4, 5, and 6, Section 1, 16-35, Lea Co., NM.
Containing 182 acres, more or less.

Dear Mr. Moynihan,

Enclosed you will find an oil and gas lease covering your interest
(.3791666 net mineral acres) in the above captioned lands, at the terms
we discussed, which are as follows:

\$100.00 per net mineral acre bonus payment
five year primary term
three-sixteenths royalty
\$1.00 per acre per year delay rentals, paid-up.

If everything is agreeable, please sign the lease in the presence of a
notary, and return the lease to me at the letterhead address. You may
deposit the check into your account.

Thank you for your cooperation in this matter, and should you have any
questions, feel free to contact me at the number or address above.

Sincerely yours,

Craig Hubbard

CEH/cg

CRAIG HUBBARD, CPL

P.O. BOX 3282
MIDLAND, TEXAS 79702
(915) 682-3282

June 12, 1992

To: Francis J. Moynihan, Jr.
135 Old Warren Road, RD 2
Frewsberg, NY 14738

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If everything is agreeable, please sign the lease in the presence of a notary, and return the lease to me at the letterhead address. You may deposit the check into your account.

Thank you for your cooperation in this matter, and should you have any questions, feel free to contact me at the number or address above.

Sincerely yours,

Craig Hubbard

CEH/og

OIL & GAS LEASE

THIS AGREEMENT made this 12th day of June 19 92, between _____

Barbara M. Gallagher

44 William Street

Lincoln Park, NJ 07035

of _____ (Post Office Address)

herein called lessor (whether one or more) and Charles B. Gillespie, Jr., POB 8, Midland, Tx. 79702, lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save,

take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 16 South, Range 35 East, N.M.P.M.
Section 1: Lots 3, 4, 5, and 6

Said land is estimated to comprise 182 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16ths of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16ths of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 3/16ths of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any time a payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. 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 on cultivated, and below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable 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 or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. 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, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Barbara M. Gallagher SS#

OIL & GAS LEASE

THIS AGREEMENT made this 12th day of June 1992, between _____

Francis J. Moynihan, Jr.

135 Old Warren Road, RD 2

Frewsburg, NY 14738

of _____ (Post Office Address)

herein called lessor (whether one or more) and Charles B. Gillespie, Jr., POB 8, Midland, Tx. 79702, lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save,

take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 16 South, Range 35 East, N.M.P.M.
Section 1: Lots 3, 4, 5, and 6

Said land is estimated to comprise 182 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16ths of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16ths of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 3/16ths of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term; however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production on then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. 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 on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and, if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable 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 or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. 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, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated; thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Francis J. Moynihan, Jr.

SS#

OIL & GAS LEASE

THIS AGREEMENT made this 12th day of June, 1992, between _____

Berkeley N. Moynihan
1220 NE 3rd Street, Apt. 403
Fort Lauderdale, FL 33301 of _____
 (Post Office Address)

herein called lessor (whether one or more) and Charles B. Gillespie, Jr., POB 8, Midland, Tx. 79702, lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 16 South, Range 35 East, N.M.P.M.
Section 1: Lots 3, 4, 5, and 6

Said land is estimated to comprise 182 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16ths of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16ths of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 3/16ths of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any time a payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term, however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate. If lessee commences operations for additional drilling or for reworking within 60 days thereafter, if any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. 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 pipelines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns; but no change in the ownership of the land or in the ownership of, or rights to receive royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable 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 or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. 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, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated, thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Berkeley N. Moynihan SS#

Jane Bowers Stoneman

~~602~~ - 602 - 264-1688

4/11 from ^{Margaret} ~~Margaret~~ L. Anderson (Aunt)
May be only heir.
Call her when she gets back.

Jane ^{Stoneman} and Laura Anderson got interest
Laura is deceased. (2 Kids)

Jane 1/2
Geraldine Anderson Hill 1/4 303 57 Palos Verde
Leonardo S. Anderson, Jr. 1/4 Dr. East
Rancho Palos Verdes, Ca
90274
~~310~~
310 - 833-8017

Offered 100, 5 yr., 1/6
She will talk to her brother and let me know.

5/21 Ms. Hill said she would sign regardless of terms,
and when I asked if she wished to be joined to poolco
(I had explained it), she said "Yes".

6/22 Received lease. Don't want to lease.
"We just felt that we wanted to go this way."
No counter offer.

CRAIG HUBBARD, CPL

P.O. BOX 3282
MIDLAND, TEXAS 79702
(915) 682-3282

June 16, 1992

To: Geraldine Anderson Hill
Leonardo S. Anderson, Jr.
30357 Palos Verdes Drive East
Rancho Palos Verdes, CA 90274

Re: Lots 3, 4, 5, and 6, Section 1, 16-35, Lea Co., NM.
Containing 182 acres, more or less.

Dear Mr. Anderson and Ms. Hill,

Given the urgent nature of our proposal, and the sometimes intermittent mood of our postal service, I have taken the liberty of sending you a lease form if that is indeed the road you choose. Enclosed you will find an oil and gas lease covering your interest (1.1375 net mineral acres, each) in the above captioned lands, at the terms we discussed, which are as follows:

\$100.00 per net mineral acre bonus payment
five year primary term
three-sixteenths royalty
\$1.00 per acre per year delay rentals, paid-up.

If everything is agreeable, please sign the lease in the presence of a notary, endorse the draft, and deposit the lease with the draft into the collection department at your financial institution.

Thank you for your cooperation in this matter, and should you have any questions, feel free to contact me at the number or address above.

Sincerely yours,

Craig Hubbard

OIL & GAS LEASE

THIS AGREEMENT made this 12th day of June 1992, between _____

Geraldine Anderson Hill

30357 Palos Verdes Drive East

Rancho Palos Verdes, CA 90274

of _____ (Post Office Address)

herein called lessor (whether one or more) and Charles B. Gillespie, Jr., POB 8, Midland, Tx. 79702, lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save, take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 16 South, Range 35 East, N.M.P.M.
Section 1: Lots 3, 4, 5, and 6

Said land is estimated to comprise 182 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil, and other liquid hydrocarbons saved at the well, 3/16ths of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16ths of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 3/16ths of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term, however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land, except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. 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 on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended and lessee shall not be liable 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 or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. 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, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in all or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns, shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated, thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Geraldine Anderson Hill SS#

OIL & GAS LEASE

THIS AGREEMENT made this 12th day of June 1992, between _____

Leonardo S. Anderson, Jr.

30357 Palos Verdes Drive East

Rancho Palos Verdes, CA 90274

of _____ (Post Office Address)

herein called lessor (whether one or more) and Charles B. Gillespie, Jr., POB 8, Midland, Tx. 79702, lessee:

1. Lessor, in consideration of TEN AND OTHER DOLLARS in hand paid, receipt of which is here acknowledged, and of the royalties herein provided and of the agreements of the lessee herein contained, hereby grants, leases and lets exclusively unto lessee for the purpose of investigating, exploring, prospecting, drilling, and operating for and producing oil and gas, injecting gas, waters, other fluids, and air into subsurface strata, laying pipe lines, storing oil, building tanks, roadways, telephone lines, and other structures and things thereon to produce, save,

take care of, treat, process, store and transport said minerals, the following described land in Lea County, New Mexico, to-wit:

Township 16 South, Range 35 East, N.M.P.M.
Section 1: Lots 3, 4, 5, and 6

Said land is estimated to comprise 182 acres, whether it actually comprises more or less.

2. Subject to the other provisions herein contained, this lease shall remain in force for a term of five (5) years from this date (called "primary term") and as long thereafter as oil or gas is produced from said land or from land with which said land is pooled.

3. The royalties to be paid by lessee are: (a) on oil and other liquid hydrocarbons saved at the well, 3/16ths of that produced and saved from said land, same to be delivered at the wells or to the credit of lessor in the pipeline to which the wells may be connected; (b) on gas, including casinghead gas or other gaseous substance produced from said land and used off the premises or used in the manufacture of gasoline or other products, the market value at the well of 3/16ths of the gas used,

provided that on gas sold on or off the premises, the royalties shall be 3/16ths of the amount realized from such sale; (c) and at any time when this lease is not validated by other provisions hereof and there is a gas and/or condensate well on said land, or land pooled therewith, but gas or condensate is not being so sold or used and such well is shut in, either before or after production therefrom, then on or before 90 days after said well is shut in, and thereafter at annual intervals, lessee may pay or tender an advance shut-in royalty equal to \$1.00 per net acre of lessor's gas acreage then held under this lease by the party making such payment or tender, and so long as said shut-in royalty is paid or tendered, this lease shall not terminate and it shall be considered under all clauses hereof that gas is being produced from the leased premises in paying quantities. Each such payment shall be paid or tendered to the party or parties who at the time of such payment would be entitled to receive the royalties, which would be paid under this lease if the well were in fact producing. The payment or tender of royalties and shut-in royalties may be made by check or draft. Any timely payment or tender of shut-in royalty which is made in a bona fide attempt to make proper payment, but which is erroneous in whole or in part as to parties or amounts, shall nevertheless be sufficient to prevent termination of this lease in the same manner as though a proper payment had been made if lessee shall correct such error within 30 days after lessee has received written notice thereof by certified mail from the party or parties entitled to receive payment together with such written instruments (or certified copies thereof) as are necessary to enable lessee to make proper payment. The amount realized from the sale of gas on or off the premises shall be the price established by the gas sales contract entered into in good faith by lessee and gas purchaser for such term and under such conditions as are customary in the industry. "Price" shall mean the net amount received by lessee after giving effect to applicable regulatory orders and after application of any applicable price adjustments specified in such contract or regulatory orders. In the event lessee compresses, treats, purifies, or dehydrates such gas (whether on or off the leased premises) or transports gas off the leased premises, lessee in computing royalty hereunder may deduct from such price a reasonable charge for each of such functions performed.

4. This is a paid-up lease and lessee shall not be obligated during the primary term hereof to commence or continue any operations of whatsoever character or to make any payments hereunder in order to maintain this lease in force during the primary term, however, this provision is not intended to relieve lessee of the obligation to pay royalties on actual production pursuant to the provisions of Paragraph 3 hereof.

5. Lessee is hereby granted the right and power, from time to time, to pool or combine this lease, the land covered by it or any part or horizon thereof with any other land, leases, mineral estates or parts thereof for the production of oil or gas. Units pooled hereunder shall not exceed the standard proration unit fixed by law or by the Oil Conservation Division of the Energy and Minerals Department of the State of New Mexico or by any other lawful authority for the pool or area in which said land is situated, plus a tolerance of ten percent. Lessee shall file written unit designations in the county in which the premises are located and such units may be designated from time to time and either before or after the completion of wells. Drilling operations on or production from any part of any such unit shall be considered for all purposes, except the payment of royalty, as operations conducted upon or production from the land described in this lease. There shall be allocated to the land covered by this lease included in any such unit that portion of the total production of pooled minerals from wells in the unit, after deducting any used in lease or unit operations, which the net oil or gas acreage in the land covered by this lease included in the unit bears to the total number of surface acres in the unit. The production so allocated shall be considered for all purposes, including the payment or delivery of royalty, to be the entire production of pooled minerals from the portion of said land covered hereby and included in said unit in the same manner as though produced from said land under the terms of this lease. Any pooled unit designated by lessee, as provided herein, may be dissolved by lessee by recording an appropriate instrument in the County where the land is situated at any time after the completion of a dry hole or the cessation of production on said unit.

6. If at the expiration of the primary term there is no well upon said land capable of producing oil or gas, but lessee has commenced operations for drilling or reworking thereon, this lease shall remain in force so long as operations are prosecuted with no cessation of more than 60 consecutive days, whether such operations be on the same well or on a different or additional well or wells, and if they result in the production of oil or gas, so long thereafter as oil or gas is produced from said land. If, after the expiration of the primary term, all wells upon said land should become incapable of producing for any cause, this lease shall not terminate if lessee commences operations for additional drilling or for reworking within 60 days thereafter. If any drilling, additional drilling, or reworking operations hereunder result in production, then this lease shall remain in full force so long thereafter as oil or gas is produced hereunder.

7. Lessee shall have free use of oil, gas and water from said land except water from lessor's wells and tanks, for all operations hereunder, and the royalty shall be computed after deducting any so used. 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 pipelines on cultivated lands below ordinary plow depth, and no well shall be drilled within two hundred feet (200 ft.) of any residence or barn now on said land without lessor's consent. Lessor shall have the privilege, at his risk and expense, of using gas from any gas well on said land for stoves and inside lights in the principal dwelling thereon, out of any surplus gas not needed for operations hereunder.

8. The rights of either party hereunder may be assigned in whole or in part and the provisions hereof shall extend to their heirs, executors, administrators, successors and assigns, but no change in the ownership of the land or in the ownership of, or rights to receive, royalties or shut-in royalties, however accomplished shall operate to enlarge the obligations or diminish the rights of lessee; and no such change or division shall be binding upon lessee for any purpose until 30 days after lessee has been furnished by certified mail at lessee's principal place of business with acceptable instruments or certified copies thereof constituting the chain of title from the original lessor. If any such change in ownership occurs through the death of the owner, lessee may, at its option, pay or tender any royalties or shut-in royalties in the name of the deceased or to his estate or to his heirs, executor or administrator until such time as lessee has been furnished with evidence satisfactory to lessee as to the persons entitled to such sums. An assignment of this lease in whole or in part shall, to the extent of such assignment, relieve and discharge lessee of any obligations hereunder and if lessee or assignee of part or parts hereof shall fail or make default in the payment of the proportionate part of royalty or shut-in royalty due from such lessee or assignee or fail to comply with any of the provisions of this lease, such default shall not affect this lease insofar as it covers a part of said lands upon which lessee or any assignee thereof shall properly comply or make such payments.

9. Should lessee be prevented from complying with any express or implied covenant of this lease, or from conducting drilling or reworking operations hereunder, or from producing oil or gas hereunder by reason of scarcity or inability to obtain or use equipment or material, or by operation of force majeure, or by any Federal or state law or any order, rule or regulation of governmental authority, then while so prevented, lessee's duty shall be suspended, and lessee shall not be liable 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 or from producing oil or gas hereunder; and the time while lessee is so prevented shall not be counted against lessee, anything in this lease to the contrary notwithstanding.

10. 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, and in the event lessee does so it shall be subrogated to such lien with the right to enforce same and to apply royalties and shut-in royalties payable hereunder toward satisfying same. Without impairment of lessee's rights under the warranty, if this lease covers a less interest in the oil or gas in, or any part of said land than the entire and undivided fee simple estate (whether lessor's interest is herein specified or not) then the royalties, shut-in royalty, and other payments, if any, accruing from any part as to which this lease covers less than such full interest, shall be paid only in the proportion which the interest therein, if any, covered by this lease bears to the whole and undivided fee simple estate therein. Should any one or more of the parties named above as lessors fail to execute this lease, it shall nevertheless be binding upon the party or parties executing the same.

11. Lessee, its or his successors, heirs and assigns shall have the right at any time to surrender this lease, in whole or in part, to lessor or his heirs, successors, and assigns by delivering or mailing a release thereof to the lessor, or by placing a release thereof of record in the county in which said land is situated, thereupon lessee shall be relieved from all obligations, expressed or implied, of this agreement as to acreage so surrendered, and thereafter the shut-in royalty payable hereunder shall be reduced in the proportion that the acreage covered hereby is reduced by said release or releases.

Executed the day and year first above written.

Leonardo S. Anderson, Jr. SS#

Bridge Oil Co. L.P.
12404 Park Central Drive #400
Dallas 75251

4/160
2/17/88, 5 yrs.
3/16

5/15 Karen LaFleur 214/788-5918

She will be in on Monday

Rick no. longer with the company-

Yates just bought offset tract at state sale for 10/acre, 5 yr.

Lot 8 in Section 2.

Send proposal. Offer to buy.

Crow says offer 125/acre. for the lease.

5/18 Proposal mailed

She said they would assign for \$500.

CRAIG HUBBARD, CPL

P.O. BOX 3282
MIDLAND, TEXAS 79702
(915) 682-3282

May 18, 1992

To: Bridge Oil Company
12404 Park Central Drive #400
Dallas, TX 75251

Re: Lots 3, 4, 5, 6, Section 1, T-16-S, R-35-E, Lea County, NM
182 acres

Dear Karen,

I am interested in obtaining from Bridge an assignment of your Jane Bowers Stoneman lease covering the captioned acreage. The lease has approximately nine months until expiration, and carries a royalty burden of 3/16ths. At this time I am prepared to offer \$125.00 per net acre for the lease.

As I mentioned to you, at the most recent New Mexico State sale, Yates was the successful bidder on the direct offset tract in Section 2 with a bid of \$10.00 per acre for a new 5 year lease.

Please evaluate my proposal at your earliest convenience. Should you have any questions, please call me at the number above.

Very Truly Yours,

Craig Hubbard

ceh/cg

Charles B. Gillespie, Jr.

Oil Producer-Investor

P. O. Box Eight

Midland, Texas 79702

(915) 683-1765
682-7226

EXHIBIT 4

PROSPECT/FIELD Townsend Deep/Strawn-Und. Date June 1, 1992
 Lease Name Speight Fee Well No. 1 Projected TD 11,800'
 Location 660' FNL & 2310' FNL Section 1, T-16-S, R-35-E
 County Lea State New Mexico

	<u>DRY HOLE</u>	<u>PRODUCER</u>
<u>DRILLING INTANGIBLES</u>		
Surface Damages, Road cost	\$ 2,500	\$ 3,500
Location, Stake, pad, pits, cellar	15,000	16,000
Rig move-in/move-out	---	---
Drilling Footage <u>11,800</u> ft @ <u>\$15.00</u> /ft	177,000	177,000
Rotary Day Work <u>4</u> days @ <u>\$4500</u> /day	18,000	18,000
Cementing- Surface Casing	4,500	4,500
Intermediate Casing	10,000	10,000
Drilling Mud and Chemicals	18,500	18,500
Open Hole Test <u>2</u> DST's @ <u>\$4000</u> ea.	8,000	8,000
Coring <u> </u> ft @ <u> </u> /ft	---	---
Core Analysis <u> </u> ft @ <u> </u> /ft	---	---
Electric Logging, open hole	16,000	16,000
Water Well and Equipment	4,000	4,000
Mud Logging/10 days @ \$500/day	5,000	5,000
Bits, Rental Equipment	2,000	2,000
Geological/Engineering	4,000	4,000
Drilling Overhead(Operating Agreement)	5,000	5,000
Fuel	---	---
Trucking, Water Hauling etc.	8,000	8,000
Plugging Cost	5,000	---
Restore Location	5,000	5,000
Miscellaneous	5,000	5,000
	<u>\$312,500</u>	<u>\$309,500</u>

<u>COMPLETION INTANGIBLES</u>		
Cementing- Production Casing	---	\$ 13,000
Completion Unit	---	8,000
Perforating and Logging/Vann Gun System	---	13,500
Fracture/Acidize	---	7,500
Engineering Supervision	---	2,000
Trucking, Water and Equipment	---	5,000
Construction, Roustabout Labor, etc. flow line, battery, location	---	14,000
Miscellaneous	---	7,000
	<u>---</u>	<u>\$ 70,000</u>
TOTAL INTANGIBLES	<u>\$312,500</u>	<u>\$379,500</u>

TANGIBLE EQUIPMENT

Casing			
Surface	13 3/8", 400 ft @ \$20.00 /ft	\$ 8,000	\$ 8,000
Intermediate	8 5/8", 4750 ft @ \$10.50 /ft 32#	50,000	50,000
Production	5 1/2", 11,800 ft @ \$7.50 /ft 17#	---	88,500
Tubing	2 7/8", 11,800 ft @ \$3.50 /ft	---	41,500
Rods-			
	" , _____ ft @ _____ /ft	---	---
	" , _____ ft @ _____ /ft	---	---
	" , _____ ft @ _____ /ft	---	---
Tanks and Fittings		---	20,000
Pumping Unit, size _____		---	---
Prime Mover, size _____		---	---
Wellhead and fittings		2,500	10,000
Separators and/or Treater		---	10,000
Line Pipe 1200 ft @ \$3.75 /ft		---	4,500
Packer, Type Baker Lok-Set		---	4,500
Subsurface Pump, Hold-down		---	---
Scratchers and Centralizers, Float Equip.		---	2,000
Other/Lact Unit		---	12,000
Miscellaneous		2,000	10,000
	TOTAL EQUIPMENT COST	\$ 62,500	\$261,000
	ESTIMATED TOTAL WELL COST	\$375,000	\$640,500

Prepared By William R. Crow

Date 6/1/92

Approved By _____

Date _____

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CHARLES B. GILLESPIE, JR.
FOR COMPULSORY POOLING, LEA COUNTY,
NEW MEXICO.

No. 10,498

AFFIDAVIT REGARDING NOTICE

STATE OF NEW MEXICO)
) ss.
COUNTY OF SANTA FE)

William R. Crow, being duly sworn upon his oath, deposes and states:

1. I am over the age of 18 and have personal knowledge of the matters stated herein.

2. I am an employee of Applicant herein.

3. Applicant has conducted a good faith, diligent effort to find the correct addresses of interest owners entitled to receive notice of the Application herein.

4. Notice of the Application was provided to the interest owners at their correct addresses by mailing them, by certified mail, a copy of the Application. Copies of the notice letters and certified return receipts are attached hereto as Exhibit 5.

5. The notice provisions of Rule 1207 have been complied with.

William R. Crow
William R. Crow

SUBSCRIBED AND SWORN to before me this 25th day of June, 1992, by William R. Crow.

Storia Richard
Notary Public

My Commission Expires:
Oct 28, 1993

EXHIBIT 5

Charles B. Gillespie, Jr.

Oil Producer-Investor

P.O. Box Eight

Midland, Texas 79702

(915) 683-1765

CERTIFIED MAIL

June 5, 1992

Leonardo S. Anderson, Jr.
30357 Palos Verdes Dr. East
Rancho Palos Verdes, CA 90274

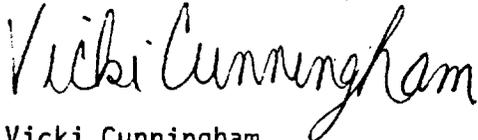
Re: Speight Fee Well No. 1
Lot 3 of Section 1, T-16-S, R-35-E
Lea County, New Mexico

To Whom It May Concern:

Enclosed please find a copy of an Application for Compulsory Pooling concerning the captioned well and lands. A letter giving notice of this Application with the date, time and place it will be heard is also included for your review should you wish to attend.

If you have any questions regarding this matter, please do not hesitate to call.

Yours very truly,



Vicki Cunningham
Land Assistant

Enclosures

Charles B. Gillespie, Jr.

Oil Producer-Investor

P.O. Box Eight

Midland, Texas 79702

(915) 683-1765

CERTIFIED MAIL

June 5, 1992

Geraldine Anderson Hill
30357 Palos Verdes Dr. East
Ranchos Palos Verdes, CA 90274

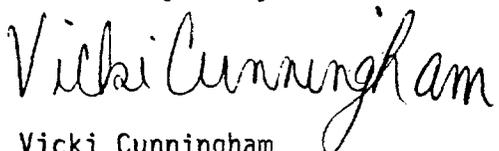
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Yours very truly,



Vicki Cunningham
Land Assistant

Enclosures

Charles B. Gillespie, Jr.

Oil Producer-Investor

P.O. Box Eight

Midland, Texas 79702

(915) 683-1765

CERTIFIED MAIL

June 5, 1992

Barbara M. Gallagher
44 William St.
Lincoln Park, NJ 07035

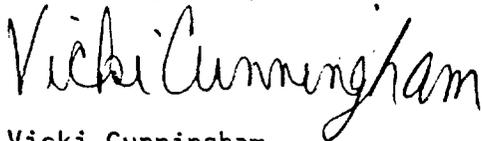
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Yours very truly,



Vicki Cunningham
Land Assistant

Enclosures

Charles B. Gillespie, Jr.

*Oil Producer-Investor
P.O. Box Eight
Midland, Texas 79702*

(915) 683-1765

CERTIFIED MAIL

June 5, 1992

Berkeley N. Moynihan
1220 NE 3rd St., #403
Ft. Lauderdale, FL 33301

Re: Speight Fee Well No. 1
Lot 3 of Section 1, T-16-S, R-35-E
Lea County, New Mexico

To Whom It May Concern:

Enclosed please find a copy of an Application for Compulsory Pooling concerning the captioned well and lands. A letter giving notice of this Application with the date, time and place it will be heard is also included for your review should you wish to attend.

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Yours very truly,



Vicki Cunningham
Land Assistant

Enclosures

Charles B. Gillespie, Jr.

Oil Producer-Investor

P.O. Box Eight

Midland, Texas 79702

(915) 683-1765

CERTIFIED MAIL

June 5, 1992

Francis J. Moynihan, Jr.
135 Old Warren Rd.
Frewsburg, NY 14738

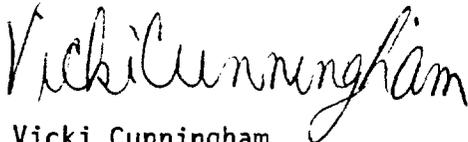
Re: Speight Fee Well No. 1
Lot 3 of Section 1, T-16-S, R-35-E
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If you have any questions regarding this matter, please do not hesitate to call.

Yours very truly,



Vicki Cunningham
Land Assistant

Enclosures

Charles B. Gillespie, Jr.

Oil Producer-Investor

P.O. Box Eight

Midland, Texas 79702

(915) 683-1765

CERTIFIED MAIL

June 5, 1992

Bridge Oil (USA) Inc.
12404 Park Central Drive, Suite 400
Dallas, Texas 75251
Attn: Mr. Gray Powers

Re: Speight Fee Well No. 1
Lot 3 of Section 1, T-16-S, R-35-E
Lea County, New Mexico

To Whom It May Concern:

Enclosed please find a copy of an Application for Compulsory Pooling concerning the captioned well and lands. A letter giving notice of this Application with the date, time and place it will be heard is also included for your review should you wish to attend.

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Yours very truly,



Vicki Cunningham
Land Assistant

Enclosures

Charles B. Gillespie, Jr.

Oil Producer-Investor

P.O. Box Eight

Midland, Texas 79702

(915) 683-1765

CERTIFIED MAIL

June 5, 1992

Rio Pecos Corporation
110 W. Louisiana
Midland, Texas 79701

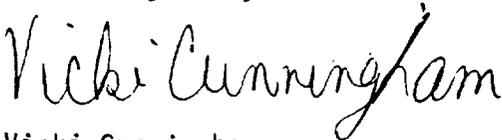
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If you have any questions regarding this matter, please do not hesitate to call.

Yours very truly,



Vicki Cunningham
Land Assistant

Enclosures

BEFORE THE NEW MEXICO OIL CONSERVATION DIVISION

APPLICATION OF CHARLES GILLESPIE
FOR COMPULSORY POOLING AND A NON-
STANDARD SPACING AND PRORATION UNIT,
LEA COUNTY, NEW MEXICO.

No. _____

APPLICATION

Charles Gillespie hereby makes application for an order pooling all mineral interests from the surface to the base of the Strawn formation underlying Lot 3 of Section 1, Township 16 South, Range 35 East, N.M.P.M., ^{Lea} Eddy County, New Mexico, and approving a non-standard spacing and proration unit, and in support thereof states:

1. Applicant is an interest owner and has the right to drill a well in Lot 3 of said Section 1.

2. Applicant proposes to drill a well in Lot 3 of Section 1, at a location 660 feet from the North line and 2310 feet from the West line of the Section, to a depth sufficient to test the Strawn formation, and seeks to dedicate Lot 3 to the well.

3. Applicant has in good faith sought to join all other mineral or leasehold interest owners in Lot 3 of Section 1 for the purposes set forth herein.

4. Although Applicant attempted to obtain voluntary agreements from all mineral or leasehold interest owners to participate in the drilling of the well or to otherwise commit their interests to the well, certain interest owners have failed or refused to join in dedicating their acreage. Therefore, Applicant seeks an order pooling all mineral and leasehold interest owners

underlying Lot 3 of Section 1 pursuant to N.M. Stat. Ann. § 70-2-17 (1987 Repl.).

5. Applicant requests the Division to consider the cost of drilling and completing the well, the allocation of the cost thereof, as well as actual operating charges and costs charged for supervision. Applicant requests that it be designated as operator of the well and that the Division set a penalty of 200% for the risk involved in drilling the well.

6. Upon information and belief, Lot 3 is approximately 50.13 acres in size. Oil producing formations within a mile of the proposed well are spaced on statewide 40 acre units. Therefore, Applicant requests a non-standard spacing and proration unit due to the variation in the U.S. Public Land Survey.

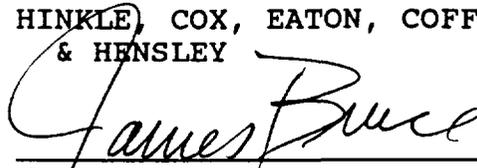
7. The pooling of all interests underlying Lot 3 of Section 1 and the granting of the non-standard spacing and proration unit will prevent the drilling of unnecessary wells, prevent waste, and protect correlative rights.

WHEREFORE, Applicant requests that the Division grant the relief requested above.

Dated: June 2, 1992.

Respectfully submitted,

HINKLE, COX, EATON, COFFIELD
& HENSLEY

A handwritten signature in cursive script that reads "James Bruce". The signature is written in dark ink and is positioned above a horizontal line.

James Bruce
Post Office Box 2068
Santa Fe, New Mexico 87504-2068
(505) 982-4554

Attorneys for Applicant

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

TO: Addressees on Exhibit A

Enclosed for your information is a copy of an Application for Compulsory Pooling regarding Lot 3 of Section 1, Township 16 South, Range 35 East, Lea County, New Mexico, which was filed with the New Mexico Oil Conservation Division on behalf of Charles Gillespie. Records indicate each of you owns mineral interests in Lot 3 of Section 1. This Application will be heard by the Oil Conservation Division on Thursday, June 25, 1992, at 8:15 a.m., at the Division's offices at 310 Old Santa Fe Trail, Santa Fe, New Mexico 87501. Failure to appear at that time will preclude you from contesting this matter at a later date.

Very truly yours,

CHARLES GILLESPIE

By: _____

EXHIBIT "A"

Mineral and Leasehold Interest Owners
Lot 3 of Section 1, T-16-S, R-35-E,
Lea County, New Mexico

Leonardo S. Anderson, Jr.
30357 Palos Verdes Dr. East
Rancho Palos Verdes, CA 90274

Geraldine Anderson Hill
30357 Palos Verdes Dr. East
Ranchos Palos Verdes, CA 90274

Barbara M. Gallagher
44 William St.
Lincoln Park, NJ 07035

Berkeley N. Moynihan
1220 NE 3rd St., #403
Ft. Lauderdale, FL 33301

Francis J. Moynihan, Jr.
135 Old Warren Rd.
Frewsburg, NY 14738

Bridge Oil (USA) Inc.
12404 Park Central Drive, Suite 400
Dallas, Texas 75251
Attn: Mr. Gray Powers

Rio Pecos Corporation
110 W. Louisiana
Midland, Texas 79701

P 894 866 864



Certified Mail Receipt
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Geraldine Anderson Hill	
Street & No	
30357 Palos Verdes Dr. East	
P.O., State & ZIP Code	
Rancho Palos Verdes, CA 90274	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$2.52
Postmark or Date	
6/5/92	

PS Form 3800, June 1990

P 894 866 863



Certified Mail Receipt
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Leonardo S. Anderson, Jr.	
Street & No	
30357 Palos Verdes Dr. East	
P.O., State & ZIP Code	
Rancho Palos Verdes, CA 90274	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$2.52
Postmark or Date	
6/5/92	

PS Form 3800, June 1990

P 894 866 867



Certified Mail Receipt
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Francis J. Moynihan, Jr.	
Street & No	
135 Old Warren Rd.	
P.O., State & ZIP Code	
Frewsburg, NY 14738	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$2.52
Postmark or Date	
6/5/92	

PS Form 3800, June 1990

P 894 866 866



Certified Mail Receipt
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Berkeley N. Moynihan	
Street & No	
1220 NE 3rd St, #403	
P.O., State & ZIP Code	
Ft. Lauderdale, FL 33301	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$2.52
Postmark or Date	
6/5/92	

PS Form 3800, June 1990

P 894 866 865



Certified Mail Receipt
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Barbara M. Gallagher	
Street & No	
44 William St.	
P.O., State & ZIP Code	
Lincoln Park, NJ 07035	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$2.52
Postmark or Date	
6/5/92	

PS Form 3800, June 1990

P 894 866 869



Certified Mail Receipt
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Rio Pecos Corporation	
Street & No	
110 W. Louisiana	
P.O., State & ZIP Code	
Midland, Texas 79701	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$2.52
Postmark or Date	
6/5/92	

PS Form 3800, June 1990

P 894 866 868



Certified Mail Receipt
No Insurance Coverage Provided
Do not use for International Mail
(See Reverse)

Sent to	
Bridge Oil (USA) Inc.	
Street & No	
2404 Park Central Drive, #400	
P.O., State & ZIP Code	
Dallas, Texas 75251	
Postage	\$.52
Certified Fee	1.00
Special Delivery Fee	
Restricted Delivery Fee	
Return Receipt Showing to Whom & Date Delivered	1.00
Return Receipt Showing to Whom, Date, & Address of Delivery	
TOTAL Postage & Fees	\$2.52
Postmark or Date	
6/5/92	

PS Form 3800, June 1990

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Geraldine Anderson Hill
30357 Palos Verdes Dr. East
Rancho Palos Verdes, CA 90274

4a. Article Number
P 894 866 864

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
6/9/92

5. Signature (Addressee)
G. Anderson Hill

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, November 1990 • U.S. G.P.O. 1991-287-086 **DOMESTIC RETURN RECEIPT**

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 boxes 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:
Leonardo S. Anderson, Jr.
30357 Palos Verdes Dr. East
Rancho Palos Verdes, CA 90274
CH

4. Article Number
P 894 866 863

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
G. Anderson Hill

6. Signature - Agent

7. Date of Delivery
6/9/92

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Mar. 1985 • U.S.G.P.O. 1985-212-885 **DOMESTIC RETURN RECEIPT**

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Francis J. Moynihan, Jr.
135 Old Warren Rd.
Frewsburg, NY 14738

4a. Article Number
P 894 866 867

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
6/10/92

5. Signature (Addressee)
Francis J. Moynihan, Jr.

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, November 1990 • U.S. G.P.O. 1991-287-086 **DOMESTIC RETURN RECEIPT**

SENDER:

- Complete items 1 and/or 2 for additional services.
- Complete items 3, and 4a & b.
- Print your name and address on the reverse of this form so that we can return this card to you.
- Attach this form to the front of the mailpiece, or on the back if space does not permit.
- Write "Return Receipt Requested" on the mailpiece below the article number.
- The Return Receipt Fee will provide you the signature of the person delivered to and the date of delivery.

I also wish to receive the following services (for an extra fee):

1. Addressee's Address

2. Restricted Delivery

Consult postmaster for fee.

3. Article Addressed to:
Barbara M. Gallagher
44 William St.
Lincoln Park, NJ 07035

4a. Article Number
P 894 866 865

4b. Service Type
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

7. Date of Delivery
6/10/92

5. Signature (Addressee)
B. Gallagher

6. Signature (Agent)

8. Addressee's Address (Only if requested and fee is paid)

PS Form 3811, November 1990 • U.S. G.P.O. 1991-287-086 **DOMESTIC RETURN RECEIPT**

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 boxes 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:
BRIDGE OIL (USA) INC.
13404 PARK CENTRAL DRIVE
SUITE 400
DALLAS, TX 75251
ATTN: MR. GRAY POWERS

4. Article Number
P 894 866 863

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

5. Signature - Addressee
X

6. Signature - Agent
X

7. Date of Delivery
6/9/92

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 • U.S.G.P.O. 1989-238-815 **DOMESTIC RETURN RECEIPT**

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 boxes 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:
RIO PALOS CORPORATION
110 W. LOUISIANA
MIDLAND, TX 79701

4. Article Number
P 894 866 869

Type of Service:
 Registered Insured
 Certified COD
 Express Mail Return Receipt for Merchandise

Always obtain signature of addressee or agent and DATE DELIVERED.

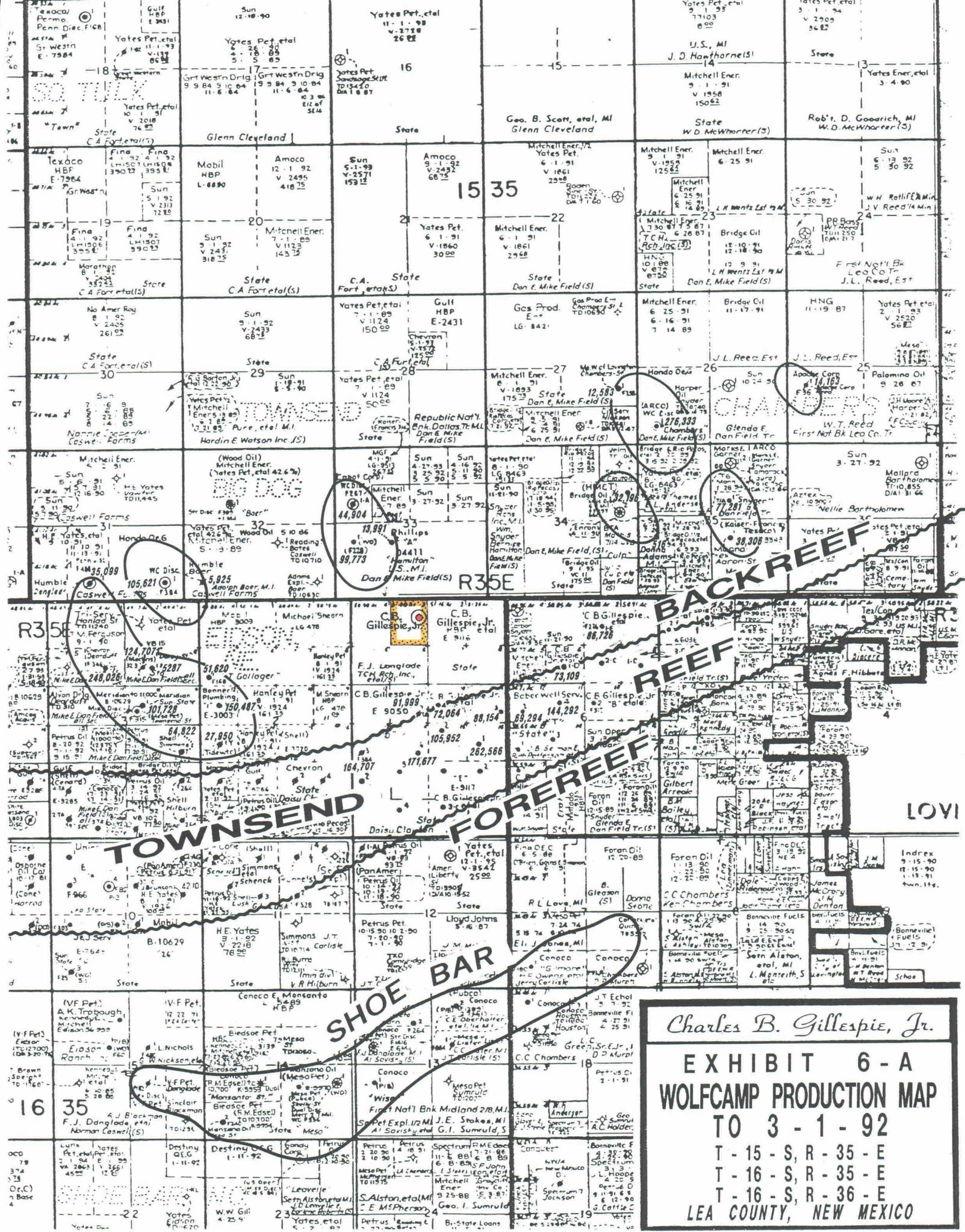
5. Signature - Addressee
X

6. Signature - Agent
X

7. Date of Delivery
JUN - 9 1992

8. Addressee's Address (ONLY if requested and fee paid)

PS Form 3811, Apr. 1989 • U.S.G.P.O. 1989-238-815 **DOMESTIC RETURN RECEIPT**



Charles B. Gillespie, Jr.

EXHIBIT 6-A

WOLFCAMP PRODUCTION MAP

TO 3-1-92

T-15-S, R-35-E

T-16-S, R-35-E

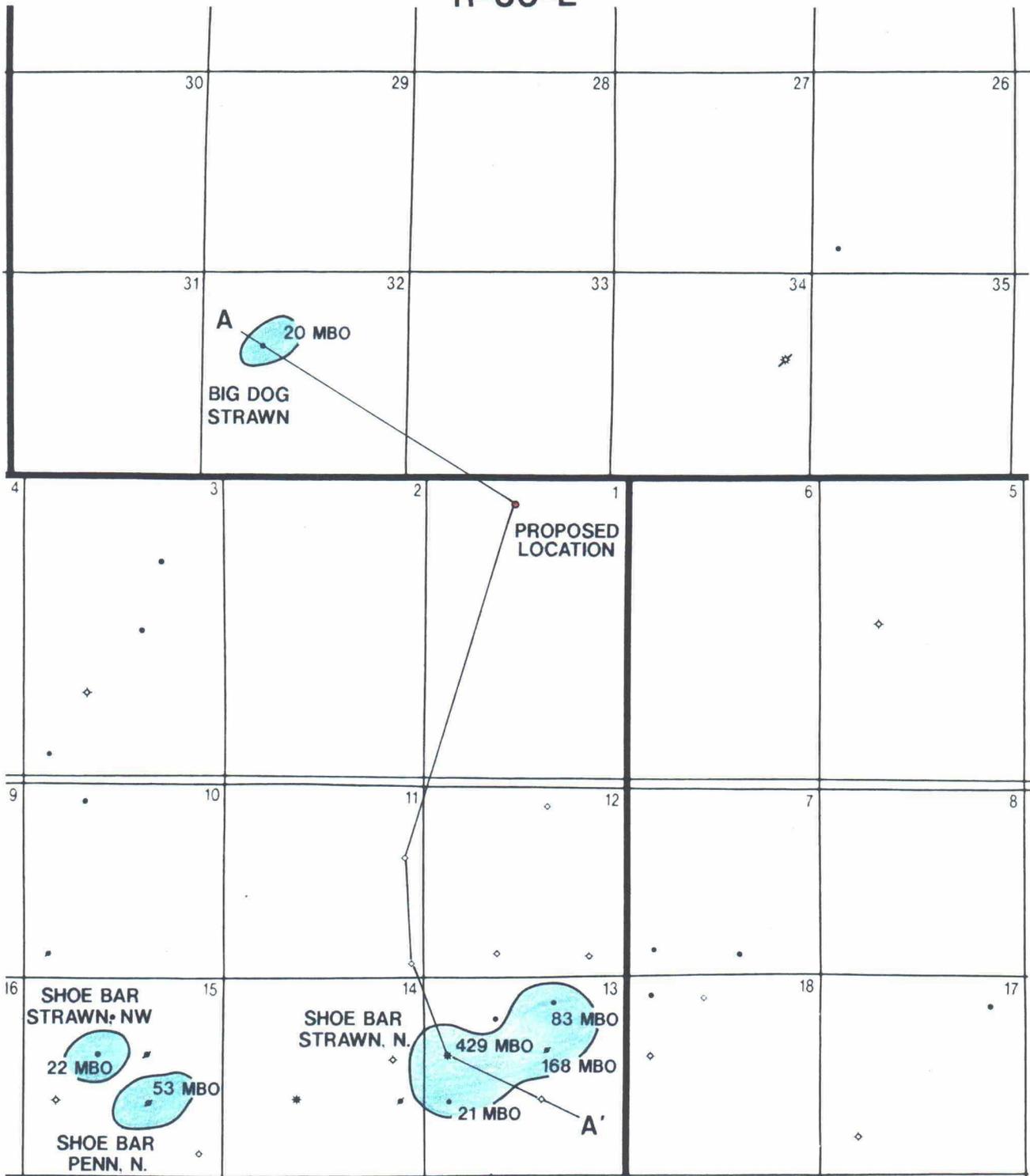
T-16-S, R-36-E

LEA COUNTY, NEW MEXICO

R-35-E

T
15
S

T
16
S



CHARLES B. GILLESPIE, JR.

EXHIBIT 6
STRAWN PRODUCTION MAP
TO 3-1-92

 STRAWN FIELD

T-15-S. R-35-E
T-16-S. R-35-E
T-16-S. R-36-E

Lea County, New Mexico